To: Chapman, Apple[Chapman.Apple@epa.gov]
From: Kaul, Meetu
Sent: Tue 9/22/2015 7:43:04 PM
Subject: RE: Travel requiring authorization ASAP for trip to Ann Arbor this Friday

Thanks, Apple!

Ms.Meetu Kaul, Attorney-Advisor

United States Environmental Protection Agency
Office of Civil Enforcement - Air Enforcement Division
WJC South, Room 1117B
1200 Pennsylvania Ave., N.W. (MC 2242A)
Washington D.C. 20460 (Courier 20004)
Direct: 202-564-5472
Fax: 202-564-0069
Email: kaul.meetu@epa.gov

From: Chapman, Apple
Sent: Tuesday, September 22, 2015 3:29 PM
To: Kaul, Meetu
Cc: McCray, Deborah; Orehowsky, Gregory; Belser, Evan; Werner, Jacqueline
Subject: RE: Travel requiring authorization ASAP for trip to Ann Arbor this Friday

I approved the two that were in the system.

Ms. Apple Chapman

Associate Director, Air Enforcement Division

U.S. Environmental Protection Agency

1200 Pennsylvania Ave. NW, Washington DC, 20004

202-564-5666 (office)

202-841-6076 (cell)

From: Kaul, Meetu
Sent: Tuesday, September 22, 2015 3:07 PM
To: Chapman, Apple
Cc: McCray, Deborah; Orehowsky, Gregory; Belser, Evan; Werner, Jacqueline
Subject: Travel requiring authorization ASAP for trip to Ann Arbor this Friday
Importance: High

Apple and Debbie,

Greg Orehowsky and I are traveling to Ann Arbor this Thursday afternoon. I've just put in my travel and Greg is working on getting his finalized. We need these approved ASAP.

We will be following up on these TAs with another trip scheduled for early October to go to El Monte, California. Just a heads up that that travel request is coming today as well and will need approval.

Per Jacqueline's email below, she asked that you approve this travel since she is on leave, and also asked that we let Debbie McCray know that this travel will need to be approved ASAP.

Thanks!

Ms.Meetu Kaul, Attorney-Advisor

United States Environmental Protection Agency
Office of Civil Enforcement - Air Enforcement Division
WJC South, Room 1117B
1200 Pennsylvania Ave., N.W. (MC 2242A)
Washington D.C. 20460 (Courier 20004)

Direct: 202-564-5472
Fax: 202-564-0069
Email: kaul.meetu@epa.gov

From: Werner, Jacqueline
Sent: Tuesday, September 22, 2015 11:26 AM
To: Orehowsky, Gregory
Cc: Kaul, Meetu; Van Eaton, Josh (ENRD); Engel, Bethany (ENRD); Belser, Evan
Subject: Re: VW - trip to Ann Arbor this Friday

I'm not going to have access to concur so you are going to have to ask Apple to approve your travel. Also, please contact Debbie McCray and give her a heads up that this is coming and needs approval ASAP.

Thanks,

jj

Sent from my iPhone

Jacqueline Robles Werner

Associate Director

Air Enforcement Division

W: 202-564-1036

On Sep 22, 2015, at 10:55 AM, Orehowsky, Gregory <Orehowsky.Gregory@epa.gov> wrote:

> Meetu:

When you get back online, lets coordinate when you want to leave/return, rental car, place to stay Thursday night. The Hampton Inn down the street from NVFEL would be fine with me.

Greg Orehowsky

U.S. EPA

Office of Civil Enforcement

Air Enforcement Division

Phone 202-343-9292

From: Kaul, Meetu
Sent: Tuesday, September 22, 2015 10:41 AM
To: Orehowsky, Gregory; Van Eaton, Josh (ENRD); Engel, Bethany (ENRD)
Cc: Belser, Evan; Werner, Jacqueline
Subject: VW - trip to Ann Arbor this Friday

I received a voicemail from Linc. He is trying to coordinate with other DOJ enforcement for a coordinated visit for this Friday. So lets get our travel in for that and I'll let you know more details as I have them.

FYI – I'll be offline for approx.. the next two hours.

Thanks,

mk

Ms.Meetu Kaul, Attorney-Advisor

United States Environmental Protection Agency
Office of Civil Enforcement - Air Enforcement Division
WJC South, Room 1117B

1200 Pennsylvania Ave., N.W. (MC 2242A)
Washington D.C. 20460 (Courier 20004)
Direct: 202-564-5472
Fax: 202-564-0069
Email: kaul.meetu@epa.gov

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Automotive News
Sent: Tue 9/22/2015 7:59:56 PM
Subject: P.M. NEWSCAST: Buick reveals new face | Nissan gives Altima midcycle revamp | VW to reimburse dealers; Winterkorn: 'Endlessly sorry' | Mazda crossover quest

September 22, 2015

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Detroit, MI 48207-2997 United States
customerservice@autonews.com

To: Wehrly, Linc[wehrly.linc@epa.gov]
From: Automotive News
Sent: Tue 9/22/2015 8:00:44 PM
Subject: P.M. NEWSCAST: Buick reveals new face | Nissan gives Altima midcycle revamp | VW to reimburse dealers; Winterkorn: 'Endlessly sorry' | Mazda crossover quest

September 22, 2015

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customerservice@autonews.com

To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: Susan Beck
Sent: Tue 9/22/2015 8:09:52 PM
Subject: VW/ Kirkland

Mr. Brooks,

I'm doing some reporting on the VW emissions violations. I'm trying to find out more about the role played by Stuart Drake of Kirkland & Ellis for VW.

Can you tell me if he's been representing VW all along in this investigation, or was he recently brought in?

Can you tell me anything else about his role in this case?

We could talk on background if you prefer not to be quoted by name.

Susan

Susan Beck

Senior Writer

The American Lawyer

216-925-3113

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From: Azoolin, Liel
Required Attendees: Knapp, Kristien; McCabe, Janet; Grundler, Christopher; Hengst, Benjamin; Meiburg, Stan; Reynolds, Thomas; Vaught, Laura; Liz Purchia (Purchia.Liz@epa.gov); Fritz, Matthew; Starfield, Lawrence
Location: Administrator's Office
Importance: Normal
Subject: VW Update
Categories: Red Category
Start Date/Time: Wed 9/23/2015 4:00:00 PM
End Date/Time: Wed 9/23/2015 4:45:00 PM

****Please DO NOT forward this calendar invitation. You may "Accept" or "Decline" the invitation but DO NOT respond with questions or concerns. If you do have any questions or concerns about this invitation please contact the Scheduling Office at scheduling@epa.gov . ****

SCt: Liel Azoolin
Ct: Emily Atkinson, 202-564-1850

Staff:
Janet McCabe, Chris Grundler, Ben Hengst (OAR/OTAQ)
Stan Meiburg, Matt Fritz (OA)
Tom Reynolds, Laura Vaught, Liz Purchia (OPA)
Larry Starfield (OECA)

Conference Line: **Non-Responsive**

To: Belser, Evan[Belser.Evan@epa.gov]
From: Susan Beck
Sent: Tue 9/22/2015 8:13:23 PM
Subject: American Lawyer article

Mr. Belser,

I'm doing some reporting on the VW emissions violations. I'm trying to find out more about the role played by Stuart Drake of Kirkland & Ellis for VW.

Can you tell me if he's been representing VW all along in this investigation, or was he recently brought in?

Can you tell me anything else about his role in this case?

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To: Grundler, Christopher[grundler.christopher@epa.gov]
From: McCabe, Janet
Sent: Tue 9/22/2015 8:13:28 PM
Subject: from Politico

MCCARTHY ADDRESSES VW EMISSIONS SCANDAL FOR FIRST TIME: EPA Administrator Gina McCarthy addressed Volkswagen skirting federal emissions standards with a software workaround on Tuesday, saying her agency is "not going to sit...around and worry about whether others have it, we're going to find it." Speaking at a Wall Street Journal breakfast, McCarthy she and others inside the EPA are "upping our game in terms of going out and doing work to take a look at what we need to do with other vehicles." Video and transcript: http://on.wsj.com/1MolgXR

- Lobbyists, check your Rolodex for VW contacts: It's only a matter of time before K Streeters start to try to cash in on Volkswagen's emissions scandal. Congress is sure to look into how the company's software was used to get around U.S. emissions laws. The company spent $530,000 on lobbying during the first half of 2015, according to Senate lobbying disclosures. And it has only one - yes that's right - one outside lobbying firm. Akin Gump Strauss Hauer & Feld billed $140,000 on lobbying during the first six months of 2015. (ht POLITICO Influence)

From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Tue 9/22/2015 8:18:14 PM
Subject: VW vows to get to bottom of scandal as probe widens
MAIL_CONVERSATION_TOPIC: VW vows to get to bottom of scandal as probe widens
Created: Fri 3/18/2016 6:18:17 PM

(Updates with Rosekind comment in the final paragraph.) (Bloomberg) -- Volkswagen AG Chief Executive Officer Martin Winterkorn...

View article...

To: Susan Beck[SBeck@alm.com]
Cc: Senn, John[Senn.John@epa.gov]
From: Belser, Evan
Sent: Tue 9/22/2015 8:21:48 PM
Subject: RE: American Lawyer article

Hello Susan,

Thank you for your interest. I need to refer you to John Senn; I know you've been in touch. I don't handle media inquiries. Good luck with your article.

Regards,
Evan

Evan Belser

Chief, Mobile Source Enforcement Branch, Air Enforcement Division

National Coordinator for Administrative Litigation, Office of Civil Enforcement

Office of Enforcement and Compliance Assurance

United States Environmental Protection Agency

202-564-6850

From: Susan Beck [mailto:SBeck@alm.com]
Sent: Tuesday, September 22, 2015 4:13 PM
To: Belser, Evan
Subject: American Lawyer article

Mr. Belser,

I'm doing some reporting on the VW emissions violations. I'm trying to find out more about the

role played by Stuart Drake of Kirkland & Ellis for VW.

Can you tell me if he's been representing VW all along in this investigation, or was he recently brought in?

Can you tell me anything else about his role in this case?

We could talk on background if you prefer not to be quoted by name.

Susan

Susan Beck

Senior Writer

The American Lawyer

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To: Atkinson, Emily[Atkinson.Emily@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]
Cc: Stewart, Lori[Stewart.Lori@epa.gov]
From: McCabe, Janet
Sent: Tue 9/22/2015 8:25:25 PM
Subject: RE: Update for Gina on VW?

Sooner is better, and while Chris is in DC very important.

Let's include William too, so he's around for any discussion about congressional interest. And Larry may want to include others from OECA. We should invite Avi as well.

Thanks.

-----Original Message-----
From: Atkinson, Emily
Sent: Tuesday, September 22, 2015 2:39 PM
To: McCabe, Janet; Grundler, Christopher
Cc: Stewart, Lori
Subject: RE: Update for Gina on VW?

Absolutely I can ask the scheduling team to set something up. Were you wanting to do it this week or would early next week work too? Manifest is outlined below - am I missing anyone?

Janet McCabe
Chris Grundler
Tom Reynolds
Larry Starfield
Laura Vaught
Stan Meiburg
Liz Purchia
Matt Fritz

-----Original Message-----
From: McCabe, Janet
Sent: Tuesday, September 22, 2015 2:21 PM
To: Grundler, Christopher; Atkinson, Emily
Cc: Stewart, Lori
Subject: Re: Update for Gina on VW?

Emily--could you please work with michael to find time for a VW update for the administrator? In addition to the people on the note, we should Larry Starfield and Laura Vaught. I know there's a lot of pope stuff going on so we'll need to work around that. We should definitely try to do it so Chris can be here in person.

Thanks

Sent from my iPhone

> On Sep 22, 2015, at 12:58 PM, Grundler, Christopher <grundler.christopher@epa.gov> wrote:
>
> Emily to set up?
>
> Christopher Grundler, Director
> Office of Transportation and Air Quality U.S. EPA
> 202-564-1682 (DC)

> 734-214-4207 (Ann Arbor)
>
>> On Sep 22, 2015, at 12:48 PM, McCabe, Janet <McCabe.Janet@epa.gov> wrote:
>>
>> Absolutely. So many questions
>>
>> Sent from my iPhone
>>
>>> On Sep 22, 2015, at 11:36 AM, Grundler, Christopher <grundler.christopher@epa.gov> wrote:
>>>
>>> Tom R suggests this would be a good idea.....along with Stan, Tom
>>> and Liz, Fritz
>>>
>>> Bring folks up to speed and next steps
>>>
>>> Christopher Grundler, Director
>>> Office of Transportation and Air Quality U.S. EPA
>>> 202-564-1682 (DC)
>>> 734-214-4207 (Ann Arbor)

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Automotive News
Sent: Tue 9/22/2015 8:28:57 PM
Subject: DAILY: VW probes pile up in U.S., Germany as VW board meets | Buick to embrace face of Avenir concept | Diesel test report cites emissions gaps at other automakers | The Nissan Altima's midcycle jolt

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Diesel test report cites emissions gaps at other automakers

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device' software in 482,000 diesels to skirt U.S. clean-air rules

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Nissan ups Altima's fuel economy for 2016 model year

VW scandal, VW denies report of CEO's ouster

The 2016 Altima, which goes on sale in mid-November, receives a restyled body, new front and rear lights, new wheel designs, a revamped interior and new center stack, reshaped seats and new interior materials.

VW CEO Martin Winterkorn today apologized again for the carmaker's cheating of diesel emission rules in the United States and pledged full cooperation with authorities involved.

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VW CEO's history of sweating the details now haunting him

FTC urged to investigate VW diesel advertising claims

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VW, Fla. dealership accused of deceiving diesel customers in lawsuit

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Volkswagen TDI owners sound off on Twitter

Bosch says it makes components at center of VW emissions probe

BMW CEO Krueger back at work

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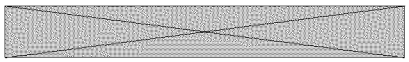

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» Sept. 22 at 2pm ET - Fixed Ops

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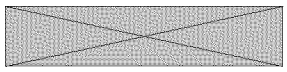
» Oct. 1 - Automobilwoche Kongress
» Oct. 14 - Best Dealerships To Work For
» Jan. 12 - Automotive News World Congress

by CDK Global
» Sept. 23 at 11am ET - Connected Vehicle Data
by IBM
» Sept. 30 at 2pm ET - Mobile Payment
by DMEautomotive
» Oct. 7 at 2pm ET - Programmatic
by Rocket Fuel



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From: Automotive News
Sent: Tue 9/22/2015 8:29:20 PM
Subject: DAILY: VW probes pile up in U.S., Germany as VW board meets | Buick to embrace face of Avenir concept | Diesel test report cites emissions gaps at other automakers | The Nissan Altima's midcycle jolt

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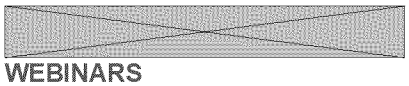

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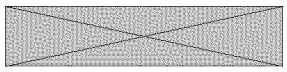

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To: Kaul, Meetu[Kaul.Meetu@epa.gov]
From: Concur Travel
Sent: Tue 9/22/2015 8:37:49 PM
Subject: Concur Itinerary 10/06/2015: TRIP FROM WASHINGTON DULLES INTL, WASHINGTON, DC TO LOS ANGELES INTL, LOS ANGELES, CA (WN996C)
IAD-LAX.ics
LAX-IAD.ics
Doubletree Hotel Los Angeles - Rosemead.vcf

Trip Overview

Trip Name: Trip from Washington Dulles Intl, Washington, DC to Los Angeles Intl, Los Angeles, CA
Start Date: October 06, 2015
End Date: October 09, 2015
Created: September 22, 2015, MEETU KAUL (Modified: September 22, 2015)
Description: Ex. 7 for VW investigation
Ex. 7
Agency Record Locator: WN996C
Passengers: Meetu Kaul
Total Estimated Cost: **$859.90 USD**
Important: Reservations must be approved and ticketed no later than: 10/04/2015 10:30 AM Eastern
The trip will be automatically cancelled if it is not approved before the deadline.

Reservations

Tuesday, October 06, 2015

Flight Washington, DC (IAD) to Los Angeles, CA (LAX)

United 1939

Departure: 12:30 PM
Seat:No seat assignment
Washington Dulles Intl (IAD)
Duration: 5 hours, 35 minutes
Nonstop
Arrival: 03:05 PM
Los Angeles Intl (LAX)
Terminal:7

Confirmation: AVTT95
Status: **Confirmed**

Additional Details

Aircraft: Boeing 737-900
E-Ticket
Emissions: 889.2 lbs CO_2
Cabin: Economy (S)

Distance: 2280 miles
Meal: Food for purchase

888 Montebello Blvd
Rosemead, California, 91770
US

Checking In: Tue Oct 6
15:00
Room 1, Days 3, Guests 1
Checking Out: Fri Oct 9
12:00

Confirmation: 83953908
Status:**Confirmed**
Rate Code:A01LV6

Additional Information

Daily Rate: **$**149.00 **USD**

Total Rate: **$**491.70 **USD**

Room Details

Room Description: RoomDescriptionCodeA01LV6

Special Instructions: Nonsmoking

Cancellation Policy

24 Hr Cancel Required

Friday, October 09, 2015

Flight Los Angeles, CA (LAX) to Washington, DC (IAD)

United 1595

Departure: 08:40 AM
Seat:31A (Confirmed)
Los Angeles Intl (LAX)
Terminal:7
Duration: 5 hours, 4 minutes
Nonstop
Arrival: 04:44 PM
Washington Dulles Intl (IAD)

Confirmation: AVTT95
Status: **Confirmed**

Additional Details

Aircraft: Boeing 737-900

Distance: 2280 miles

E-Ticket

Emissions: 889.2 lbs CO_2

Cabin: Economy (S)

Meal: Food for purchase

Total Estimated Cost

Air

Airfare quoted amount:	**$316.28 USD**
Taxes and fees:	**$51.92 USD**
Air Total Price:	**$368.20 USD**
Hotel:	**$491.70 USD**
Total Estimated Cost:	**$859.90 USD**

TICKET NOT YET ISSUED. AIRFARE QUOTED IN ITINERARY IS NOT GUARANTEED UNTIL TICKETS ARE ISSUED.

Remarks

FOR 24/7 TRAVEL ASSISTANCE PLEASE CONTACT
THE BCD TRAVEL TEAM AT 1-866-964-1346
FOR OUTSIDE THE US CALL COLLECT 406-496-9577
FOR THE HEARING IMPAIRED- PLEASE DIAL 711
TO ACCESS RELAY SERVICE- PROVIDE PHONE
NUMBER OF 1-866-964-1346 TO ACCESS TRAVEL
****
DUE TO RECENT CHANGES IN THE FY15 GOVERNMENT CITY PAIR
PROGRAM/CPP YOUR AIR RESERVATIONS ARE SUBJECT TO
CANCELLATION BY THE AIRLINES IF NOT TICKETED AT LEAST
48 HOURS PRIOR TO SCHEDULED DEPARTURE
PLEASE ENSURE ALL NECESSARY APPROVALS ARE PROCESSED IN
ACCORDANCE WITH YOUR AGENCYS BUSINESS RULES BUT NOLESS
THAN 3 BUSINESS DAYS PRIOR TO DEPARTURE TO ENSURE TICKETING.
THIS 48 HOUR CANCELLATION RULE DOES NOT APPLY TO
INTERNATIONAL RESERVATIONS UNLESS YOUR TRIP HAS DOMESTIC
CONNECTIONS ON MORE THAN ONE AIRLINE OR THESE
RESERVATIONS REQUIRE SEPARATE AIR TICKETS.
****

Flight# UA1939 from IAD -> LAX
(5 hours and 35 mins.)

20151006T163000Z

Version
2.0

METHOD
PUBLISH

Start Date/Time
20151006T163000Z

End Date/Time
20151006T220500Z

DTSTAMP
20151006T163000Z

Location

Summary
Flight# UA1939 from IAD -> LAX
(5 hours and 35 mins.)

Description
Trip Overview
~~~~~~~~~~~~~~

Trip Name: Trip fr om Washington Dulles Intl, Washington, DC to Los A ngeles Intl, Los Angeles, CA
Start Date: October 06, 2015
End Date: October 09, 2015
Created: September 22, 2015 MEETU KAUL (Modified: Septembe r 22, 2015)
Description: T Ex. 7 for VW investigation
Trip Purpose: Ex. 7
Agency Record Locator: WN996C \nPassengers: Meetu Kaul
Total Estimated Cost: $ 859.90 USD
Important: Reservations must be appro ved and ticketed no later than: 10/04/2015 10:30 A M Eastern
The trip will be automatically cancell ed if it is not approved before the deadline.

Reservations
~~~~~~~~~~~~~
Tuesday, October 06, 2 015

Flight Washingto n, DC (IAD) to Los Angeles, CA (LAX)
^^^^^^^^^^^^ ^^^^^^^^^^^^

Seat: No seat assignm ent
Washington Dulles Intl (IAD)
Duration: 5 ho urs, 35 minutes
Nonstop
Arrival: 03:05 PM
Los Angeles Intl (LAX)
Terminal: 7
Confirmation: AVT T95
Status: Confirmed
Aircraft: Boeing 737-900 \nDistance: 2280 miles
E-Ticket
Emissions: 88 9.2 lbs CO 2
Cabin: Economy (S)
Meal: Food f or purchase

Doubletree Hotel Los Angeles - Rose mead
``````````````````````````````````````

8 88 Montebello Blvd
Rosemead, California, 91770 \nUS
323-722-8800

Checking In: Tue Oct 6
15:0 0
Room 1, Days 3, Guests 1
Checking Out: Fr i Oct 9
12:00
Confirmation: 83953908
Status: Confirmed
Rate Code: A01LV6
Daily Rate: $ 149.0 0 USD
Total Rate: $ 491.70 USD
Room Details \nRoom Description: RoomDescriptionCodeA01LV6 \nSpecial Instructions:
Nonsmoking

Cancellat ion Policy

24 Hr Cancel Required

Friday, O ctober 09, 2015
---

Fligh t Los Angeles, CA (LAX) to Washington, DC (IAD)
` `````````````````````````````````````````````````` \n
United 1595

Departure: 08:40 AM
Seat: 31A (Confirmed)
Los Angeles Intl (LAX)
Terminal: 7 \nDuration: 5 hours, 4 minutes
Nonstop
Arrival: 04:44 PM
Washington Dulles Intl (IAD)
Confirmati on: AVTT95
Status: Confirmed
Aircraft: Boeing 7 37-900
``````````````````````````````````````

Distance: 2280 miles
E-Ticket
Emissi ons: 889.2 lbs CO 2
Cabin: Economy (S)
Meal: Food for purchase

Total Estimated Cost
~~~~~ ~~~~~~~~~~~~~~~

Air
Airfare quoted amount: $ 316.28 USD
Taxes and fees: $ 51.92 USD
A ir Total Price: $ 368.20 USD
Hotel: $ 491.70 USD
Total Estimated Cost: $ 859.90 USD

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Remar ks
~~~~~~~
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TO ACCESS RE LAY SERVICE- PROVIDE PHONE
NUMBER OF 1-866-964-1 346 TO ACCESS TRAVEL
********** ********
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MORE THAN ONE AIRLINE OR THESE
RESERVATIONS REQUIRE SEPARATE AIR TICKETS.
***** **********

UID
WN996C-2015-10-06T16:30:00.000Z-2015-10-06T22:05:00.000Z@concursolutions.com

Priority
3

Time Transparency
OPAQUE

TRIGGER
-PT180M

REPEAT
2

DURATION

PT60M

ACTION

DISPLAY

Description

3 Hours to your flight IAD -> LAX

Flight# UA1595 from LAX -> IAD
(5 hours and 4 m ins.)

20151009T154000Z

Version
2.0

METHOD
PUBLISH

Start Date/Time
20151009T154000Z

End Date/Time
20151009T204400Z

DTSTAMP
20151009T154000Z

Location

Summary
Flight# UA1595 from LAX -> IAD
(5 hours and 4 m ins.)

Description
Trip Overview
~~~~~~~~~~~~~~

Trip Name: Trip fr om Washington Dulles Intl, Washington, DC to Los A ngeles Intl, Los Angeles, CA
Start Date: October 06, 2015
End Date: October 09, 2015
Created: September 22, 2015, MEETU KAUL (Modified: Septembe r 22, 2015)
Description: Ex. 7 for VW investigation
Trip Purpose: Ex. 7
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Important: Reservations must be appro ved and ticketed no later than: 10/04/2015 10:30 A M Eastern
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Reservations
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Tuesday, October 06, 2 015

Flight Washingto n, DC (IAD) to Los Angeles, CA (LAX)
^^^^^^^^^^^^ ^^^^^^^^^^^^

Seat: No seat assignm ent
Washington Dulles Intl (IAD)
Duration: 5 ho urs, 35 minutes
Nonstop
Arrival: 03:05 PM
Los Angeles Intl (LAX)
Terminal: 7
Confirmation: AVT T95
Status: Confirmed
Aircraft: Boeing 737-900 \nDistance: 2280 miles
E-Ticket
Emissions: 88 9.2 lbs CO 2
Cabin: Economy (S)
Meal: Food f or purchase

Doubletree Hotel Los Angeles - Rose mead
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8 88 Montebello Blvd
Rosemead, California, 91770 \nUS
323-722-8800

Checking In: Tue Oct 6
15:0 0
Room 1, Days 3, Guests 1
Checking Out: Fr i Oct 9
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Confirmation: 83953908
Status: Confirmed
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Daily Rate: $ 149.0 0 USD
Total Rate: $ 491.70 USD
Room Details \nRoom Description: RoomDescriptionCodeA01LV6 \nSpecial Instructions:
Nonsmoking

Cancellat ion Policy

24 Hr Cancel Required

Friday, O ctober 09, 2015
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RESERVATIONS REQUIRE SEPARATE AIR TICKETS.
***** **********

UID
WN996C-2015-10-09T15:40:00.000Z-2015-10-09T20:44:00.000Z@concursolutions.com

Priority
3

Time Transparency
OPAQUE

TRIGGER
-PT180M

REPEAT
2

DURATION

PT60M

ACTION

DISPLAY

Description

3 Hours to your flight LAX -> IAD

Doubletree Hotel Los Angeles - Rosemead

888 Montebello Blvd,;Rosemead;California;91770;US

323-722-8800 (Work Voice)
323-721-8028 (Work Fax)

Version
2.1

Organization
Doubletree Hotel Los Angeles - Rosemead

Telephone Number (Work Voice)
323-722-8800

Telephone Number (Work Fax)
323-721-8028

Address (Work)
P.O. Address:
Extended Address:
Street: 888 Montebello Blvd,
Locality: Rosemead
Region: California
Postal Code: 91770
Country: US

Delivery Label (Work)
888 Montebello Blvd,;Rosemead;California;91770;US

Comment
Checkin Time: 15:00
Checkout Time: 12:00

Directions to Hotel:
- Los Angeles Intl Airport. . . 27.0mi / 43.5km - Long Beach Airport. . . . . 25.0mi / 40.2km - Ontario Intl Airport. . . . . 30.0mi / 48.3km - From Lax - Take 105 E 710 North 60 East. Exit San Gabriel Blvd . - From Lgb - Take 710 South To Long Beach Airport Blvd. . - From Ont - 10 Freeway East To 605 Freeway South To 60 Freeway. West Exit Haven . -additional Directions From Burbank Airport - Take Victory Blvd East To 5 Freeway South To 60 Freeway East Exit San Gabriel Blvd. From Ontario Airport- Take The 60 West To San Gabriel Blvd. Turn Left At The Light And Then Turn Right On Town Center Dr. Turn Left On Montebello Blvd. And The Doubletree By Hilton Rosemead Will Be On Your Left Side Of Montebello Blvd. From John Wayne Airport - Take Macarthur Blvd North To 405 Freeway North To 605 Fwy North To 605 Fwy West To San Gabriel Blvd. Exit Left To Town Center Dr. Right To Montebello Blvd Left To Hotel. Take The 101 South To 10 East To The 60 East Freeway. Exit San Gabriel Blvd. From Downtown Los Angeles - 10 Freeway East / San Bernardino/ To 60 Freeway Eadt / Pomona / Exit San Gabriel Blvd. From I-5 Freeway South - Exit Onto 60 Freeway Exit San Gabriel Blvd. From I-5 Freeway North - Exit Onto 605 North To 60 West Exit San Gabriel Blvd Turn Left. Turn Right On Town Center Dr.

Turn Left On Montebello Blvd. .

Last Revision
9/22/2015 4:37:49 PM

To: .WASH WI-2 Weber, Michael[wi-2@wash.auswaertiges-amt.de]
From: Phillips, Anna
Sent: Tue 9/22/2015 8:40:06 PM
Subject: Re: Meeting request Christian Hey German Advisory Council on the Environment

Michael, we can offer a meeting at EPA for Mr. Hey on Wednesday, September 30th from 9:00 - 11:00 a.m. on the topics requested below.

The meeting will take place on the third floor of the Reagan Building. We also will need the standard spreadsheet containing the required clearance information for all German visitors (including Embassy staff) who will attend the meeting.

Please let me know if you have questions.

Thanks and regards,

Anna

~~~~~~
Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

Office of International & Tribal Affairs

Washington, D.C. 20460

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427

e-mail: phillips.anna@epa.gov

http://www2.epa.gov/international-cooperation

~~~~~~

From: .WASH WI-2 Weber, Michael <wi-2@wash.auswaertiges-amt.de>
Sent: Tuesday, September 22, 2015 11:02 AM
To: Phillips, Anna
Subject: Meeting request Christian Hey German Advisory Council on the Environment

Dear Anna,

Thanks again for the help re Volkswagen. I am now writing to you on a more positive matter. Christian Hey, general secretary of the German Advisory Council on the Environment (SRU) (http://www.umweltrat.de/EN/TheGermanAdvisoryCouncilOnTheEnvironment/thegermanadvisorycouncilontheer , an expert advisory body of the German Environment Agency (UBA) and the Federal Ministry of the Environment, will be in town next week (Sept 30). The SRU consists of government employees (Christian Hey is employed by the UBA) and appointed university professors who describe and assess environmental conditions, problems, and political trends and point out solutions and preventive measures. The SRU also submits an Environmental Report to the German federal government every four years. The report describes and assesses environmental policy developments and provides in-depth analyses of selected topics. Christian Hey is very interested in some comments your colleague William Jordan, deputy director in the office of pesticide programs, made recently on TTIP (see press article below). Do you think he would be available for a meeting? I am also wondering if Scot Hagerthey or one of his staff that worked on the ROE is interested to talk to Christian Hey about some of the environmental challenges they regard most pressing or they think are not so much on the public radar but warrant attention.

I've worked with Christian for a few years in one of my previous jobs in Berlin and can say that he is extremely knowledgeable on a wide range of topics.

Many thanks,

Michael

Michael Weber

Energy Policy Advisor

Embassy of the Federal Republic of Germany

4645 Reservoir Road NW

Washington, DC 20007

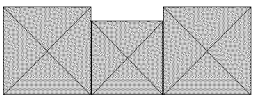
Tel: +1 (202) 298 4381

Fax: +1 (202) 298 4391

E-mail: wi-2@wash.diplo.de

Our Choices Matter - www.transatlantic-climate-bridge.org

www.Germany.info



Inside U.S. Trade - 06/27/2014

EPA, Consumer Safety Regulator Express Skepticism About TTIP Benefits

Posted: June 26, 2014

Representatives of two U.S. regulatory agencies on June 24 expressed varying degrees of skepticism toward the idea of expanded regulatory cooperation with the European Union under a U.S.-EU trade deal, and raised fears that an agreement could slow down their rule making.

Robert Adler, acting chair of the U.S. Consumer Product Safety Commission (CPSC), said he worries including regulatory cooperation obligations in the Transatlantic Trade and Investment Partnership (TTIP) could make his agency even more hamstrung than it already is when it comes to issuing regulations.

Adler directly rebuffed the idea -- proposed by the European Commission -- that the trade deal should establish a new "Regulatory Cooperation Council" that would allow greater input from EU regulators and stakeholders in the U.S. regulatory process, and vice-versa.

Imposing such a procedure "could extend an incredibly cumbersome process that we face when we write regulations," Adler said. He explained that in 1981, Congress amended the CPSC's statute to require extensive cost-benefit analyses before publishing a rule. The consequence is that the agency has been able to issue only nine safety standards in the intervening 33 years, he said.

"The idea that we would then have to take a rule that we have spent so much time writing and go to an additional approval means that you're going to have many, many, many years of waiting for safety regulation. And I think that we all know that safety delayed is safety denied in too many respects," he said at an event in Washington hosted by

the Transatlantic Consumer Dialogue (TACD).

Adler said some of his office's expert-level officials have been directly involved in the TTIP negotiations, and have helped to explain -- for example -- U.S. rules on flame-retardant treatments for textiles. He said the EU seemed satisfied enough with the explanation so as not to regard these rules as a trade barrier to be tackled through TTIP. But he expressed fear that other CPSC regulations may come into the crosshairs of negotiators.

Separately, William Jordan, deputy director in the office of pesticide programs at the Environmental Protection Agency (EPA), signaled skepticism toward TTIP regulatory cooperation efforts by saying it remains to be seen whether they will be "productive or a big waste of time."

Speaking on a different panel at the same TACD event, Jordan also acknowledged evaluating the potential impact of a rule on trans-Atlantic trade would add to a pile of more than a dozen assessments the EPA must conduct for other areas in publishing a rule, potentially slowing it down further.

"The fact that there may be trade impacts from a regulatory decision doesn't necessarily mean that it changes the regulatory decision, but it might mean that you look for different ways of achieving or implementing a goal," Jordan said.

"The downside that I see is adding yet one more kind of analysis to develop when taking a regulatory action … There are usually about 17 sections that go at the end of every rule making the EPA does. To go to another one adds just a little bit more work and has the potential to slow things down. I think the serious question is: Is it worth it?"

At the same time, Jordan said he sees some possible benefits from cooperating with the EU through its proposed Regulatory Cooperation Council.

He suggested doing so would be somewhat helpful, if only so U.S. officials could go to one forum and have access to all the relevant EU officials on a topic -- something he described as difficult given the EU's complicated bureaucracy. Working together on risk assessment for pesticides, for example, might also reduce the likelihood the U.S and EU would come to different decisions on risk management.

Adler, the acting CPSC chair, also raised questions about whether reducing regulatory differencesbetween the U.S. and EU in the consumer products sector, which includes things like apparel and toys, would really lead to added economic gains for businesses on either side of the Atlantic.

He said his experience has shown companies typically make their products to the highest standard of the markets they sell to, so they are compliant in all of them -- something he contended is good for consumers, and does not incur the expense of maintaining different inventories for different safety standards.

"I think the annoyance factor of different safety systems is huge with our friends in the business community. I personally remain skeptical that the out-of-pocket costs are as great as the annoyance," he said.

Adler added his agency does not have the staff or resources to figure out how standards could be aligned with regulations in other jurisdictions, although it does take international standards and best practices into account. He said he has exhorted businesses who complain about divergent rules to submit detailed petitions demonstrating the two approaches are consistent and harmonizing them would reduce costs. But he said he has received no response to date from businesses.

"What our friends really seem to want is for CPSC to survey the market, find equivalent standards, and lead the charge to make our systems compatible," he said. "In other words, they want us to be the moving party. And I'm going to be very frank: That's not going to happen."

Inside U.S. Trade - 06/27/2014, Vol. 32, No. 26

To: Grundler, Christopher[grundler.christopher@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Cohen, Janet[cohen.janet@epa.gov]; Wehrly, Linc[wehrly.linc@epa.gov]
Cc: Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Simon, Karl[Simon.Karl@epa.gov]; Snapp, Lisa[snapp.lisa@epa.gov]; Patulski, Meg[patulski.meg@epa.gov]; Cook, Leila[cook.leila@epa.gov]; Charmley, William[charmley.william@epa.gov]; Olechiw, Michael[olechiw.michael@epa.gov]; Sargeant, Kathryn[sargeant.kathryn@epa.gov]; Moran, Robin[moran.robin@epa.gov]; Alson, Jeff[alson.jeff@epa.gov]; Manners, Mary[manners.mary@epa.gov]; Moltzen, Michael[Moltzen.Michael@epa.gov]
From: Birgfeld, Erin
Sent: Tue 9/22/2015 8:47:10 PM
Subject: FW: Volkswagen Clips 9/22/2015

FYI – the latest VW clips for reference…

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 4:38 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/22/2015

The Tennessean:

http://www.tennessean.com/story/news/politics/2015/09/22/tn-senate-leader-requests-hearing-on-volkswagen-issues/72625196/

TN Senate leader requests hearing on VW cheating issues

Dave Boucher

A leader in the Tennessee Senate is asking a fellow lawmaker to call a hearing to look at how cheating revelations regarding Volkswagen may affect the state.

Senate Speaker Pro Tem Bo Watson, R-Hixson, notes the German automaker's significant investment in Tennessee as a reason he wants Senate Finance, Ways and Means Committee Chairman Randy McNally, R-Oak Ridge, to schedule a hearing.

"While all of the relevant facts may remain unreported at this time, I am very concerned as to the financial impact these violations could present to the state of Tennessee," Watson writes.

"As the chairman is aware, Tennesseans have made a significant investment in Volkswagen and any action that threatens the stability and sustainability of the investment should be reviewed by the finance committee, without delay," he continued later in the letter.

Tennessee provided Volkswagen with $165 million in grants in connection to its massive facility in Chattanooga, where more than 3,200 people are employed. Volkswagen received more than $577 million in incentives to build the plant in Chattanooga in 2008, The Associated Press reported. The AP also noted another state and local package worth up to $300 million was offered last year to persuade VW to expand the Chattanooga plant to build a new SUV in Tennessee as opposed to elsewhere.

Volkswagen CEO Martin Winkerton apologized Tuesday in the wake of accusations from the U.S. Environmental Protection Agency that the company had intentionally installed software that allowed its cars to cheat in emissions tests. The company said the emissions software affected 11 million cars worldwide.

On Tuesday it was reported the company has set aside more than $7 billion in anticipation of fines. USA TODAY reported recently that the car company could face $18 billion in fines from the federal government.

Volkswagen sets aside $7.3B over emissions scandal

On Monday Gov. Bill Haslam said he was concerned when he heard the revelations. He said he'd only spoken briefly with representatives from the EPA and Volkswagen.

"Volkswagen is somebody that is a major partner for us in the state of Tennessee, both in terms of investment and the jobs created. We're obviously very interested in their continued growth,

but they're going to have to address this issue," Haslam told reporters Monday.

Lt. Gov. Ron Ramsey, R-Blountville, told the Chattanooga Times Free Press that the revelations are "depressing, hard to believe. On and on. We've made a huge investment."

Watson asked McNally to call the public meeting to discuss potential impact on Tennessee as soon as possible.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 3:33 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/22/2015

NBC News:

http://www.nbcnews.com/business/autos/volkswagen-11-million-vehicles-could-have-suspect-software-emissions-scandal-n431456

Volkswagen Sets Aside $7.2 Billion to Pay for Emissions Cheating Scandal

by PAUL A. EISENSTEIN

Volkswagen said Tuesday it is setting aside more than $7.2 billion to cover the anticipated cost of resolving its diesel emissions cheating scandal, a figure that could be eclipsed by potential penalties and lawsuits facing the German automaker in the U.S.

The issue, meanwhile, now is spreading to other markets, with VW confirming it used the same illicit software - dubbed a "defeat device" by U.S. regulators - on 11 million diesel vehicles sold

worldwide. That has triggered calls for new investigations in markets from South Korea to the European Union.

The money that VW is setting aside, 6.5 billion euros, is part of the company's efforts to "win back the trust of our customers," VW said in a statement Tuesday.

Meanwhile, it noted that it is "working intensely" to find a technical solution to removing the software without reducing the performance of affected VW products. A total of 488,000 VW and Audi brand vehicles equipped with four-cylinder engines were recalled Friday, while the automaker ordered dealers to stop selling products equipped with those diesels.

Concerns about the mounting costs and potential impact to VW's reputation have led to a panic among the company's investors. On Monday, the value of VW shares plunged by 17 percent, and the sell-off was continuing midday Tuesday on the German exchange.

The crisis could lead to a shake-up in management at Volkswagen AG, industry analysts have warned.

The U.S. Environmental Protection Administration announced Friday that the automaker had surreptitiously equipped its diesel vehicles with software designed to recognize when those products were being tested on a dynamometer, essentially an automotive treadmill. In such a situation, the full complement of emissions controls systems would operate at their maximum, bringing the vehicles into compliance with U.S. - and even tougher California - emissions standards.

But once the testing would be completed, according to the EPA, the vehicles would revert to a different mode, effectively allowing emissions levels to increase by as much as 40 times.

In its new statement, VW gave more details, admitting that "discrepancies" related to vehicles with Type EA 189 engines and involved some 11 million vehicles worldwide.

"A noticeable deviation between bench test results and actual road use was established solely for this type of engine," the VW statement said. "Volkswagen is working intensely to eliminate these deviations through technical measures."

While the maker acknowledged the computer control systems on 11 million vehicles contain the code, it also claimed that the "majority of these engines the software does not have any effect."

The U.S. has the world's toughest diesel emissions standards, largely focusing on levels of micro-fine particulates and smog-causing oxides of nitrogen. In Europe, where the emphasis is on global warming gases like CO2, diesels handily meet test standards because they are so energy efficient.

Even so, there are mounting calls in Europe for a full investigation of the VW diesel test scandal, and CEO Martin Winterkorn has told Germany's transit ministry the company will fully cooperate with its investigation. Officials in South Korea also have called for an investigation.

Meanwhile, the U.S. Justice Department has reportedly taken the preliminary steps to open a criminal investigation.

Whether the $7.3 billion set aside is enough to cover VW's costs from the scandal remains to be seen. According to EPA rules, VW could be fined up to $37,500 for each vehicle not in compliance with emissions regulations, or a total of around $18 billion. California regulators could issue their own fines.

Several law firms also have taken initial steps of their own to bring class action lawsuits against Volkswagen on behalf of owners.

But perhaps the biggest question concerns the impact the scandal will have on VW's image and sales. The maker overtook Toyota to become the world's best-selling automaker during the first half of 2015. But it has been struggling to build momentum in the critical American market where about a quarter of its sales are diesel-powered vehicles. For now, VW has halted the sale

of those models until it can come up with a fix for the faulty software.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 2:33 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/22/2015

Bloomberg (via Chicago Tribune):

http://www.chicagotribune.com/news/sns-wp-blm-news-bc-vw-states22-20150922-story.html

Volkswagen probed by states over pollution cheating

Christie Smythe, Bloomberg News

Several states have begun an investigation into Volkswagen's admission that it equipped cars with technology to cheat federal air pollution tests, joining federal investigators and a growing list of countries probing the German automaker.

Wolfsburg, Germany-based Volkswagen said on Sept. 18 that it used "defeat device" software to beat emissions tests in labs. The diesel vehicles spewed as much as 40 times the legal limit of pollutants when they were on the road, the Environmental Protection Agency alleges. Volkswagen said it's cooperating with U.S. officials.

The matter may cost Volkswagen $18 billion in penalties from the EPA, based on a maximum $37,500 violation for each of nearly a half-million diesel versions of the VW Jetta, Golf, Beetle and Passat and the Audi A3.

Matt Mittenthal, a spokesman for New York Attorney General Eric Schneiderman, said in an e-mail today that he could confirm New York is part of the multistate group but was unable to say

what other states were part of the probe.

The U.S. Justice Department has also begun a criminal probe, according to officials who spoke on a condition of anonymity.

The German government opened its own probe on Tuesday. Environment Canada also started an investigation, promising unspecified "enforcement action" if the car maker cheated in that country.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 1:28 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/22/2015

NY Times:

http://www.nytimes.com/2015/09/23/business/dealbook/volkswagen-debacle-on-financial-par-with-bp-oil-spill.html

Volkswagen Debacle on Financial Par With BP Oil Spill

SEPT. 22, 2015

By ANTONY CURRIE and OLAF STORBECK

— Volkswagen's cheating on clean air rules in the United States has driven investors into a deep funk.

The German carmaker's market capitalization shrank 16.6 billion euros, or $18.6 billion, in just over a day, after it was caught falsifying emissions on certain cars sold in the United States. The

eventual cost could be higher. Although other carmakers have paid less for misdeeds, the better analogy might be oil: BP's 2010 Deepwater Horizon fiasco.

Rival carmakers got off relatively lightly for recent transgressions in the United States with more disastrous immediate consequences. General Motors paid $900 million to settle a lawsuit over faulty ignition switches linked to 124 deaths. Toyota paid $1.2 billion last year for malfunctioning accelerators tied to fewer fatalities.

No deaths can be directly pinpointed to Volkswagen blocking accurate checks on emissions – though the software installed in some vehicles hid levels of harmful nitrogen oxide up to 40 times above permitted levels.

The environmental twist perhaps makes BP's disastrous Gulf of Mexico oil spill a better comparison. Initial total cost estimates by analysts were as low as $3.5 billion. The final bill under the Clean Water Act was $5.5 billion, less than half the maximum fine. But BP's other costs, including damages, ballooned. All in, BP ended up setting aside almost $55 billion in fines, compensation and cleanup costs.

The Clean Air Act allows the Environmental Protection Agency to charge up to $37,500 a vehicle for any breaches. With 482,000 affected cars, that's $18 billion. The E.P.A. could be kinder than that, but Volkswagen, run by Martin Winterkorn, cheated government tests for six years, dissembled when confronted and meanwhile lauded Volkswagen's status as an environmentally sustainable carmaker.

Volkswagen can pay $18 billion, over time, and retain its credit rating. It has €21 billion in net cash, with more coming from planned divestitures.

That, though, doesn't factor in other costs, including recalls, refits, vehicle buybacks and class-action lawsuits – or the possibility that Volkswagen's emissions shenanigans were more pervasive. Diesel cars account for more than half its sales in Europe, its largest market, though with more lenient nitrogen oxide standards. If the scandal undermines the business case for Volkswagen's diesel engines, a €16.6 billion drop in value will look like a country jaunt.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 1:18 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/22/2015

Washington Post:

http://www.washingtonpost.com/news/wonkblog/wp/2015/09/22/anatomy-of-volkswagons-deception-the-recall-that-never-fixed-any-cars/

Anatomy of Volkswagen's deception: The recall that never fixed any cars.

By Peter Whoriskey and Joby Warrick September 22 at 12:20 PM

Volkswagen's decision to equip 11 million vehicles with devices to cheat emissions tests worldwide has sent the company into an acute corporate crisis in recent days. But on December 2, 2014, the company assured U.S. and California regulators that their engineers had a straightforward solution.

Volkswagen told officials then that a software change would remedy the overflow of pollution emitted by their diesel cars, according to state and federal letters to the company. At the time, Volkswagen proposed a "voluntary recall" of about 500,000 vehicles. State and federal officials approved the plan.

That fix was either a technical failure or, some officials said, another ruse.

By May of this year, California tests showed that "the recall calibration did reduce emissions to some degree but NOx emissions were still significantly higher than expected."

The extent of the recall, which is discussed in letters between government and company officials, is unknown. Company officials wouldn't say this week how many recall notification letters Volkswagen issued to consumers, and how many consumers brought their cars in for the purported fix.

But the incident is one of the highlights in what federal and state officials have likened to a cat-and-mouse game between regulators and one of the world's largest automakers.

"They basically ran out of excuses," said Stanley Young, spokesperson for the California Air Resources Board. "They would say the tests weren't at the right temperature, or some other issue. We had them in [to our offices] several times."

EPA administrator Gina McCarthy said on Tuesday that the agency would step up efforts to look for cheating by other manufacturers, though she suggested that Volkswagen was an "outlier" in the extent of its cheating to defeat emissions standards.

"We are not going to sit down around and worry about whether or not there are other devices. We're going to find it," she said. "So right now we're upping our game in terms of going out and doing the work to take a look at what we need to do with other vehicles."

The company's dire diesel troubles have erupted over just a few days, but they were a long time in gestation.

The regulations that shaped the design of the diesel engines were put in place more than 15 years ago, when the EPA finalized rules that raised the emission standards for diesel cars.

After a years-long grace period, the tough standards were phased in between 2004 and 2007. At the time, the government acknowledged that meeting the standards for NOx, or nitrogen oxide, as well as soot, would be difficult.

"Manufacturers have expressed concerns that diesel-fueled vehicles would have difficulty meeting NOx and particulate matter levels like those contained in today's rule," EPA officials wrote in issuing the new standards. "Clearly, these standards will be challenging."

For a time, Volkswagen and other automakers stepped back from the U.S. diesel car market. It was a time to retool. Experts said the challenge of making a diesel engine clean enough for the U.S. standards - without compromising how the engine works - is very difficult.

"NOx is more of a challenge for diesel engines than it is for gasoline engines," said John Storey, distinguished research and development staff member at Oak Ridge National Laboratory. "The strategies companies use to clean them up all have an impact on performance, fuel economy and maintenance."

The engineering hurdles in controlling diesel emissions are high enough, some experts said, that they may provide an incentive for companies to skirt the rules.

"I can't say I'm surprised," John M. DeCicco, Ph.D. Research Professor at the University of Michigan Energy Institute, of the recent revelations. "The temptation to game the system with a defeat device is definitely high because of the technical challenges."

In 2008, Volkswagen came back with a diesel version of the Jetta. The company touted it as an example of the "clean diesel." It won raves, including "Green Car of the Year" at the Los Angeles Auto Show.

"After a three-year break that seemed interminable to fans, Volkswagen's back in the U.S. diesel-car market with a clean-burning diesel in its popular Jetta compact sedan," USA Today told readers.

But what seemed like a breakthrough seems now, in the light of recent revelations, like a massive cheat.

The company's two-liter diesel engines in the U.S. had been equipped with a "defeat device" that allowed the cars to pass federal emissions tests despite emitting more than 10 times the permitted amounts of NOx when it is on the road. Those emissions help produce smog on hot summer days, triggering a variety of health problems, particularly for asthmatics and other people with breathing difficulties.

As has been widely reported, the emission problems were detected in a May 2014 report by the International Council on Clean Transportation and West Virginia University.

The results were presented to the company and several months later, in December 2014, the company told California regulators that they had a fix. They would "recalibrate" the software that runs the engine.

"Based on this meeting, VW initiated a voluntary recall...This recall was claimed to have fixed among other things, the increased real world driving NOx issue," according to a recent letter from the California Air Resources Board to the company.

By May of this year, California officials had run road tests on cars altered as under the recall. Despite the fix, the car showed higher than expected NOx emissions. California engineers also created a special dynamometer test, apparently to address company concerns that the previous testing was unfair.

California Air Resources Board "has determined that the previous recall did not address the high on-road NOx emissions, and also resulted in the vehicle failing certification standards," it told the company earlier this month.

McCarthy, speaking to reporters in Washington, acknowledged that the Volkswagen software ruse was "particularly difficult for us to detect. We haven't found similar types before but we'll take a look and make sure we're attacking it successfully," she said.

McCarthy defended the EPA's regulatory standards as reasonable, and said most other car manufacturers appear to have found a way to comply.

"This is about a NOX emission standard that was put in place a few decades ago. The industry knew what was happening. We feel pretty confident the industry has been innovating to be able to meet this standard," she said. "So we don't think that this problem with the standards at all."

McCarthy said she was gratified by Volkswagen's aggressive response in acknowledging its mistakes, even as she criticized the company for its years of deliberate deception.

"I think it will be very difficult for Volkswagen at this going to be looked at as anything other than a real outlier," she said.

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Subject: RE: Volkswagen Clips 9/22/2015

Financial Times:

http://www.ft.com/intl/cms/s/0/ac6742b2-611d-11e5-a28b-50226830d644.html#axzz3mU7mhPP8

How VW's 'defeat device' cheated on EPA emissions tests

Clive Cookson, Science Editor

The "defeat device" that Volkswagen used to cheat on US emissions testing sounds as if a secret little black box was hidden deep in the diesel engine just waiting to switch anti-pollution controls on during government inspections.

During normal driving, these controls are relaxed, which improves performance and reduces engine wear.

"The test cycles are very formal and well established, so priming a vehicle to sense when it is being tested is potentially quite straightforward," said Professor Alastair Lewis, an air pollution expert at York University in the UK. "For example are only its drive wheels turning, is the acceleration unnaturally smooth, or constant speeds too precise for a human driver?"

Modern "clean diesel" engines aim to reduce pollution in a series of computer-controlled steps. For example, the computer may adjust the ratio of air to fuel in the combustion chamber, change the operating temperature or alter the rate at which exhaust gases flow through catalytic converters and filters.

Another refinement is to inject a chemical called urea into the exhaust stream. It then reacts with polluting nitrogen oxides (NOx) and converts them into harmless nitrogen and water.

"A huge amount of complex electronics controls it all," said Roger Kemp, professor of engineering at Lancaster University. "The code in the software gives thousands of different usage patterns corresponding to different combinations of inputs.

"There is a trade-off between pollution control and engine performance," Prof Kemp added. For example running at a hotter temperature may cut emissions but reduce engine life.

Bosch, the German car parts company, supplies components to VW, including fuel injection and exhaust treatment systems that reduce emissions. But people familiar with the cars said VW writes the software that deploys the equipment.

According to the EPA's notice of violation, the software ran the engine with "dyno calibration" settings designed to minimise pollution when it detected testing in progress (dyno refers to dynamometer equipment at the test centre). For the rest of the time it ran on "road calibration" which puts less emphasis on reducing emissions.

Even when the software switches to road running, a modern diesel engine is much less polluting than its filthy predecessors, Prof Kemp pointed out. Its filters and combustion chamber are particularly effective at cutting emissions of the tiny soot particles that used to belch out of ill-tuned engines (and still do in parts of the developing world).

The EPA allegations focus on NOx, reactive gases that are one of the main sources of urban smog and lung-irritating ozone pollution. The violation came to light when researchers at West Virginia University tracked emissions from VW diesel cars on the road and found that NOx soared to levels 10 to 40 times higher than the EPA permits.

Many air pollution experts have long believed that other manufacturers operate their own versions of VW's defeat devices.

"Virtually all new vehicles in recent years appear to emit substantially more NOx in the real-world than they do when tested in labs, irrespective of manufacturer," said Prof Lewis. "VW appear to have been caught red-handed, but it would seem highly likely that others have also played dubious games to pass emissions tests."

Ian Colbeck, professor of aerosol science at the University of Essex, commented: "It has been observed for some time that real world driving conditions do not deliver the emission reductions shown in the laboratory. The European Commission will require real world tests in 2017."

USA Today:

http://www.usatoday.com/story/money/cars/2015/09/22/volkswagen-emissions-scandal/72605874/

Volkswagen emission scandal widens: 11 million cars affected

Nathan Bomey

Investors crush Volkswagen shares as company sets aside $7.3 billion to address software that manipulates emissions tests.

Volkswagen's emissions scandal ballooned Tuesday as the automaker said it affects 11 million vehicles worldwide and will require the company to set aside 6.5 billion euro ($7.3 billion).

The startling admission instantly makes the crisis one of the most expensive automotive scandals in recent memory.

The crisis also threatens to upend the company on its rapid path to becoming the world's largest automaker. Volkswagen had seized the title from Toyota for the first six months of 2015.

"This could damage the Volkswagen brand globally for years to come," said former automotive marketing executive Peter De Lorenzo, blogger at Autoextremist.com, in an interview. "Trust and belief in the brand has been broken."

Volkswagen CEO Martin Winterkorn pledged to regain the public's trust and rectify the company's mistakes, amid speculation that he could lose his job over the crisis. Winterkorn's contract, coincidentally, is up for renewal at the automaker's board meeting Friday.

In a video statement Tuesday he said he's "endlessly sorry" for the situation but pledged to stay on the job, according to several reports translating the German remarks.

Investors crushed the Germans automaker's stock, driving shares down 18% as of 9:47 a.m. ET, a day after the stock plunged 19%.

The crisis began Friday when the U.S. Environmental Protection Agency accused Volkswagen of installing sophisticated software on nearly 500,000 U.S. vehicles to manipulate emissions tests.

The technology tricks regulators into believing that 4-cylinder diesel vehicles comply with emissions standards, but the cars are actually admitting harmful pollutants at rates of up to 40 times acceptable standards. Volkswagen quickly halted sales of the cars after the allegations surfaced.

The U.S. Justice Department has opened a criminal probe into the automaker's actions. The EPA's own investigation is ongoing, and foreign regulators are expected to launch their own probes.

"Volkswagen is working at full speed to clarify irregularities concerning a particular software used in diesel engines," the company said Tuesday in a statement.

The "discrepancies" affect vehicles with what it called "Type EA 189 engines," causing "a notable deviation between bench test results and actual road use."

The company added: "Volkswagen is working intensely to eliminate these deviations through technical measures."

Volkswagen said it would set aside 6.5 billion euro in its third quarter to address the matter and warned that the number could change.

In the U.S., the EPA could fine Volkswagen up to $37,500 per car, which would equal a maximum fine of some $18 billion.

"Volkswagen does not tolerate any kind of violation of laws whatsoever. It is and remains the top priority of the Board of Management to win back lost trust and to avert damage to our customers," the company said.

The scandal raises serious questions about whether high-level executives knew about the software, which had been installed on some nameplates for at least six consecutive model years.

Earlier this month a subcommittee of Volkswagen's board recommended that the full panel extend Winterkorn's contract through 2018. The official renewal at Friday's board meeting was viewed as a routine matter, but now it may be up in the air.

Winterkorn kept his job earlier this year after then-chairman Ferdinand Piech tried to displace him. Piech exited the company shortly after his failed effort.

De Lorenzo, the automotive marketing veteran, said Winterkorn will be forced to answer questions about his knowledge of the emissions scandal.

"He's very much detailed-oriented. He's always regaled his underlings with his depth of knowledge of detailed items that they would assume he wouldn't bother with," De Lorenzo said. "I think heads will roll and this could bring down Winterkorn and some of his trusted lieutenants."

Dave Sullivan, an analyst with AutoPacific, said the "chances of him coming out unscathed have got to be very small."

The EPA has said the company admitted to installing the software. The agency said the software affected the four-cylinder diesel versions of the 2009 to 2015 Jetta, Beetle, Golf, the 2014 and 2015 Passat and the 2009 to 2015 Audi A3.

The episode is likely to trigger a recall and a flurry of consumer lawsuits. It may prompt the company to compensate individual car owners or other measures.

European regulators are expected to place Volkswagen under intense scrutiny. But it scandal also could bode poorly for Volkswagen in the world's largest vehicle market, China, where Volkswagen is No. 1 by market share.

"The problem is the Chinese are starting to realize they have got to do something with their air and this could have an effect on the relationship the Chinese have with Volkswagen," Sullivan said.

The Environmental Protection Agency is working on new tests to detect cheating on the part of automakers in the wake of Volkswagen AG's massive cheating scandal.

EPA Administrator Gina McCarthy told reporters at a Wall Street Journal forum on Tuesday that the agency won't sit still and is "upping its game" to catch cheaters.

VW was able to evade U.S. emissions requirements for 482,000 2009-2015 diesel cars by using sophisticated software that only turned on emissions equipment during testing. It's not clear if VW did that to boost low-end torque, raise fuel efficiency or avoid more costly emissions requirements.

The fact that VW was able to get away with the cheating for nearly seven years suggests the agency must take new steps to detect bad behavior, analysts say. Cars are very sophisticated machines with more than 100 million lines of code.

The VW emissions issue came to the attention of the EPA in 2014 after independent analysis by researchers at West Virginia University — working with the International Council on Clean Transportation, a non-governmental organization — raised questions about emissions levels. After extensive testing, EPA confirmed that the vehicles were emitting up to 40 times the

allowable pollution in road use.

The EPA told The Detroit News on Friday that it was investigating whether other automakers had similar problems. But McCarthy said so far it appears VW is an "outlier."

This will not be the first time in recent years that EPA has had to change its rules to ensure companies are complying with emissions.

In February, the EPA issued new guidelines to automakers for conducting fuel economy testing. The move came after five major automakers have had to restate mileage ratings for certain models.

The guidelines detail how vehicles must be prepared before being tested — including what is an acceptable level of wear on the tires and how vehicles should be broken in prior to testing.

Also at issue are tests used to determine the impact of aerodynamic drag and tire rolling resistance on gas mileage. Currently, that is measured at 50 miles per hour. Under the new guidelines, automakers must measure the results at all speeds up to 70 mph.

In 2014, the agency said it was considering writing new formal regulations covering mileage labeling by automakers. Instead, it is opting to issue the guidelines. It typically takes EPA two to three years to write new legal binding mandates.

Chris Grundler, the EPA's director of the Office of Transportation and Air Quality, said in an interview in February that "it's a very dynamic time" in the auto industry, and the agency doesn't want to spend several years crafting rules that could be outdated when issued.

"Writing regulations takes time," Grundler said. "When you are working in the rapidly changing environment that we're in right now, we want to make sure that we are agile enough and flexible enough to change with those times."

He said new guidelines are aimed at getting better results. He noted that the EPA will follow the guidelines when it conducts audits of automaker testing.

In November, Korean automakers Hyundai Motor Co. and Kia Motors Corp. agreed to a record-setting $360 million settlement for overstating fuel economy ratings for 1.2 million 2011-13 U.S. vehicles. The settlement includes a $100 million civil penalty, forfeiting $210 million in greenhouse gas emission credits and spending $50 million to ensure independent auditing of its current and future vehicles.

After an investigation by the EPA, Hyundai and Kia in November 2012 agreed to restate expected gas mileage for 1.1 million vehicles in North America, including 900,000 in the United States. That reduced Hyundai-Kia's fleetwide average fuel economy from 27 to 26 mpg for the 2012 model year. Hyundai was forced to abandon claims that four models got 40 mpg.

In August 2013, Ford Motor Co. dropped mileage ratings for the 2013 C-Max hybrid from a combined 47 mpg to 43 mpg. In June 2014, Ford Motor Co. said it is lowering the fuel ratings on six new cars and would make payments of $125 to $1,050 to more than 200,000 owners.

The move was a significant embarrassment to Ford, which has emphasized the fuel efficiency of vehicles in its lineup. It was he second time in a year that Ford has had to correct its mileage numbers.

Under current rules, Ford was able to assign the same fuel efficiency rating to the C-Max as the Fusion hybrid because they're in the same family. While that's worked for conventional cars, it hasn't been as accurate for hybrids.

Other German automakers besides VW have faced EPA scrutiny. In October, BMW AG agreed to reduce its fuel economy ratings on four 2014 Mini Cooper models.

BMW reduced the combined fuel economy of the three-door manual transmission to 33 miles per gallon from 34 mpg, the three-door semi-automatic from 33 to 32, the Cooper S 3-door manual from 29 to 28 and the semi-automatic version from 31 to 30. The biggest fall is in the highway rating for the Cooper S 3-door manual will fall from 38 to 34 mpg.

Also last year, another Daimler AG agreed to lower the mpg ratings on two of its Mercedes-Benz vehicles after a government audit turned up a problem.

Mercedes-Benz made minor changes to two models. It will reduce the city mpg figure for the 2013-14 C300 to 19 mpg from 20 mpg, but the combined 22 mpg and 27 mpg highway value will remain the same. For the 2013-14 4-Matic PZEV the combined mpg fell to 22 mpg from 23 mpg, while the city and highway mpg figures both fell by 1 mpg to 19 and 28, respectively.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 11:44 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/22/2015

AP (via Washington Post):

https://www.washingtonpost.com/world/europe/volkswagen-sets-aside-73-billion-over-emissions-scandal/2015/09/22/3fe272e8-6112-11e5-8475-781cc9851652_story.html

VW CEO: 'Endlessly sorry' as emissions scandal escalates

By Geir Moulson and Pan Pylas | AP September 22 at 11:32 AM

BERLIN — The crisis enveloping Volkswagen AG, the world's top-selling carmaker, escalated Tuesday as the company issued a profit warning following a stunning admission that some 11 million of its diesel vehicles worldwide were fitted with software at the center of a U.S.

emissions scandal.

The German company said it was setting aside around 6.5 billion euros ($7.3 billion) to cover the fallout from the scandal that has tarnished VW's reputation, raised questions over the future of CEO Martin Winterkorn and battered its share price.

Winterkorn pledged a fast and thorough investigation.

"Millions of people across the world trust our brands, our cars and our technologies," he said in a video message. "I am endlessly sorry that we have disappointed this trust. I apologize in every way to our customers, to authorities and the whole public for the wrongdoing."

"We are asking, I am asking for your trust on our way forward," he said. "We will clear this up."

The VW Logo is photographed at a car at the Car Show in Frankfurt, Germany, Tuesday, Sept. 22, 2015. Volkswagen has admitted that it intentionally installed software programmed to switch engines to a cleaner mode during official emissions testing. The software then switches off again, enabling cars to drive more powerfully on the road while emitting as much as 40 times the legal pollution limit. (Michael Probst/Associated Press)

The damage to Volkswagen's reputation is reflected in the market's response. Volkswagen's share price slid a further 16.2 percent Tuesday to a near four-year low of 112 euros. The fall comes on top of Monday's 17 percent decline.

The trigger to the company's market woes was last Friday's revelation from the U.S.'s Environmental Protection Agency that VW rigged nearly half a million cars to defeat U.S. smog tests.

The company told U.S. regulators that it intentionally installed software programmed to switch engines to a cleaner mode during official emissions testing. The software then switches off again, enabling cars to drive more powerfully on the road while emitting as much as 40 times the legal pollution limit.

"In my German words: we have totally screwed up," the head of Volkswagen's U.S. division, Michael Horn, told an audience in New York on Monday.

In a statement Tuesday, Volkswagen gave more details, admitting that there were "discrepancies" related to vehicles with Type EA 189 engines and involving some 11 million vehicles worldwide. The number of vehicles involved is more than the 10 million or so cars it sold in 2014.

Volkswagen said it is "working intensely" to solve the problem and that it "does not tolerate any kind of violation of laws whatsoever."

To cover the necessary service measures and what Volkswagen says are "other efforts to win back the trust" of customers, the company said it is setting aside some 6.5 billion euros in the current quarter. There was no mention of fines or penalties in the company's statement. The EPA has indicated that it could, in theory, fine VW up to $18 billion.

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The Guardian:

http://www.theguardian.com/business/2015/sep/22/vw-scandal-caused-nearly-1m-tonnes-of-extra-pollution-analysis-shows

VW scandal caused nearly 1m tonnes of extra pollution, analysis shows

Emissions could have far greater impact in Europe, where almost half passenger cars are diesel, than the US

Karl Mathiesen and Arthur Neslen

Volkswagen's rigging of emissions tests for 11m cars means they may be responsible for nearly

a million tonnes of air pollution every year, roughly the same as the UK's combined emissions for all power stations, vehicles, industry and agriculture.

The carmaker has recalled 482,000 VW and Audi brand cars in the US after the Environmental Protection Agency (EPA) found models with Type EA 189 engines had been fitted with a device designed to reduce emissions of nitrous oxides (NOx) under testing conditions.

A Guardian analysis found those US vehicles would have spewed between 10,392 and 41,571 tonnes of toxic gas into the air each year, if they had covered the average annual US mileage. If they had complied with EPA standards, they would have emitted just 1,039 tonnes of NOx each year in total.

On Tuesday the company admitted the device may have been fitted to 11 million of its vehicles worldwide. If that proves correct, VW's defective vehicles could be responsible for between 237,161 and 948,691 tonnes of NOx emissions each year, 10-40 times the pollution standard for new models in the US. Western Europe's biggest power station, Drax in the UK, emits 39,000 tonnes of NOx each year.

In the US, just 3% of passenger cars are diesel compared to almost half in the EU. Professor Martin Williams from King's College London said the US's low percentage of diesel cars meant higher diesel emissions in some cars would have a "limited effect" on air quality there.

"[In the US it would be] nowhere near the effect it would have in this country and in the rest of Europe for that matter," he said. In the UK, Williams added, emissions from diesel cars cause roughly 5,800 premature deaths each year. "If you were to make the cars emit at the legal limit you could reduce those deaths by at least a factor of two and maybe more. Maybe a factor of five."

The Clean Air in London campaign called for a royal commission to investigate carmaker's activities in the UK.

"Diesel is without doubt the biggest public health catastrophe in UK history. Even the black

plague didn't affect everyone in the population," said founder Simon Birkett.

Not all NOx emissions – which include nitrogen dioxide (NO2) and nitrogen oxide (NO) – are dangerous. But an increasing proportion of the toxic NO2 gas has been detected in EU diesel emissions. A study in the British Medical Journal in May found that short term exposure to NO2 increased the number of premature deaths from heart and lung disease by 0.88% and 1.09%.

For years, UK air pollution measurements have failed to show improvements in air quality, even as standards have tightened.

"Since 2003 scientists have been saying things are not right. It's not just the VW story, this is part of something much bigger," said Dr Gary Fuller, also of King's College. "It has a serious public health impact."

Last week, a report from NGO Transport & Environment found that Europe's testing regime was allowing nine out of every 10 new diesel vehicles to breach EU limits. Testing regimes in the EU are known to fail to pick up "real world" emissions because cars are not driven in the same way in the laboratory as on the road. Some studies suggest the discrepancy may be up to seven times the legal limit.

Williams said being able to mask their NOx emissions would also enable carmakers to pass carbon emissions tests more easily as there was a trade-off between NOx and CO2 in diesel engines.

Catherine Bearder MEP, a lead negotiator on the EU's new air quality laws, said:
"Manufacturers in the US have been caught out, but we know that pollution limits are also being breached in Europe... Unless we take action, thousands of lives will continue to be tragically cut short by air pollution."

In a sign that the emissions scandal will not remain restricted to the US, a Venice court will next month hear a case against VW and Fiat for misleading test advertising.

The Italian consumer rights group Altroconsumo is due to press its case for a class action suit against VW and Fiat on 2 October, after laboratory tests showed that fuel consumption and CO2 emissions from the VW Golf 1.6 and Fiat Panda 1.2 were up to 50% higher than claimed.

Altroconsumo wants the German car firm to pay damages of €502 (£365) to the owner of a VW Golf, in a case that raises the possibility of widescale compensation payouts by the car industry.

Monique Goyens, the director of the European consumer rights umbrella group BEUC, which includes Altroconsumo, called for an investigation by the European Commission into the use of software programmes to 'game' European emissions tests.

"The VW scandal has compounded our concern that underhand tactics are also being used in fuel consumption and CO2 testing programmes in Europe," she said. "One of the problems in the EU, unlike in the US, is the absence of a market surveillance system which would require independent in-use conformity testing. The EU needs to implement such a system to restore trust amongst consumers."

On Tuesday, the Italian government launched an investigation into VW's emissions testing regime.

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Wired:

http://www.wired.com/2015/09/vw-fool-epa-couldnt-trick-chemistry/

VW Could Fool the EPA, But It Couldn't Trick Chemistry

Eric Niiler

FOR DECADES, AUTOMAKERS HAVE been caught between building an engine that squeezes a lot of energy out of the fuel it burns and one that has low emissions. It's not an easy tension to resolve. "Negotiating both fuel consumption and emissions is a hard tradeoff," says Anna Stefanopolou, professor of mechanical engineering at the University of Michigan.

When engineers at Volkswagen allegedly inserted a few lines of code into the diesel cars' electronic brains to circumvent emissions testing, they found a solution to this existential automotive conflict. Drivers got low emissions during the test, and high performance the rest of the time. The only problem: It's way outside of the rules. The company might have gotten away with it, too, if it hadn't been for those pesky engineers—and the basic chemistry of the diesel engine.

According to the US EPA, those lines of code hid the fact that nearly half a million diesel VWs in the US spewed up to 40 times more nitrogen oxide from their tailpipes than testing indicated. Volkswagen has now confirmed that the problem actually affects approximately 11 million diesel cars worldwide. Diesel engines use a different mix of fuel than gasoline engines and don't use spark plugs to induce combustion—relying instead on highly compressed, heated air and fuel injected as droplets. If a diesel engine doesn't get enough oxygen to combust the fuel, it'll emit all kinds of gunk—nitrogen oxides, uncombusted fuel, and particulate matter (soot, basically).

All that gunk is a big problem. Exposed to sunlight, nitrogen oxides convert to ozone—making smog. How much depends on a bunch of variables, like sunlight exposure and what happens to the hydrocarbon emissions (the uncombusted fuel), plus the temperature and local winds.

However much extra crap came from the VWs, it won't be good. Exposure to nitrogen oxide and ozone is linked to increased asthma attacks, respiratory illnesses, and in some cases premature death. Ozone also worsens existing cardiovascular and lung disease.

To deal with those emissions, "you have a whole chemical factory at the tailpipe that traps the oxides," Stefanopolou says. This bumps the sticker price for diesel cars by $5,000 to $8,000 per vehicle. (On the other hand, diesels get better mileage, especially in highway driving.)

For years, diesel trucks and buses were the biggest polluters on the highway. But carmakers adapted a relatively new technology called selective catalytic reduction—the same tech that

scrubs pollutants from factory smokestacks—to the tailpipe of the diesel engine.

Here's how it works: Inside a honeycombed chamber, the scrubbing system sprays a liquid made of 30 percent urea and 70 percent water into the diesel exhaust. This sets off a chemical reaction that converts nitrogen oxides into nitrogen, oxygen, water and small amounts of carbon dioxide—molecules that aren't as harmful to human health. Catalytic scrubbing was supposed to cut diesel NOx emissions up to 90 percent, according to the Diesel Technology Forum, an industry group based outside Washington. That made diesel engines clean enough to use in passenger cars, which have stricter emissions rules.

The scrubbing chemistry is also what gave away Volkswagen's alleged cover-up. In 2013, a small non-profit group decided to compare diesel emissions from European cars, which are notoriously high, with the US versions of the same vehicles. A team led by Drew Kodjak, executive director of the International Council on Clean Transportation, worked with emissions researchers at West Virginia University to test three four-cylinder 2.0-liter diesel cars in the Los Angeles area: a Jetta, a Passat, and a BMW. Only the BMW passed.

"We felt that it would be possible to get low emissions for diesels," Kodjak said. "You can imagine our surprise when we found two of the three vehicles had significant emissions."

The ICCT reported its findings to the EPA and the California Air Resources Board. Regulators met with VW officials in 2014 and the automaker agreed to fix the problem with a voluntary recall. But in July 2015, CARB did some follow up testing and again the cars failed—the scrubber technology was present, but off most of the time.

How this happened is pretty neat. Michigan's Stefanopolou says computer sensors monitored the steering column. Under normal driving conditions, the column oscillates as the driver negotiates turns. But during emissions testing, the wheels of the car move, but the steering wheel doesn't. That seems to have have been the signal for the "defeat device" to turn the catalytic scrubber up to full power, allowing the car to pass the test.

Stefanopolou believes the emissions testing trick that VW used probably isn't widespread in the automotive industry. Carmakers just don't have many diesels on the road. And now that number may go down even more.

IEEE Spectrum:

http://spectrum.ieee.org/cars-that-think/transportation/advanced-cars/how-professors-caught-vw-cheating

How Engineers at West Virginia University Caught VW Cheating

By Philip E. Ross

Volkswagen, which had just become the biggest-selling automaker in the world, has now been nabbed committing perhaps the biggest corporate cybercrime of all time.

Its diesel cars were found to have cheated systematically on emissions tests run by the United States Environmental Protection Agency (EPA) over the past seven years. When the control system sensed that a test was under way, it would order the engine to ix-nay on the ox-nay—NOx that is, or nitrous oxides—long the bugbear of diesel engines. Later, when the coast was clear, the system would let the NOx pour out at up to 40 times the allowed levels in order to optimize fuel economy.

This dirty trick allowed for a clean getaway for some 482,000 cars under the VW and Audi brand names, including the VW Jetta and the Audi A3. The EPA found out, VW admitted wrongdoing, and it stopped selling the offending vehicles. Its shares lost more than 0ne-fifth of their value in the early hours of the next trading day.

But the guys who found the clues to the crime say they weren't looking for trouble—they were just working under contract to a clean-transportation group that wanted to convince European regulators to adopt stricter emissions standards, as the United States has done.

"We had no cause for suspicion; we thought the vehicles would be clean," John German, of the

International Council on Clean Transportation, told Bloomberg news.

The ICCT subcontracted the testing to the University of West Virginia's Center for Alternative Fuels, Engines and Emissions (CAFEE). Its engineers compared emissions measured on a road trip to results from the same cars that their colleagues were getting in the lab. The discrepancies were great.

Dan Corder, head of WVU's Center for Alternative Fuels, Engines, and Emissions (CAFEE)

Some people have mischaracterized what our role was," says Dan Corder, who heads up CAFEE. "Some have used the phrase 'tipped off the EPA.' We didn't."

The engineers from CAFEE reported on these preliminary results in spring of 2014 at the Coordinating Research Council's Real-World Emissions Workshop, which was held in San Diego that year. Corder hastens to add that the results, based as they were on a handful of cars, were preliminary and that they researchers drew no conclusions. According to Corder:

We said, these are two vehicles. We're presenting what we can present. EPA people were in the audience. And the ICCT publicized the results on its website, then delivered them to the EU's Joint Research Center.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 11:31 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/22/2015

NY Times:

http://www.nytimes.com/2015/09/23/business/international/volkswagen-diesel-car-scandal.html

Volkswagen Says 11 Million Cars Worldwide Are Affected in Diesel Deception

By JACK EWING SEPT. 22, 2015

FRANKFURT — A scandal that has undermined Volkswagen in the United States spread to its core market of Europe on Tuesday, after the company said that 11 million of its diesel cars worldwide were equipped with software that was used to cheat on emissions tests.

Volkswagen did not provide information on where the affected cars are, but the overwhelming majority are probably in Europe, where the company dominates the market and accounts for more than one of every four cars sold.

The German automaker said it was setting aside the equivalent of half a year's profits — 6.5 billion euros, or about $7.3 billion — to cover the cost of fixing the cars to comply with pollution standards and to cover other expenses, which are likely to include fines as well as responses to civil lawsuits from angry customers.

The carmaker's statement was its first admission that diesel cars outside the United States may contain the software that led the Environmental Protection Agency to accuse the company of deliberately evading pollution tests. Previously, Volkswagen had acknowledged only that the problem affected about 500,000 vehicles in the United States.

The tampered vehicles use what is known as Type EA 189 engines, which are 2-liter engines. The company said on Tuesday that "a noticeable deviation between bench-test results and actual road use was established" for the engines.

Volkswagen said it would also make "other efforts to win back the trust of our customers."

The number of cars involved suggests that the scale of the damage to Volkswagen's reputation and its financial standing may be even greater than thought.

Volkswagen shares fell by nearly 18 percent through late-afternoon trading in Frankfurt on Tuesday, after falling by 16 percent on Monday.

The diesel cars were programmed to sense when emissions were being tested and to turn on equipment that reduced emissions, according to United States officials. At other times, the cars had better fuel economy and performance, but produced as much as 40 times the allowed amount of nitrogen oxide, a pollutant that can contribute to respiratory problems including asthma, bronchitis and emphysema.

"Volkswagen is working intensely to eliminate these deviations through technical measures," the company said.

It is not clear, though, how fully Volkswagen might be able to correct the problem on the 11 million vehicles. The company could presumably alter the engines, so that the cars on the road begin actually meeting the required emissions standards. But doing so would probably degrade the vehicles' fuel economy and performance, and might cause the engines to wear out sooner.

The E.P.A. has ordered Volkswagen to recall almost a half-million vehicles sold in the United States from 2009 to 2015. The affected Golf, Passat, Jetta and Beetle cars were equipped with 2-liter diesel engines. Some Audi models also use the same diesel engine.

Volkswagen has halted sales of cars with the engines in the United States.

Reuters:

http://www.reuters.com/article/2015/09/22/us-usa-volkswagen-idUSKCN0RL0II20150922

Volkswagen CEO's days appear numbered as emissions crisis deepens

BERLIN | BY ANDREAS CREMER

Martin Winterkorn's days as head of Volkswagen AG appeared numbered on Tuesday after the German carmaker said a scandal over falsified vehicle emission tests in the United States could affect 11 million of its cars worldwide.

The Tagesspiegel newspaper, citing unidentified sources on Volkswagen's supervisory board, said the board would decide on Friday to replace Winterkorn with Matthias Mueller, the head of the automaker's Porsche sports car business.

A Volkswagen spokesman denied the report. The company later said it would post a video statement by Winterkorn at 1500 GMT. A spokesman for Porsche said Mueller was attending a Volkswagen board meeting at its headquarters in Wolfsburg.

A key Winterkorn ally withheld public support for the under-fire chief executive on Tuesday.

"I don't want to preempt the upcoming intense deliberations and will not comment on details or any consequences," Stephan Weil, head of the German state of Lower Saxony, told reporters in Hanover when asked about Winterkorn's future.

Weil, a supervisory board member representing Volkswagen's second-largest shareholder, earlier this year helped Winterkorn to see off a challenge to his leadership by long-time chairman Ferdinand Piech.

Shares in Europe's biggest carmaker plunged almost 20 percent on Monday after it admitted using software that deceived U.S. regulators measuring toxic emissions in some of its diesel cars.

The stock tumbled another 20 percent to a four-year low on Tuesday after some countries in Europe and Asia said they would launch investigations themselves.

Volkswagen said it would set aside 6.5 billion euros ($7.3 billion) in its third-quarter accounts to help cover the costs of the biggest scandal in its 78-year-history, blowing a hole in analysts' profit forecasts.

It also warned that sum could rise, adding diesel cars with so-called Type EA 189 engines built into about 11 million Volkswagen models worldwide had shown a "noticeable deviation" in emission levels between testing and road use.

Volkswagen sold 10.1 million cars in the whole of 2014.

The U.S. Environmental Protection Agency (EPA) said on Friday Volkswagen could face penalties of up to $18 billion for cheating emissions tests. The carmaker also faces lawsuits and damage to its reputation that could hit sales, while media reports have said the U.S. Department of Justice has opened a criminal inquiry into the matter.

The crisis has sent shockwaves through Germany, with Chancellor Angela Merkel calling for "complete transparency" from a company long seen as a beacon of the country's engineering excellence, and newspapers putting the blame squarely on Winterkorn.

The 68-year-old was due to have his contract extended at a supervisory board meeting on Friday, but is now facing questions over why the scandal wasn't averted.

Volkswagen, which for several years has been airing U.S. TV commercials lauding its "clean diesel" cars, was challenged by authorities as far back as 2014 over tests showing emissions exceeded California state and U.S. federal limits.

The company attributed the excess emissions to "various technical issues" and "unexpected" real-world conditions.

It wasn't until the EPA and the California Air Resources Board threatened to withhold certification for its 2016 diesel models that Volkswagen in early September admitted its wrongdoing.

"Winterkorn either knew of proceedings in the U.S. or it was not reported to him," Evercore ISI analyst Arndt Ellinghorst said. "In the first instance, he must step down immediately. In the second, one needs to ask why such a far-reaching violation was not reported to the top and then things will get tough too."

Porsche's Mueller was promoted to Volkswagen's executive board on March 1 and was previously its head product strategist. As a management board member of family-owned Porsche SE, he is also close to the Porsche-Piech clan that has a controlling shareholding in Volkswagen.

"TOTALLY SCREWED UP"

Winterkorn has built Volkswagen into a global powerhouse since he took the helm in 2007, with brands ranging from budget Seats and Skodas to premium Audis and top-end Porsches and Lamborghinis.

But he has also faced criticism for a centralized management style which some analysts say has hampered the company's efforts to address long-standing underperformance in North America.

Workers in Wolfsburg, where Volkswagen employs over 50,000 people, were dismayed by the damage to the company's image. "If Winterkorn knew of the manipulation, then he must go," said one staffer who works at the plant's human resources department.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 10:57 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John;

Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

LA Times:

http://www.latimes.com/business/autos/la-fi-vw-subsidies-20150922-story.html

U.S. taxpayers duped into shelling out $51 million in green subsidies for 'clean' VW vehicles

By JERRY HIRSCH

The federal government paid out as much as $51 million in green car subsidies for Volkswagen diesel vehicles based on falsified pollution test results, according to a Times analysis of the federal incentives.

On Friday, federal and state regulators said the German automaker used software in 482,000 of its diesel vehicles since the 2009 model year to cheat on U.S. emissions tests. Environmental Protection Agency officials said Monday that the U.S. Department of Justice is also investigating.

The Times analysis matched Internal Revenue Service data with Volkswagen sales figures to determine the value of subsidies VW diesel buyers were eligible to collect in 2009, the first and only year the vehicles qualified. The $1,300 tax credit would have been available to buyers of about 39,500 Jetta and Jetta Sportwagen models that sold that year, according to Motor Intelligence, an industry research firm.

"It is really unfortunate," said Luke Tonachel, director of clean vehicles and fuels project at the Natural Resources Defense Council. "The government has been effective to help advance clean technologies, but it is a waste of taxpayer dollars when they aren't actually helping to clean the environment."

He said regulators should factor in the $51 million in subsidies when determining penalties for Volkswagen's Clean Air Act violations.

Such green car incentives have also gone to buyers of hybrid, electric and hydrogen fuel cell cars. But the EPA does not track aggregate figures for incentives paid out to buyers of specific models or brands.

The Volkswagen diesels qualified for the federal incentives in the same year the automaker first installed the software trick it used to cheat on emissions tests. The so-called defeat device employed an algorithm that automatically detects when the vehicle is undergoing pollution tests and changes the way the engine performs.

The algorithm senses whether the car is in a testing environment by analyzing a variety of data — steering position, speed, duration of engine operation and barometric pressure.

Away from the laboratory, during everyday driving, the cars emit up to 40 times the legally allowed amount of nitrogen oxide, environmental officials said.

The Environmental Protection Agency and the California Air Resources Board discovered the software. The EPA said Monday it will coordinate with federal prosecutors on further enforcement and penalties.

How Volkswagen cheated on emissions rules

Autos editor Brian Thevenot explains how Volkswagen used a software trick to hide illegal pollution levels in half a million diesel cars.

"Determinations regarding potential penalties and other remedies will be assessed as part of the investigation EPA has opened in conjunction with the U.S. Department of Justice," said EPA spokeswoman Liz Purchia.

The Justice Department has lately taken on a leading role in major investigations of automakers, usually leveraging the threat of criminal charges to exact huge fines.

Last week, General Motors agreed to pay a $900-million fine to settle an investigation into why it did not promptly recall cars with a defective ignition switch that has led to crashes causing 124 deaths. Last year Toyota signed a $1.2-billion settlement and admitted to deceiving regulators about deadly safety defects that allegedly caused unintended sudden-acceleration incidents.

No individuals were charged in the GM and Toyota probes.

"This might be the perfect case for Department of Justice to come down on the criminal side against individuals and not just the company," said Carl Tobias, a University of Richmond law professor. "Someone had to do the computer programming. Someone had to OK this, and all in what is known as an autocratic, top-down company."

The German automaker admitted installing the software after it was confronted by regulators. In a statement Sunday, VW Chief Executive Martin Winterkorn said, "I personally am deeply sorry that we have broken the trust of our customers and the public."

Winterkorn said the automaker "will cooperate fully with the responsible agencies, with transparency and urgency, to clearly, openly and completely establish all of the facts of this case."

He said VW has also ordered an external investigation into the matter, pledging to "do everything necessary in order to reverse the damage this has caused."

Volkswagen declined to comment on the Times analysis of its revenue from the federal Alternative Motor Vehicle Credit.

Volkswagen shares fell $33.89, or 18.5%, to close Monday at $149.68.

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This was the second time Volkswagen has been charged with using devices to evade U.S. emission-control rules.

In 1974, the automaker paid a $120,000 fine to settle EPA charges that it gamed pollution control systems in four models by changing carburetor settings and shutting off an emissions-control system at low temperatures. VW didn't admit guilt but pledged management changes to ensure future compliance with EPA regulations.

This time the monetary damage could be much greater.

The automaker will have to recall all the vehicles and modify the emissions systems at its own expense, regulators said. Additionally it could face a fine of as much as $18 billion, or $37,500 per car. And for now it has suspended sales of thousands of new and used diesel models sitting on dealer lots — cars that are depreciating rapidly while the automaker develops a fix for the emissions system.

The affected diesel models are Jetta (model years 2009-15), Beetle (2009-15), Audi A3 (2009-15), Golf (2009-15) and Passat (2012-15).

Volkswagen also will face civil lawsuits on two fronts, including consumer fraud cases and class-action litigation for what is called a "diminished value" lawsuit. The vehicles are likely to lose some of their resale value because of the problem.

The Volkswagen case breaks new ground for how corporations can make "end runs" around legal requirements, said Ryan Calo, a University of Washington professor and expert in robotics and autonomous systems law and policy.

A company, for example, might learn of an inspection at a construction site and then make sure that workers wear helmets or it might clean a food plant thoroughly before a scheduled review even if it doesn't operate that way all the time.

"But this is encoded," Calo said. "I bet that it happens elsewhere but it is rare we detect it because we typically don't go through the code. There could be many examples in everyday things."

The VW issue demonstrates why regulators need more technical expertise, including a federal robotics commission, he said.

"We need experts in a centralized place whether the issues are drones, driverless cars or things like the VW example," Calo said.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 10:34 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

WSJ:

http://www.wsj.com/articles/epa-is-upping-its-game-after-volkswagen-allegations-1442929373

EPA is 'Upping its Game' After Volkswagen Allegations

Top administrator is pleased with auto maker's 'aggressive stance' on tackling problem

By JEFFREY SPARSHOTT

Sept. 22, 2015 9:42 a.m. ET

WASHINGTON—The top official at the Environmental Protection Agency said the agency is "upping its game" in the search for possible violations of U.S. pollution rules following allegations that Volkswagen AG circumvented emissions standards.

"We are not going to sit around and worry about whether others have it, we are going to find it," Gina McCarthy said at a Wall Street Journal breakfast Tuesday. "Right now, we are upping our game in terms of going out and doing work to take a look at what we need to do with other vehicles."

The EPA last week accused Volkswagen of dodging air-pollution rules on nearly half a million cars sold in the U.S. The German company has since halted American sales of the diesel-powered cars at issue and apologized for violating customers' trust.

Volkswagen allegedly used software, dubbed a "defeat device," in the cars to make diesel-powered engines appear to have lower levels of emissions than they actually did. About 482,000 Volkswagen diesel-powered cars sold in the U.S. since 2008 were affected.

Ms. McCarthy said the alleged violation was difficult to detect, but she is "pleased Volkswagen is taking such an aggressive stance on admitting the problem and attacking it."

"I think we have to be concerned whether there are other defeat devices out there that we have not been able to detect," she said. But the auto industry is well aware of the pollution rules and has been working to comply.

"I think it will be very difficult for Volkswagen at this point to be looked at as nothing other than an outlier," Ms. McCarthy said.

Detroit Free Press:

http://www.freep.com/story/news/2015/09/21/us-house-panel-hold-hearing-vw/72583066/

Congress to hold hearing on VW air emissions violation

Todd Spangler and Nathan Bomey, Detroit Free Press and USA Today 8:15 p.m. EDT September 21, 2015

WASHINGTON — Congressional investigators will hold a hearing in the coming weeks to take testimony on allegations raised by the U.S. Environmental Protection Agency that Volkswagen sold hundreds of thousands of diesel-powered vehicles with software to get around air emission limits.

U.S. Rep. Fred Upton, who chairs the House Energy and Commerce Committee, said Monday that the committee's Oversight and Investigations Subcommittee will look into the EPA's allegations, which were first raised Friday. VW's stock value plunged Monday in the aftermath of the revelations, which could affect some 500,000 vehicles and potentially result in fines totaling as much as $18 billion.

Volkswagen's CEO said he was "deeply sorry" for violating U.S. emissions standards and on Sunday ordered an external investigation, two days after the EPA accused the automaker of purposefully manipulating emissions tests for almost 500,000 vehicles.

The German automaker ordered its U.S. dealerships to stop selling cars impacted by the probe until its engineers can deliver a fix.

A date was not set for the congressional hearing but Energy and Commerce staff said it would come within the next several weeks.

“Strong emissions standards are in place for the benefit of public health," Upton, R-St. Joseph, and subcommittee Chairman Tim Murphy, R-Pa., said in a joint statement. “We will follow the

facts. We are ... concerned that auto consumers may have been deceived — that what they were purchasing did not come as advertised."

As the Free Press reported Friday, the EPA and the state of California accused VW of violating the Clean Air Act by using software in some 482,000 diesel-powered vehicles that could detect when the car was undergoing official emissions testing and turn full emissions controls on only during the test. The effectiveness of pollution control equipment was reduced otherwise.

EPA's violation notice covered model year 2009-15 Jettas, Beetles, Audi A3s and Golfs and model year 2014-15 Passats.

As a result, Volkswagen had a hand in potentially exposing people to harmful pollutants at levels 40 times the acceptable standard and that could exacerbate respiratory conditions such as asthma, the EPA charges.

"I personally am deeply sorry that we have broken the trust of our customers and the public," Martin Winterkorn, Volkswagen's CEO, said in a statement. "We will cooperate fully with the responsible agencies, with transparency and urgency, to clearly, openly and completely establish all of the facts of this case."

"We do not and will not tolerate violations of any kind of our internal rules or of the law," Winterkorn said. The company's board takes the allegations "very seriously," he said.

The violations could expose Volkswagen — the world's largest vehicle manufacturer through the first six months of 2015 — to up to $18 billion in federal fines if the EPA assesses the maximum possible penalty of $37,500 per vehicle.

The violations could invite charges of false marketing by regulators, a vehicle recall and payment to car owners, either voluntarily or through lawsuits. Volkswagen advertised the cars under the "Clean Diesel" moniker.

The state of California is investigating the emissions violations.

The EPA accused the German automaker of adopting what it called a "defeat device" to trick U.S. regulators into believing its cars met Clean Air Act standards for nitrogen oxides. Volkswagen admitted to investigators it had installed the defeat device, the EPA said.

Volkswagen told dealers they cannot sell the 4-cylinder diesel versions of those cars until a fix is available, Volkswagen spokesman Mario Guerreiro said Sunday.

The sales halt could put a significant dent in the company's September sales performance. About 20% of Volkswagen's vehicle sales are diesel engines, said AutoPacific analyst Dave Sullivan.

"It totally goes against all of the marketing they have had of a clean diesel," Sullivan said of the violations. "That's one of the biggest selling points for Volkswagen."

"The trust of our customers and the public is and continues to be our most important asset," Winterkorn said Sunday. "We at Volkswagen will do everything that must be done in order to re-establish the trust that so many people have placed in us, and we will do everything necessary in order to reverse the damage this has caused. This matter has first priority for me, personally, and for our entire Board of Management."

Chicago Tribune:

http://www.chicagotribune.com/business/ct-volkswagen-owners-0921-biz-20150921-story.html

Volkswagen owners should be nervous about emissions scandal, experts say

Becky Yerak and Gregory Karp

Volkswagen hit with class-action suit over emissions cheating.

Automobile recalls, even huge, highly publicized ones, typically don't hurt new or used car sales, but the Volkswagen scandal involving tricking emissions testers is different and could be cause for worry among VW diesel vehicle owners, experts say.

At least one class-action lawsuit has already been filed on behalf of Volkswagen and Audi owners. It claims fraud and breach of contract, citing the "diminished value" of the nearly 500,000 recalled diesel vehicles, which usually sell for a premium price over their gasoline counterparts. Specifically, after recalled Volkswagen diesels are fixed, the cars might have degraded horsepower and fuel efficiency, the suit says.

The EPA says Volkswagen violated the federal Clean Air Act by installing "defeat devices" — software programmed to switch engines to a cleaner mode during official emissions testing. The software then switches off again, enabling cars to emit as much as 40 times the legal limit of pollutants during normal driving.

Volkswagen marketed the diesel-powered cars as being better for the environment. The affected diesel cars, according to the EPA's letter to Volkswagen on Friday, include: Jetta, 2009 to 2015; Jetta SportWagen TDI, 2009 to 2014; Beetle, 2012 to 2015; Beetle Convertible, 2013 to 2015; Audi A3, 2010 to 2015; Golf, 2010 to 2015; Golf SportWagen TDI, 2015; and Passat, 2012 to 2015.

Consumer Reports called the Volkswagen scandal "outrageous" and a violation of law.

"Volkswagen was ripping off the consumer and hurting the environment at the same time," said Ellen Bloom, senior director of federal policy for Consumers Union, the policy and advocacy arm of Consumer Reports.

The EPA has ordered VW to fix the cars at its own expense but said car owners do not need to take any immediate action. The EPA insisted that the violations do not pose any safety hazard and said cars on the road remain legal to drive. Volkswagen has ordered a stop to sales of new

and used TDI cars in stock.

The EPA said, however, that the cars pose a threat to public health. The agency said the carmaker could be fined more than $18 billion.

The automaker is also part of a criminal probe by the U.S. Justice Department, unnamed sources told The Associated Press and Bloomberg News.

In the Chicago region, Volkswagen dealerships were not responding to inquiries Monday, except one that said it hadn't heard from any consumers about the issue and expressed confidence the problem would be taken care of.

For consumers, whether diesel Volkswagens from seven model years will really have less value is an open question.

During recent high-profile recalls by GM, Toyota and Honda, there has been very little, if any, impact on sales, said officials from Kelley Blue Book, Black Book and Edmunds.

"With so many recalls in the news, they easily become white noise for a lot of consumers, and they don't appear to have much of an influence on shopping decisions," according to Edmunds.com.

Even when there's intense media coverage, the impact on resale value is "fleeting," as with the Toyota recall for accelerators that would stick, said Eric Ibara, a senior analyst with Kelley Blue Book. "It lasted for maybe six or eight months, and their resale values popped back to where they normally were.

Still, the Volkswagen recall is different.

First, it doesn't involve a safety issue but more a breach of public trust. "The impact on that could be longer-lasting," Ibara said. "Our concern is their image is tarnished ... I imagine if you own a Volkswagen, you're reading the coverage of what they've done."

Indeed, when a car is recalled for a safety reason, the recall could actually improve goodwill with the customer, said Anil Goyal, vice president of Automotive Valuation and Analytics for Black Book.

Another concern for current owners is how the resale values will react when Volkswagen eventually restarts selling the diesel models now sitting idle on lots after it stopped selling. "If they show up with higher incentive levels, that certainly impacts the used-car values," Ibara said.

In other words, if VW chooses to get rid of that inventory by offering great incentives and significantly lowering diesel car prices, demand for used cars would drop along with their prices.

Volkswagen offers some of the least expensive diesel models and in recent years had been a market leader in that segment of the vehicle market, said John Voelcker, editor of GreenCarReports.com. "Diesels in this country have mostly been confined to trucks," Voelcker said. "VW was the only volume maker of diesel cars."

According to Edmunds, VW and Audi account for 17 of 44 vehicle models that offer diesel engines, or 39 percent.

Diesel vehicles fetch a premium price both in the new and used markets. The premium price paid by new-car buyers for the diesel version of the recalled cars varies from $1,000 to almost $7,000, according to list prices.

In a quick analysis by Swapalease.com, a 3-year-old base model Volkswagen Golf using gasoline sold for 51 percent of its original value, while a diesel sold for 57 percent, said Scot Hall, executive vice president of operations for Swapalease.com. "That's a significant difference," he said.

It's an open question whether the VW diesels, which have TDI as part of the name for turbocharged direct injection, will retain the premium over their gasoline counterparts, Ibara said. "It would not surprise me if they drop a little bit, but I do not expect the premium to entirely disappear."

What fix Volkswagen will employ is unclear, whether it's a software solution or some physical repair or retrofit. It may just restate the fuel economy to be lower on diesels — maybe 3 to 5 mpg — and then be faced with offering some compensation to owners, Ibara said.

So far, it's difficult to say for sure that a fix would hurt the vehicle's fuel mileage, performance or reliability. But some current owners are expecting that, Hall said.

Hall said there's talk that some Volkswagen owners would avoid the fix because they prefer more power, better performance and greater fuel economy and care less about the emissions.

Consumer Reports said that, as a result of the scandal, it has suspended its "recommended" rating of two VW vehicles, the Jetta diesel and Passat diesel, until it can retest the cars with the recall repair performed. It said it will also assess whether the repair hurts performance or fuel economy.

The potential downgrade in performance was also mentioned in the class-action lawsuit,

filed on behalf of David Fiol, a California resident and 2012 VW Jetta SportWagen TDI owner. He seeks class-action status both nationally and in California, for unspecified punitive damages and legal fees, among other things.

Fiol, in his lawsuit, mentions "future additional fuel costs" and the "diminished value" of his vehicle, despite the recall.

Volkswagen won't be able to make the vehicles "comply with emissions standards without substantially degrading their performance characteristics, including their horsepower and their efficiency," the lawsuit said. "As a result, even if Volkswagen is able to make" plaintiffs' vehicles EPA compliant, the owners "will nonetheless suffer actual harm and damages because their vehicles will no longer perform as they did when purchased and as advertised."

Volkswagen didn't immediately respond to a request for comment about the lawsuit, filed last Friday by Seattle law firm Hagens Berman Sobol Shapiro in a U.S. District Court in the Northern District of California.

In Illinois, diesel vehicles like the VWs in question don't require emissions inspections like gasoline models, so the flap won't affect owners in that way, according to a spokeswoman for the Illinois Environmental Protection Agency.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 10:12 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

NY Times:

http://www.nytimes.com/2015/09/22/business/it-took-epa-pressure-to-get-vw-to-admit-fault.html?_r=0

It Took E.P.A. Pressure to Get VW to Admit Fault

By BILL VLASIC and AARON M. KESSLER SEPT. 21, 2015

Volkswagen executives told environmental regulators for more than a year that discrepancies between pollution tests on its diesel cars and the starkly higher levels out on the road were a technical error, not a deliberate attempt to deceive Washington officials.

But this month, the executives made a startling admission: The diesel vehicles it sold in the United States used software meant to cheat on the tests.

VW made the admission only when the Environmental Protection Agency took the extraordinary action of threatening to withhold approval for the company's 2016 Volkswagen and Audi diesel models, according to letters sent to company officials by the E.P.A. and California regulators.

Since that deception became public on Friday, Volkswagen has scrambled to conduct damage control. The chief executive apologized and the company said it would stop selling diesel-powered cars from the 2015 and 2016 model years.

All this was possible because environmental regulators had tools and powers at their disposal that another area of enforcement — auto safety regulation — does not have, despite the efforts of lawmakers, consumer advocates and, more recently, auto safety regulators themselves. Often, the auto industry has beaten back more stringent laws.

The National Highway Traffic Safety Administration, for example, can impose a maximum penalty of $35 million on an automaker that flouts safety regulations — a relatively low sum for a company like General Motors, which last year paid such a fine for a defect that has now been linked to at least 124 deaths.

By contrast, under the Clean Air Act, Volkswagen, the world's largest automaker, could be fined as much as $37,500 for each recalled vehicle, for a possible total penalty of as much as $18 billion.

"The Clean Air Act statutory scheme gives E.P.A. more power and flexibility to move more quickly than N.H.T.S.A.," said Carl Tobias, a law professor at the University of Richmond, who has studied the government's response to auto safety issues. "E.P.A. also seems more tough-

minded and savvy about how to be effective in this arena."

Still, the time it takes to investigate auto companies is often extensive, and getting the facts can be a challenge. "Even E.P.A. took a year to finally crack this case open," he said.

Beyond the E.P.A., the government has other tools at its disposal when it comes to enforcing environmental regulation.

As G.M. did, Volkswagen now faces a criminal investigation by the Justice Department, according to a person briefed on the inquiry. It is being conducted, though, by the department's Environment and Natural Resources Division, which is devoted to violations of environmental law. "Nearly one-half of the division's lawyers bring cases against those who violate the nation's civil and criminal pollution-control laws," the department's website says.

And on Monday, a subcommittee of the House Energy and Commerce Committee said it would hold a hearing on the issue.

It's only part of the pressure being applied to Volkswagen. An official with the Environmental Protection Agency said that discussions are continuing with Volkswagen, as the company grapples with how to handle a recall of the affected vehicles.

"We still have many questions for the company," said Christopher Grundler, head of the agency's transportation office. "It's the responsibility of Volkswagen and Audi to prepare a remedy for these vehicles."

There is no timetable for Volkswagen to submit a comprehensive plan to recall and fix the affected vehicles. But government officials are urging the company to take action quickly — both on developing a fix for the cars and starting a campaign to educate consumers on the problem.

"This does not happen immediately," Mr. Grundler said. "And we've been trying to be clear with the consumers that their vehicles are safe and they don't have to do anything right now." The assessment of fines for the violations will also not happen immediately. "That is down the road," he said.

"But we feel a sense of urgency to address the emissions of these vehicles that are already on the road."

A Volkswagen spokesman, John Schilling, said the automaker was "committed to fixing this issue as soon as possible" and to developing "a remedy that meets emissions standards and satisfies our loyal and valued customers."

Even with the looming punishment, the company almost got away with it. In fact, it most likely would have if not for a strange twist of fate and the curiosity of several auto researchers.

Two years ago, the International Council on Clean Transportation, a nonprofit environmental group staffed by a number of former E.P.A. officials, had been testing the real-world performance of so-called clean diesel cars in Europe, and were less than impressed with the emissions results.

The group decided it would test diesel-powered cars in the United States, where regulations were much more strict, as a way of almost shaming the European automakers to tighten their compliance. The group fully expected the American cars to do well, and run cleaner than their counterparts across the pond.

What they could not have foreseen was that they would stumble onto one of the biggest frauds in recent automotive history.

Further, on the campus of West Virginia University, a group of emissions researchers who mainly dealt with heavy trucks noticed an unusual posting by the transportation council, which was looking for a partner to test diesel-powered cars.

"No one had done that before in the U.S.," said Arvind Thiruvengadam, a professor at the university. "It sounded very interesting, to test light-duty diesel vehicles in real-world conditions. We looked around at each other said, 'Let's do it.' "

The university's team bid on the project and got the contract. Mr. Thiruvengadam and his colleagues never envisioned where it would lead. "We certainly didn't have an aim of catching a manufacturer cheating," he said. "It didn't even cross our minds."

The study also did not target Volkswagen specifically. It was something of a fluke, he said, that two out of three diesel vehicles bought for the testing were VWs.

It did not take long for suspicions to set in. The West Virginia researchers were well-versed in diesel performance on real roads, and had certain expectations for how the test cars should ebb and flow in their emissions. But the two Volkswagens behaved strangely.

"If you're idling in traffic for three hours in L.A. traffic, we know a car is not in its sweet spot for good emissions results," Mr. Thiruvengadam said. "But when you're going at highway speed at 70 miles an hour, everything should really work properly. The emissions should come down. But the Volkswagens didn't come down."

Even then, however, it is difficult for most researchers to be sure exactly what is going on. There are so many factors involved in real-world driving — speed, temperature, topography, braking habits. It is not unheard-of for cars to perform much differently in on-the-road tests than one expected.

But this time there was a key difference: The California Air Resources Board heard about the groups' tests and signed on to participate. The regulators tested the same vehicles in their specially equipped lab used to judge cars' compliance with state emissions standards. That gave the project what most studies lacked: a baseline.

"That broke loose everything," Mr. Thiruvengadam said.

In the lab, the two VWs performed flawlessly. But when they were taken out on the roads in California, they were belching out levels of nitrogen oxide that were 30 to 40 times higher than the regulatory standards. Even the heavy-duty trucks the researchers had tested had never performed that poorly by comparison.

"It just didn't make sense," said John German, one of the leaders on the project at the transportation council. "That was the real red flag for us."

Forbes:

http://www.forbes.com/sites/maggiemcgrath/2015/09/22/goldman-chief-lloyd-blankfein-discloses-highly-curable-cancer/

Volkswagen Credit Spreads Soar After EPA Charges Co. With Evading Pollution Controls

John Atkins, CONTRIBUTOR

Credit spreads referencing German automaker Volkswagen widened sharply today after the U.S. Environmental Protection Agency on Friday charged the company with evading government pollution controls through software designed to allow diesel models to meet clean-air standards, but only during official emissions testing. The government demand for recalls affects roughly 500,000 vehicles.

Volkswagen five-year CDS costs increased 80% today, rising 60 bps to the 135 bps area, or a high since 2012, trade data show. The 2.45% notes due Nov. 20, 2019 issued by subsidiary Volkswagen Group of America Finance last November, at T+85, changed hands today as much as 77 bps wider on the session, reaching at G-spread equivalents as wide as T+180, according to MarketAxess.

Credit analysts today noted the significant potential risks to VW's credit standing and reputation. "VW's operating margins have lagged peers (BMW, Daimler) for some time, and the automaker has cited encouraging U.S. vehicle sales in the context of its 2015 revenue and profit outlook," stated FTN Financial senior credit strategist Benjamin Millard in a credit note.

While it acknowledged uncertainties regarding the impact of the scandal on Volkswagen's brand image and reputation – and terming the development a "crisis" for VW – Fitch today said the scandal is unlikely to trigger an immediate downgrade of Volkswagen's A rating, even though Volkswagen reportedly faces a maximum penalty of $18 billion as well as any costs related to a recall effort.

"We believe the fine is unlikely to amount to the theoretical maximum amount of USD37,500 per car, although there have been only very few precedents of such cases and associated fines. In addition, the group's financial structure is sound and its free cash flow (FCF) generation extremely robust," Fitch stated today.

The outlooks on the respective A/A2 ratings at S&P and Moody's are currently stable, through S&P warned as recently as Sept. 7 that stricter carbon rules were fueling high capital spending demands on Europe's carmakers.

TIME:

http://time.com/money/4042745/volkswagen-epa-diesel-scandal/

The Volkswagen Diesel Emissions Scandal, By the Numbers

Ethan Wolff-Mann @ewolffmann Sept. 21, 2015

VW is accused of faking pollution tests on a grand scale.

Last week, the EPA accused Volkswagen of deliberately falsifying tests of its diesel engine cars so that the vehicles would pass anti-pollution standards. A massive recall of nearly half a million Volkswagen diesel cars was ordered, causing a major stir in the industry—and especially among VW owners who had been drawn to the vehicles because of the automaker's "clean diesel" claims.

Let's look at the situation by the numbers.

482,000 Diesel cars affected, which include TDI Jettas, Beetles, Golfs, and Audi A3s from 2009-15 and Passats from 2014-15.

$37,500 Fine per vehicle that the German automaker could face in the U.S.

$18 billion Possible total penalties faced by Volkswagen, and that figure doesn't include fixing the recalled cars.

40 Times over the legal limit of certain types of pollution emitted by the vehicles, including nitrogen oxide—which can cause respiratory problems.

$6,855 Premium that buyers were paying for Passat TDI cars over standard gasoline versions.

-20% The hit Volkswagen stock has taken since the scandal.

12 Number of months Volkswagen has been denying cheating on the emissions test.

2017 When Volkswagen may sell diesel cars again in the U.S., now that sales have been halted.

2.0 Liter 4-cylinder engines affected. Larger diesel engines used in SUVs don't have the software at the center of the controversy.

$0 Current resale value of affected cars in California, because the cars were sold as "non-compliant" (and therefore cannot be resold).

14.28% Of affected cars that are registered in California

23 Percentage of Volkwagens sold in August that were diesels.

-

Automotive News:

http://www.autonews.com/article/20150921/OEM11/150929980/vws-diesel-sales-frozen-until-compliance-is-proven-epa-official-says

VW's diesel sales frozen until compliance is proven, EPA official says

Fix must be approved before recall can begin

Chris Grundler: "It will take more work to determine what the appropriate remedy for these vehicles is."

By Ryan Beene

WASHINGTON -- With its diesel car lineup grounded by an emissions-test cheating scandal, Volkswagen now bears the burden of proving that these vehicles comply with federal emissions standards, the EPA's top auto regulator said.

Until then, said Chris Grundler, director of the EPA's Office of Transportation Air Quality, no sales.

Meanwhile, Grundler said, the EPA and California regulators are now probing all light-duty diesel vehicles in the U.S. market from all manufacturers to check for illegal software designed to fool U.S. emissions tests.

U.S. regulators accused VW on Friday of violating the Clean Air Act by selling 482,000 diesel-powered vehicles with such illegal software. The agency said the company admitted to fitting seven model years' worth of diesel cars with the softwared -- termed a "defeat device" -- that would activate the cars' emission controls during testing, but deactivate them in real-world driving.

In order to be able to resume sales of diesels, Grundler said, VW has to engineer a fix to bring those vehicles into compliance, and receive EPA approval before a recall can commence. It's not clear yet whether that fix will consist of a change to the engine's emission control software or more substantial engineering changes to vehicle hardware, Grundler said.

According to the EPA's website, it could take up to one year to identify "corrective actions," develop a recall plan and issue recall notices. But Grundler declined to discuss a specific timetable.

"Until we gather that information and are convinced ... we're not going to go forward with the recall," Grundler said. "It will take more work to determine what the appropriate remedy for these vehicles is."

Capitol Hill

U.S. lawmakers want more answers, too.

Republican leaders of the House Energy and Commerce Committee today announced plans to hold a hearing on the VW emissions scandal in the near future. The hearing will be held before

the panel's Oversight and Investigations Subcommittee, though no date has been set.

"We will follow the facts. We are also concerned that auto consumers may have been deceived – that what they were purchasing did not come as advertised," U.S. Reps. Fred Upton, R-Mich., and chairman of the Energy and Commerce Committee and Tim Murphy, R-Pa., chairman of the investigations subcommittee, said in a joint statement.

"The American people deserve answers and assurances that this will not happen again. We intend to get those answers."

Also in Washington, the White House said today it was "quite concerned" about reports it was seeing concerning VW's conduct in complying with U.S. Clean Air Act requirements.

"It's fair to say that we're quite concerned by some of the reports that we've seen about the conduct of this particular company, but ultimately this is the responsibility of the EPA to take a look at it and that's exactly what they're doing," said White House spokesman Josh Earnest.

California questions

VW will also have to convince the EPA and California's Air Resources Board that its 2016 model year diesel vehicles will comply with emissions standards and are free of any illegal software, Grundler said. Until then, the agency will continue to withhold the emission certifications needed to begin sales of those models, which are currently being withheld from dealers.

The sales suspensions are a blow to Volkswagen, which counts on diesels for more than one-fifth of the VW brand's sales volume, and has touted its "clean diesel" technology as a key differentiator in the marketplace.

"We've been working with the company for a long time trying to get answers and it wasn't until very recently that VW admitted that these vehicles contained software designed to defeat the emissions standards," Grundler said. "We want to make sure that 2016 model vehicles don't

operate the same way."

Popular Mechanics:

http://www.popularmechanics.com/cars/a17430/ezra-dyer-volkswagen-diesel-controversy/

This VW Diesel Scandal Is Much Worse Than a Recall

This isn't cost-cutting. This is outright cynical deceit.

By Ezra Dyer

Most of the time, media test cars are distinguished only by a license plate that might bear a discreet "manufacturer" tag. Audi diesels, though, are a different matter. Whether a Q7 or an A3, the diesel press cars from Audi (which is part of the Volkswagen group) always bear towering "TDI Clean Diesel" decals across their flanks. I guess the theory is that when the cars are out on the road they're serving double duty as billboards, spreading the gospel about the Volkswagen group's engineering prowess.

A few years ago I bought a nasty Ford F350 diesel for an engine swap, and I parked it next to an Audi A3 and took a few shots to capture the juxtaposition: truck from the dirty diesel past, Audi harkening to the clean-burning future. That certainly looks ironic today.

If you're not up to speed on Volkswagen's shenanigans, you can catch up here. Suffice to say that it seems the A3's sanctimonious TDI Clean Diesel stickers were relevant only when the cars were actually undergoing an EPA emissions test. Out in the real world, 2.0-liter Volkswagens and Audis were as much as 40 times above the legal emissions limit for nitrogen oxides (NOx). According to the EPA, about 482,000 four-cylinder Volkswagens and Audis built since 2009 included what the agency defines as a "defeat device," which is really just software that detects an emissions test and "turns full emissions controls on only during the test." The cheater software was discovered by researchers at West Virginia University who were trying to document the cleanliness of modern diesels. Volkswagen surely wishes they hadn't bothered.

The revelation of this emissions subterfuge answers at least two questions about VW's mighty little diesel. The first concerns urea injection, which every other modern diesel uses to pass emissions tests. The urea-injection systems help to neutralize NOx emissions, but they also add weight and cost to the car, and saddle car buyers with yet another tank of liquid that must be monitored. If you run out of this diesel exhaust fluid, it's like running out of fuel—on trucks with such systems, running dry on urea triggers a severe limp-home mode with a 5 mph speed limiter. That's how seriously the EPA takes NOx.

Everyone wondered how VW met emissions standards while foregoing urea injection. As it turns out, they didn't. It wasn't magical German engineering. Just plain old fraud.

The second question concerned fuel economy. It's been widely noted that four-cylinder TDIs tend to smash their EPA fuel economy estimates in real-world driving. The last TDI Jetta SportWagen I drove was rated at 42 mpg highway, but on 60-mph two-lane roads I averaged more like 50 mpg. That's a huge difference. Did running non-compliant emissions improve fuel economy? That's possible. And if so, that raises an interesting question: When the cheater VWs emitted too much NOx, were they also emitting a lot less CO2 thanks to improved economy? Maybe the good doesn't offset the bad, but it's something to consider. You can bet that VW's lawyers will.

THE INTENTIONALITY BEHIND THE DECEIT MAKES THIS SITUATION DIFFERENT FROM EVEN A HUGE-SCALE RECALL.

So, how is Volkswagen going to fix this? Putting aside the inevitable fines, possible criminal charges, and massive public disgrace, there are half a million cars running an emissions setup that never should've left the factory. And there's no quick fix to make up for VW's lies.

All the other carmakers control diesel emissions by spraying a urea solution into the exhaust stream, where a catalyst converts it to ammonia. The ammonia breaks down NOx into nitrogen and water. If all of that sounds like it would be tough to bolt right in, you're correct. Maybe VW can meet the standards without adding equipment—say, by tweaking the engine control unit (ECU) with a different tuning. But what if that new tuning meets the emissions standards but sacrifices performance or fuel economy? Now you've got 482,000 customers on a class action lawsuit.

There's no easy way out of this, but they'd better figure something out, and pronto. Right now dealers are banned from selling 2.0-liter TDIs, which make up about a quarter of VW's U.S. sales. News of the scandal caused VW to lose about a quarter of its market value, indicating that investors understand how bad this is. There's no cheap fix nor easy settlement here.

The intentionality behind the deceit makes this situation different from even a huge-scale recall. This isn't a story about a part that was made one cent cheaper than it should've been, where a car company cut a corner to save a little cash. It's about a huge corporation eying the rulebook and deciding there's a competitive advantage in violating the Clean Air Act. Incompetence is one thing, but calculated mendacity is quite another.

It's too bad. That Golf SportWagen TDI is a punchy, fun car. It's got great fuel economy, tons of torque and a bargain price. But when something seems a little too good to be true, maybe that's because it is.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 4:33 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

Chicago Tribune:

http://www.chicagotribune.com/business/columnists/ct-rosenthal-vw-emissions-0922-biz-20150921-column.html

VW comes clean on dark heart of its diesel cars. Can it clear the air?

Phil Rosenthal

Seems VW fought diesel wars with smoke and mirrors, mostly smoke. What the fahrvergnügen?!

Volkswagen called it clean diesel. Clean like Lance Armstrong. Clean like the Chicago River.

Seriously, what the fahrvergnügen?!

VW has admitted to the Environmental Protection Agency that hundreds of thousands of its diesel cars have been using what is literally a killer app.

The software allowed the vehicles to sail through U.S. emissions tests while reportedly spewing 10 to 40 times the level of certain pollutants as allowed in ordinary use.

It's been smoke and mirrors — mostly smoke — for the last seven model years.

We're talking about 2009, 2010, 2011, 2012, 2013, 2014 and 2015 VW Golfs, Jettas and Beetles, along with Audi A3s, equipped four-cylinder, 2.0-liter turbodiesel engines. Oh, almost forgot the 2012-15 Passats.

That's nearly half-a-million vehicles in all, belching nitrogen oxide to preserve mileage ratings and performance no other carmaker could seem to match, thanks to emissions control systems programmed to operate only when testing protocols were detected.

So we get more smog and ozone and poisons tied to a litany of health problems, such as asthma attacks and other respiratory diseases, along with premature death. VW gets more car sales.

Score one for German engineering and systematic subterfuge, trading our health for its profits.

Apparently the EPA was first tipped to VW's plot when discrepancies showed up in independent testing. But it seems like precisely the sort of thing James Bond is told of when strapped to a nuclear missile about to launch.

The word diabolical comes to mind.

So does evil.

One pictures even C. Montgomery Burns, king of the corner-cutters on "The Simpsons," looking askance. And we don't know yet if VW is the only offender.

The auto industry isn't overburdened by high expectations, particularly in the last 12 months or so.

General Motors last week agreed to a $900 million settlement to end a criminal investigation into its failure to disclose a deadly ignition defect.

Toyota last year agreed to a $1.2 billion penalty for withholding information about its vehicles' unintended acceleration linked to other fatalities.

Takata, it's been revealed, knew of dangerous, potentially fatal defects in its airbags long before alerting federal regulators, leading to the recall of millions of Honda, Toyota, Chrysler, Subaru, GM, Mitsubishi, BMW, Mazda, Nissan and Ford vehicles.

Yet, as Automotive News noted, "Compared with other run-ins between the EPA and automakers, VW's alleged violation stands out in its brazenness."

This takes that kind of amoral corporate behavior to a whole other threat level.

VW didn't just conceal something it discovered endangering people. It created technology for the

specific purpose of allowing it to benefit from endangering people.

Even if you're one of those people who somehow isn't a fan of clean-air standards, it's not a political statement to press on and try to throw authorities off the trail. It's just a crime.

Tampering with emissions control systems, under terms of the Clean Air Act, could mean a fine for VW as high as $37,500 per vehicle or roughly $18 billion, though you know what happens when you start to haggle with car guys.

But even if VW is fined and there's a mandatory recall, some drivers will be reluctant to embrace the fix because it likely will make the vehicle less effective and efficient than the one they thought they bought.

Funny we never caught wind of any of this in those slightly discomfiting VW commercials with the old ladies hitting on a salesman. Least we don't remember any mention of it.

VW pulled the ads off the air and, to the extent it could, off YouTube as word of its scandal came out, yet more proof that a carmaker can indeed move fast to protect something it actually cares about — like its bottom and bottom line.

This isn't the Olympics. It's one thing to try to keep test results from showing banned substances in one's own body, quite another to try to mask bad stuff being inflicted on others.

Cough.

This goes beyond the venality of one corporation to whether there's any confidence left in diesel cars and credibility in the entire auto industry. Even if this is as far as it goes, it will take quite a while to clear the air.

VW recently surpassed Toyota to become the world's largest carmaker, an achievement now eclipsed by the suspicion that there is nothing it wouldn't do.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 4:13 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

Bloomberg (via Australian Financial Review):

http://www.afr.com/news/world/volkswagen-faces-us-criminal-probe-on-emissions-20150921-gjrtss

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Volkswagen faces US criminal probe on emissions

The US Justice Department is conducting a criminal investigation of Volkswagen's admission to cheating on federal air pollution tests, according to two US officials familiar with the inquiry.

Volkswagen said last week it's cooperating with regulators probing gaps between emissions on the road and lab tests on some diesel models, affecting more than half a million cars. The US officials described the inquiry on condition of anonymity because it's a continuing investigation.

The Wolfsburg, Germany-based automaker plunged as much as 23 per cent Monday to 125.40 euros in Frankfurt, wiping out about 15.6 billion euros ($US17.6 billion) in market value. The stock closed at 132.2 euros, its lowest in more than three years.

Volkswagen's admission is putting pressure on Chief Executive Officer Martin Winterkorn to repair the reputation of the world's biggest carmaker. Winterkorn, whose contract renewal is scheduled for a supervisory board vote on Friday, now faces a serious challenge to his

leadership, said Arndt Ellinghorst, a London-based analyst for Evercore ISI.

"This latest saga may help catalyze further management changes at VW," Ellinghorst wrote in a note Monday.

Justice Department spokesman Wyn Hornbuckle declined to comment.

Criminal inquiries can take months or years and lead to charges against individuals and companies. They can also result in fines and deferred-prosecution agreements, such as the one recently struck with General Motors Co., to spur companies into improving their behaviour and addressing problems revealed during the investigations.

Volkswagen admitted on September 18 to fitting some of its US diesel vehicles with software that turns on full pollution controls only when the car is undergoing official emissions testing, the Environmental Protection Agency said Friday. Affected are diesel versions of the VW Jetta, Golf, Beetle and Passat and the Audi A3.

During normal driving, the cars with the software -- known as a "defeat device" -- would pollute 10 times to 40 times the legal limits, the EPA estimated. The discrepancy emerged after the International Council on Clean Transportation commissioned real-world emissions tests of diesel vehicles including a Jetta and Passat, then compared them to lab results.

VW said it's cooperating with regulators probing gaps between emissions on the road and lab tests on some diesel models. According to the EPA, the company insisted for a year that discrepancies were mere technical glitches.

Winterkorn, who has led VW since 2007, was forced to halt sales of the cars on Sunday and issue a public apology, saying he's "deeply sorry" for breaking the public's trust and that VW would do "everything necessary in order to reverse the damage this has caused."

The violations could result in as much as $US18 billion in fines, based on the cost per violation and the number of cars.

The US accusations are "grave" and must be clarified swiftly, said Stephan Weil, prime minister of the German state of Lower Saxony, which owns 20 percent of Volkswagen's voting shares. "Possible consequences can be decided after that."

The European Commission also said it's taking VW's cheating seriously and is in contact with US regulators and the company about details of the case.

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The Guardian:

http://www.theguardian.com/business/2015/sep/21/volkswagen-emissions-scandal-sends-shares-in-global-carmakers-reeling

Volkswagen emissions scandal could snare other companies, whistleblower claims

Billions wiped off value of industry heavyweights amid concerns that manipulation of air pollution data could be 'very widespread'

Joanna Walters Graham Ruddick and Sean Farrell

The emissions-fixing scandal that has engulfed Volkswagen in the US could extend to other companies and countries, one of the officials involved in uncovering the alleged behavior told the Guardian on Monday.

Billions of pounds have been wiped off the value of global carmakers amid growing concerns that emissions tests may have been rigged across the industry.

"We need to ask the question, is this happening in other countries and is this happening at other

manufacturers? Some part of our reaction is not even understanding what has happened exactly," said John German, one of the two co-leads on the US team of the International Council for Clean Transportation (ICCT), the European-based NGO that raised the alarm.

Shares in Volkswagen fell by almost a fifth after the world's second biggest carmaker issued a public apology in response to US allegations that it used a "defeat device" to falsify emissions data.

The US Justice Department is conducting a criminal investigation of Volkswagen admission, according to Bloomberg, which cited two officials familiar with the inquiry.

The company could face a fine of up to $18bn (£11.6bn), criminal charges for its executives, and legal action from customer and shareholders. The US law firm Hagens Berman has already launched a class-action law suit on behalf of customers who bought the affected cars.

VW shares fell by 19% in Frankfurt, wiping almost €15bn (£10.8bn) off its value. Shares in Renault, Volkswagen's French rival, also dropped by 4%, while Peugeot was down 2.5%, Nissan 2.5% and BMW 1.5% amid concerns they could be caught up in investigations.

The US Environmental Protection Agency said on Friday that VW had installed illegal software to cheat emission tests, allowing its diesel cars to produce up to 40 times more pollution than allowed. The US government ordered VW to recall 482,000 VW and Audi cars produced since 2009.

In response, Martin Winterkorn, chief executive of VW, said on Sunday he was "deeply sorry" for breaking the trust of the public and ordered an external investigation.

German tipped off regulators at the California Air Resources Board (Carb) and the US Environmental Protection Agency (EPA) after conducting tests that showed major discrepancies in the amount of toxic emissions some VW cars were pumping out compared with the legal limits.

Max Warburton, an analyst at the financial research group Bernstein, said: "There is no way to put an optimistic spin on this – this is really serious."

A British expert in low-emission vehicles claimed the manipulation of air pollution data could be "very widespread" and that tests in Europe are "much more open to this sort of abuse".

Greg Archer, a former government adviser and head of clean vehicles at the respected Transport & Environment thinktank, said: "I am not surprised. There has been a lot of anecdotal evidence about carmakers using these 'defeat devices'. All credit to the US's EPA for investigating and finding the truth."

Archer, the former managing director of the UK's Low Carbon Vehicle Partnership and non-executive director for the government's Renewable Fuels Agency, said the scandal could spread into petrol cars and CO2 levels. "It is probably not limited to diesel and not limited to emissions," he added.

The "defeat devices" are thought to work by injecting more urea – an exhaust fluid – into the car when it is being tested. This limits nitrogen oxide emissions. The car detects it is being tested because devices such as the anti-collision systems have to be turned off when it is in the laboratory. The extra urea is not injected into the car when it is on the road because it would quickly run out.

Archer claims European tests are more open to abuse because they are conducted before the car goes into mass production and by companies that have been paid by the carmakers. These testing companies have been verified by regulators in each country, such as the Vehicle Certification Agency, but in the US the tests are conducted by an independent body.

Industry leaders in Britain claimed there was "no evidence" that manufacturers are cheating the system in Europe but admitted it needs to be reformed.

Mike Hawes, chief executive of the Society of Motor Manufacturers and Traders, the industry trade body, said: "The EU operates a fundamentally different system to the US – with all European tests performed in strict conditions as required by EU law and witnessed by a government-appointed independent approval agency. There is no evidence that manufacturers cheat the cycle.

"The industry acknowledges, however, that the current test method is outdated and is seeking agreement from the European Commission for a new emissions test that embraces new testing technologies and is more representative of on-road conditions."

The US allegations involve a series of diesel cars produced by VW and the brands it owns, such as Audi. These include the Audi A3, VW Jetta, Beetle, Golf and Passat models. VW has halted sales of these models.

Jochen Flasbarth, a senior environment official in the German government, accused Volkswagen of "blatant consumer deception" over the scandal. The country's economy minister, Sigmar Gabriel, also warned it could damage the reputation of the country's vital automotive industry.

"That this is a bad case, I think is clear," Gabriel said. "You will understand that we are worried that the justifiably excellent reputation of the German car industry and in particular that of Volkswagen suffers." The German government has launched its own investigation into VW and held talks with executives.

The scandal puts the future of Volkswagen chief Winterkorn in serious doubt. Earlier this year he won an internal power struggle with Ferdinand Piëch, who stepped down as chairman. The board of the company is due to meet on Friday to discuss extending Winterkorn's contract.

Winterkorn has been at the helm of VW since 2007 and has been directly responsible for research and development since then.

Guido Reinking, a German automotive analyst, told German television station n-tv: "It's almost impossible to imagine that he didn't know about this special way of programming the engine."

David Bailey, professor of industrial strategy at Aston University in Birmingham, said: "If it is the case that they have been trying to hoodwink regulators, it's a really dumb thing to do. Regulators will look at this more closely now. There has been growing concern about diesel cars and nitrous oxide emissions. The industry has been trying to make the case that the latest regulations largely deal with that issue but regulators will now look more closely at whether they have."

In the wake of the scandal two senior VW executives cancelled a planned appearance at a media event in New York with rock star Lenny Kravitz scheduled for Monday evening.

Herbert Diess, chairman of the VW brand's management board, and Heinz-Jakob Neusser, VW's board member in charge of technical development, had planned to attend the event to introduce the latest version of the Passat mid-size sedan.

The chief executive of VW's US arm, Michael Horn, was still due to attend the event. He is expected to provide a statement about the situation.

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Jalopnik:

http://jalopnik.com/volkswagen-is-now-the-target-of-a-criminal-investigatio-1732130214

Volkswagen Is Now The Target Of A Criminal Investigation: Report

Michael Ballaban

In a move that seemed like an inevitability at this point, the United States Department of Justice is said to have opened a criminal investigation into Volkswagen's admission to cheating on diesel emissions tests, a report from Bloomberg said.

While we had heard rumblings of a possible criminal probe earlier, this news appears to confirm that VW is in fact the subject of an investigation that could lead to prosecutions.

It's way too early to tell whether or not any individuals will personally be held criminally liable for the company's deceptions, but it's not out of the realm of possibility. We haven't seen a case in a long time where a company has admitted intentionally circumventing the law, rather than just a plea of massive institutional incompetence, so it's anyone's guess as to what will happen.

The U.S. Environmental Protection Agency has said that the company can be held responsible for up to $18 billion in fines.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 4:02 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

Business Insider:

http://www.businessinsider.com/the-us-government-is-launching-a-criminal-investigation-into-vws-falsified-emissions-figures-2015-9

The US government is launching a criminal investigation into VW's falsified emissions figures

Benjamin Zhang

The US Department of Justice has launched a criminal probe into Volkswagen's falsification of emissions data, Bloomberg news is reporting.

Last week, the Environmental Protection Agency accused the automaker of falsifying the data using secret software in nearly 500,000 cars.

According to Bloomberg's Del Quentin Wilber, two government officials close to the situation say the Justice Department is conducting a criminal investigation into the allegations.

Last week, the EPA accused VW of using the hidden software — called a "defeat device" — to dodge clean-air standard during emissions testing.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," assistant administrator for the Office of Enforcement and Compliance Assurance Cynthia Giles said in a statement on Friday.

“Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters.”

The EPA alleges that VW installed software that detects when the car is undergoing emissions testing, at which point the software would turn on all of the car's emissions control systems. But the EPA claims that the software greatly reduces the cars' pollution-control systems during normal driving conditions.

"This results in cars that meet emissions standards in the laboratory or testing station, but during normal operation, emit nitrogen oxides, or NOx, at up to 40 times the standard," the EPA said in a statement.

Across the Atlantic, the German government is also taking a look at Volkswagen's emissions data. A spokesperson for the country's Motor Vehicle Agency told the Wall Street Journal that is has asked automakers to provide accurate emissions information to "determine whether similar instances of manipulation have taken place in Germany or Europe," However, there is no word of any official investigation on the part of the German government.

Over the weekend, VW CEO Martin Winterkorn issued the following statement:

The U.S. Environmental Protection Agency and the California Air Resources Board (EPA and CARB) revealed their findings that while testing diesel cars of the Volkswagen Group they have detected manipulations that violate American environmental standards.

The Board of Management at Volkswagen AG takes these findings very seriously. I personally am deeply sorry that we have broken the trust of our customers and the public. We will cooperate fully with the responsible agencies, with transparency and urgency, to clearly, openly, and completely establish all of the facts of this case. Volkswagen has ordered an external investigation of this matter.

The recall affects 482,000 diesel-powered cars sold in the US since 2008. They include:

Volkswagen Jetta TDI: 2009-20015

Volkswagen Beetle TDI: 2009-2015

Audi A3 TDI: 2009-2015

Volkswagen Golf TDI: 2009-2015

Volkswagen Passat TDI: 2014-2015

We have reached out to Volkswagen and the DOJ for comment. We will update when when we hear back.

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Fortune:

http://fortune.com/2015/09/21/volkswagen-emissions-recall-scandal/

Dear Volkswagen: Exaggeration? Not so bad. Deception? Never okay

by Jennifer Reingold @jennrein SEPTEMBER 21, 2015, 3:44 PM EDT

One wonders what would have happened had Volkswagen opted for exaggerating its results rather than falsifying them.

The business world—and the journalists who cover it—have always rewarded a healthy bit of hype. Best Ever! New and Improved! Now with enhanced whatevers!

Actually, the love of the big claim goes far beyond the business world and is interwoven throughout society. Donald Trump's current popularity is only the latest example of bombast, er, trumping reality.

But we do have limits, as the scandal at Volkswagen shows. So far, the company's stock price has fallen almost 20% since it admitted on September 18 that it had installed software that allowed its cars to fake their performance on emissions testing in order to fool the EPA.

No one knows what will happen to the $221 billion in sales car company—the world's largest—going forward, and whether the deception stretches all the way to the CEO, Martin Winterkorn. But one wonders what would have happened had the company opted for exaggerating its results rather than falsifying them.

Don't get me wrong: I'm not advocating that any performance standards—particularly those that affect safety and health—should ever be presented with anything but the full truth. But this move was so brazen, so breathtakingly full of chutzpah, that it is hard to imagine VW's brand recovering for a very, very long time; nor, one imagines, will its culture.

The plot goes far beyond one or two people hiding out in a cubicle and must have involved hundreds of people building such a system and making sure it was implemented inside of

428,000 cars. One wonders what the company might have been able to accomplish instead if it put all that brainpower toward meeting emissions requirements rather than circumventing them.

Consider the alternative: VW tried—and failed—to meet the EPA's emissions standards, after saying that they believed they had diesel engines that did the job. The EPA (which, it's worth noting, relies primarily on self-tested data) would have—hopefully—tested its engines, found Volkswagen deficient, and fined the company. It would have been costly, yes, but it wouldn't have been all that surprising. And VW's credibility wouldn't have been destroyed in the process. After all, exaggeration, for better or worse, is just how the game is played.

MarketWatch:

http://www.marketwatch.com/story/white-house-quite-concerned-about-volkswagen-emissions-charges-2015-09-21

White House 'quite concerned' about Volkswagen emissions charges

'Quite concerned': How White House press secretary Josh Earnest characterized Obama administration reaction to the allegations against Volkswagen.

By ROBERT SCHROEDER

The Obama administration is "quite concerned" over allegations that Volkswagen cheated on U.S. emissions tests, a White House spokesman said Monday, but added it is up to the Environmental Protection Agency to investigate the matter.

"I think it's fair to say that we're quite concerned by some of the reports that we've seen about the conduct of this particular company," spokesman Josh Earnest told reporters at a regular briefing.

On Friday, the Environmental Protection Agency and the California Air Resources Board alleged that Volkswagen VLKAY, -17.38% VOW3, -18.19% used software in cars to make diesel-

powered engines appear to have lower levels of emissions than they actually did. The company halted U.S. sales of some diesel-powered cars.

Earnest said it is ultimately the responsibility of the EPA to look at the issue, "and that's exactly what they're doing."

Reaction from Congress was minimal — though that could change.

"VW should expect scrutiny from Congress, legal problems, a potential multibillion-dollar fine and a batch of uncomfortable headlines," wrote Forbes contributor Micheline Maynard on Monday.

"If Volkswagen willfully sought to evade the Clean Air Act and fraudulently sold cars to millions of consumers with this technology, EPA should pursue the most severe action possible to deter others from doing the same," Rep. Frank Pallone, a New Jersey Democrat, said on Friday.

"We must ensure that this does not happen again and that consumers can trust the products that they buy," said Pallone, the top Democrat on the House Energy and Commerce Committee. The panel's oversight and investigations subcommittee held one of the several hearings into the General Motors GM, +0.43% ignition-switch recall in April 2014.

The allegations reportedly include Volkswagen Passats made at the company's Chattanooga, Tenn., facility in 2014 and 2015. A Volkswagen spokesperson did not immediately return a request for comment.

MarketWatch reached out to members of Tennessee's congressional delegation, but none offered any comment.

The 1,400-acre Chattanooga plant has more than 3,200 Volkswagen employees, the company

says.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 3:39 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

Vox:

http://www.vox.com/2015/9/21/9365667/volkswagen-clean-diesel-recall-passenger-cars

Volkswagen's appalling clean diesel scandal, explained

Brad Plumer

It sounds like the sinister plot of some straight-to-DVD movie. Since 2009, Volkswagen had been installing elaborate software in 482,000 "clean diesel" vehicles sold in the US, so that the cars' pollution controls only worked when being tested by regulators. The rest of the time, the vehicles could freely spew hazardous, smog-forming nitrogen oxides.

Suffice to say, regulators were livid once they caught on. On Friday, the Environmental Protection Agency announced that Volkswagen had very flagrantly violated the Clean Air Act. Not only did the EPA order the German company to fix the affected vehicles,** but the agency has the authority to levy fines as high as $37,500 per car, a maximum of $18 billion. (To put that in perspective, the company's pretax net income was about $4.7 billion last year.) The US government is also mulling criminal charges.

Volkswagen, in other words, is in deep shit. The company's CEO, Martin Winterkorn, is now apologizing profusely and pledging an external probe to find out what happened. VW just halted US sales of its 2015 and 2016 clean diesel vehicles, including Passat, Jetta, Golf, and Beetle models. Meanwhile, VW's stock price plummeted on Monday morning, the company losing nearly one-fifth its market cap in a blink:

This scandal raises a few larger questions, though: Why did Volkswagen cheat in the first place? And why was it so easy for the company to evade regulators for years? To get a better handle on the story, we need to take a brief trip through the tangled history of clean diesel vehicles — the specific cars that VW was selling.

Clean diesel cars were supposed to offer great mileage and low pollution — a tricky task

One basic fact to understand here is that there are two main types of combustion engines widely available today: diesel and gasoline. And there are real trade-offs to each.

Diesel engines have long been popular in Europe, and one of their major advantages is fuel economy. Diesel fuel contains more energy per gallon than gasoline, and the diesel engines themselves are more efficient. Put it together, and the typical diesel car can travel up to 30 percent farther on a gallon of fuel than its gasoline counterpart.

But there's a catch. While diesel cars get better mileage and emit fewer carbon-dioxide emissions, they also emit more nitrogen oxides (NOx), which help form smog, and particulate matter, which can damage lungs. Both types of pollution can have serious health effects.

Historically, Europe has dealt with this trade-off by imposing looser emissions standards on diesel cars in order to pursue higher fuel economy. That's one reason European cities like Athens have a serious smog problem. In the United States, by contrast, we've imposed much stricter rules around smog and other conventional pollutants since the 1970s, one reason diesel cars haven't caught on as widely here. (Heavy trucks favor diesel engines, though.)

In recent years, however, things have shifted. The Obama administration has been ratcheting up fuel-economy standards in the United States, which puts a higher premium on mileage. At the same time, diesel technology has gradually been getting cleaner through a combination of lower-sulfur fuel, advanced engines, and new emission-control technology. So automakers have shown a renewed interest in "clean diesel" cars that, in theory, don't suffer from that trade-off between performance and pollution.

These vehicles have proved popular in the United States. Since 2009, Volkswagen has sold more than 482,000 clean diesel cars containing a four-cylinder turbocharged direct injection engine. This included versions of the Passat, Jetta, Golf, Beetle, and Audi's A3. Drivers liked them.

Except, as it turns out, VW was lying about its clean diesel cars.

Volkswagen couldn't balance performance with low pollution. So it cheated.

Since 2009, we now know, Volkswagen had been inserting intricate code in its vehicle software that tracked steering and pedal movements. When those movements suggested that the car was being tested by regulators in the laboratory for nitrogen-oxide emissions, the car automatically turned its pollution controls on. The rest of the time, the pollution controls switched off.

Regulators didn't notice this ruse for years. The problem was only uncovered by an independent group, the International Council on Clean Transportation, which wanted to investigate why there was such a discrepancy between laboratory tests and real-road performance for several of VW's diesel cars in Europe. So they worked with researchers at West Virginia University, who stuck a probe up the exhaust pipe of VW's clean diesel cars and drove them from San Diego to Seattle. (These details come from Dana Hull and Jeff Plungis' excellent Bloomberg tick-tock.)

What the researchers found was jaw-dropping. On the road, VW's Jetta was emitting 15 to 35 times as much nitrogen oxide as the allowable standard. The VW Passat was emitting 5 to 20 times as much. These cars were emitting much more pollution than they had in the labs.

Both California's air-pollution regulator and the EPA ordered Volkswagen to investigate and fix the problem in May 2014, and the company said it had worked on a software patch. Once again, the cars performed well in testing. And once again, real-world performance didn't match up. At that point, regulators started grilling Volkswagen's engineers about the discrepancy, and the company eventually cracked, admitting the existence of these defeat devices, which had been carefully hidden in the software code. Hence the scandal.

Volkswagen hasn't explained exactly why it cheated, but outside analysts have a pretty good guess. The NOx emission controls likely degraded the cars' performance when they were switched on — the engines ran hotter, wore out more quickly, and got worse mileage. Some experts have suggested that the emission controls may have affected the cars' torque and acceleration, making them less fun to drive. (Indeed, some individual car owners have been known to disable their cars' emission controls to boost performance, though this is against the law.)

In other words, Volkswagen wasn't able to produce diesel cars that had the ideal mix of performance, fuel economy, and low pollution. (Or, at least, they couldn't do this profitably.) So they "solved" this trade-off by sacrificing cleanliness and loosening the emission controls. And they accomplished this via software designed to deceive regulators. This was wildly illegal, and they got caught.

The VW scandal exposes problems with current emission tests

Volkswagen isn't the first company to cheat on its emission tests. As Frank O'Donnell of Clean Air Watch pointed out to me, the EPA caught a number of truck manufacturers, including Caterpillar and Volvo, doing something similar back in 1998 — programming their diesel trucks to emit fewer pollutants in lab tests than they did on the road. (The trucks would slowly emit more and more NOx as they traveled longer distances at constant speed, something that labs couldn't catch.)

Part of the problem here is that regulators tend to test these vehicles in laboratory conditions, which are fairly predictable and hence easier to game. Combined with the fact that automakers are developing ever-more-elaborate software that can control and fine-tune engines, and there are ample opportunities for fraud.

EUROPEAN REGULATORS WILL SOON START REQUIRING ON-ROAD EMISSIONS TESTING

In theory, there are ways to make cheating harder. Starting with model year 2017 vehicles,

European regulators are going to start requiring automakers to test their passenger cars on the road in addition to laboratory testing. That sort of regime would've made it harder for Volkswagen to do what it did. But it's also unlikely that this is the last time we'll see an automaker come up with a fiendishly clever way to cheat.

Meanwhile, the VW scandal raises another issue surrounding car regulations, as Alex Davies explains at Wired. Modern-day cars feature complex computer systems and software. And, right now, this software is protected under the 1998 Digital Millennium Copyright Act — it's illegal to fiddle with it. The ostensible rationale is to make it harder for consumers to tamper with emissions controls. But these protections also make it harder for independent researchers to scrutinize that code and identify problems like VW's little emissions trick. Some experts have proposed DMCA exemptions to allow researchers to test and evaluate these engines, but so far automakers and the EPA have resisted this. Presumably, if those exemptions had existed, Volkswagen might've been caught sooner.

Volkswagen is now facing serious consequences

At this point, Volkswagen has been caught red-handed and has to face the consequences. The company straight-up lied about its cars and exacerbated the country's air-pollution problem. (Getting a precise estimate of the health consequences here could be difficult, since it depends on where the cars were located, how much extra smog actually resulted, and so forth.)

In response, the company has pledged to stop selling 2015 and 2016 Volkswagen and Audi models equipped with clean diesel engines and will likely end up recalling the 482,000 cars now on the road to fix the software.** It's unclear how many customers will want to "fix" the problem, however, since, again, any patch might degrade gas mileage and/or performance.

Meanwhile, Volkswagen could face criminal prosecution — not to mention billions of dollars in fines, potentially. The Clean Air Act allows a fine of $37,500 per noncompliant vehicle. If the EPA really wanted to lower the hammer, that would amount to $18 billion. Again, VW's pretax net income was about $4.7 billion last year, so that would be a crippling hit. Volkswagen is the world's biggest automaker by sales, but it's not quite as profitable as competitors like Toyota and has already struggled to gain a foothold in the US market. This could be a huge deal for the company.

It also raises questions about the future of clean diesel vehicles. Clean diesel appears to be a promising technology — in theory, these vehicles could get both excellent mileage and low emissions. But this scandal raises serious questions about how well automakers can actually achieve both goals in practice.

** For any concerned car owners, the models expected to be recalled include: The 2009-2015 VW Beetle 2.0L TDI; 2009-2015 VW Golf 2.0L TDI; 2009-2015 VW Jetta 2.0L TDI; 2009-2015 Audi A3 2.0L TDI; and 2014-2015 VW Passat 2.0L TDI.

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Ledger Gazette:

http://www.ledgergazette.com/epa-accuses-vw-of-cheating-on-emissions-tests/79148/

EPA accuses VW of cheating on emissions tests

BY JORGE WEINER ON SEPTEMBER 21, 2015 BUSINESS

VW halted sales of the models involved on Sunday and said it's cooperating with the probe and ordered its own external investigation into the issue.

"The charges here are truly appalling: that Volkswagen knowingly installed software that produced much higher smog-forming emissions from diesel vehicles in the real world than in pre-sale tests", said Frank O'Donnell, president of Clean Air Watch, a Washington-based advocacy group.

VW is to stop selling four cylinder diesel cars in the USA after the firm was found to have rigged emissions test on up to 500,000 vehicles, it has emerged. The reality is that Volkswagen will face huge fines, rumoured to be as high as 18 billion US dollars.

German competitors BMW AG and Daimler AG said on Monday they aren't aware of a similar USA probe into their cars.

Once on the road, the cars produced nitrogen oxide pollutants at up to 40 times the legal standard.

The EPA and California authorities acted quickly after being told of the violation, German said.

Volkswagen, which recently edged out Japan's Toyota to become the world's top-selling automaker, has had a hard year, its share price having fallen from more than 250 euros amid signs of faltering sales in the US and China. He said he was "deeply sorry" for the violation of United States rules. The models include Jetta, Beetle, Golf, Passat and Audi A3.

Stefan Bratzel, director at the Center for Automotive Management, a research group, said the damage to VW's image would be as great as the financial fines.

"Our climate policy stands for itself and I think it's internationally recognized that Germany is one of the drivers on the way to (the global climate summit in) Paris", he said. The potential wonderful is $37,500 per vehicle and 482,000 autos are a part of the case, yielding a possible superb of greater than $18 billion, Giles stated on a telephone name with reporters Friday.

The EPA in November 2014 hit South Korean auto makers Hyundai Motor Co. and Kia Motors Corp. with a record $100 million penalty for overstating fuel-economy claims and forced the companies to cough up another $200 million in regulatory credits.

The cars allegedly do so with software that detects when the vehicle is undergoing emissions testing, and then turns full emissions controls on only during the test. When vehicles are being driven normally, the computer disables the emissions controls.

According to the The New York Times, this latent software within numerous Volkswagen

vehicles switches on emissions control systems only during an inspection. The California Air Resources Board issued a similar letter.

"Our goal is to ensure that the affected cars are brought into compliance, to dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules and to take appropriate further action".

The feature, which the EPA called a "defeat device", masks the true emissions only during testing.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 1:57 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

Washington Post:

http://www.washingtonpost.com/business/economy/vw-shares-plunge-as-epa-accuses-automaker-of-cheating/2015/09/21/3c7b2f2e-607b-11e5-8e9e-dce8a2a2a679_story.html

VW under fire amid EPA accusations it cheated on emissions tests

By Thad Moore

Volkswagen shares plunged Monday after U.S. regulators accused the German automaker of cheating on emissions tests, alleging that nearly 500,000 cars weren't meeting federal standards.

An apology Sunday from VW's chief executive did nothing to temper anxious investors, who

wiped out nearly a fifth of the company's value in a single day. VW's stock closed the day Monday at 132.20 euros, down 19 percent.

The selloff comes on the heels of Environmental Protection Agency allegations that the automaker had designed software to let its diesel cars detect when they were being tested for emissions.

VW, one of the world's largest automakers, has halted sales of some vehicles in the United States and pledged to cooperate with regulators. "We at Volkswagen will do everything that must be done in order to re-establish the trust that so many people have placed in us, and we will do everything necessary in order to reverse the damage this has caused," Martin Winterkorn, VW's chief executive, said in a statement.

In the lab, they met standards. On the road, regulators say, they emitted nitrous oxide at up to 40 times federal standards. The software, known as a "defeat device," was installed in some 482,000 cars, spanning model years 2009 through 2015, regulators say.

The EPA and California regulators began asking questions in May 2014 after West Virginia University researchers published a study that found lab results didn't match up with road tests.

For more than a year, VW told regulators that the difference owed to "various technical issues and unexpected in-use conditions," the EPA said in a letter sent to the automaker Friday. But company officials didn't admit to the practice until earlier this month when regulators threatened not to approve its 2016 line of diesel cars.

The years-long practice could carry a hefty price tag for the automaker. The company could be fined $37,500 for each car it sold with a defeat device installed — a potential fine of $18 billion.

"The company will have to recall nearly 500,000 affected cars, which will cost it millions of dollars, and that's even before the damage to its brand and potential fines," Michael Hewson, chief market analyst at CMC Markets, told the Associated Press.

The revelation also led Consumer Reports[consumerreports.org] to pull its recommendation of VW's Jetta and Passat diesel model. (The magazine said it would reconsider its decision once the automaker introduces a fix to lower emissions.)

For his part, Winterkorn apologized Sunday, saying the company would cooperate "with transparency and urgency."

"I personally am deeply sorry that we have broken the trust of our customers and the public," he said in a statement. "We do not and will not tolerate violations of any kind of our internal rules or of the law."

From: Gong, Kristiene
Sent: Monday, September 21, 2015 11:56 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

NY Times:

http://www.nytimes.com/2015/09/22/business/international/volkswagen-shares-recall.html

Volkswagen Denied Deception to E.P.A. for Nearly a Year

By JACK EWING SEPT. 21, 2015

FRANKFURT — For nearly a year, Volkswagen officials told the Environmental Protection Agency that discrepancies between the formal air-quality tests on its diesel cars and the much higher pollution levels out on the road were the result of technical errors, not a deliberate attempt to deceive Washington officials.

But early this month, Volkswagen executives finally made a startling admission: The diesels it sold in the United States had software deliberately designed to cheat on the tests.

The company was evidently concerned that actually meeting the federal emissions standards would degrade the power of the engines, which it marketed as comparable in performance to gasoline engines. Meeting the standard would also undercut the fuel efficiency that is one of the main selling points of diesels.

The admission came only after the E.P.A. threatened to withhold approval for Volkswagen's new 2016 models, according to letters sent to company officials by the E.P.A. and California regulators.

Since news of that mass deception broke on Friday, Volkswagen has scrambled to conduct damage control, with its chief executive issuing an apology and the company saying it would not sell its 2015 and 2016 diesel cars in the United States.

But that did not stop Volkswagen shares from plummeting when trading opened in Europe on Monday. And the apology has not relieved pressure on Martin Winterkorn, the Volkswagen chief executive, whom analysts said would have tough questions to answer, seeking to know when he and other top executives at the company, which is ruled from the top with Germanic precision, were aware of the diesel deception.

Adding to pressure on Volkswagen, the German government said on Monday that it would also begin an inquiry to make sure that Volkswagen and other carmakers are complying with laws on auto emissions.

The E.P.A. disclosed the yearlong series of letters with Volkswagen as part of accusations it made against the company on Friday. The agency will require the company to recall nearly half-a-million vehicles equipped with 2-liter diesel engines dating to the 2009 model year. Volkswagen also faces fines that could run into the billions of dollars.

Volkswagen shares plunged about 20 percent on Monday, as investors registered alarm at the damage the company could suffer.

Mr. Winterkorn issued an apology on Sunday, saying the company had "broken the trust of our customers and the public."

But the sophistication of the software used to manipulate emissions tests in the United States, and extensive attempts by Volkswagen to deflect official scrutiny before admitting misconduct this month, are sure to raise questions about Mr. Winterkorn's effectiveness only months after he survived an internal power struggle.

"Either he knew, or he didn't know, which is even worse," said Ferdinand Dudenhöffer, a professor at the University of Duisburg-Essen who is a longtime Volkswagen critic. "Any politician in his situation would have to resign."

Volkswagen's supervisory board, which Mr. Winterkorn reports to, will hold a regularly scheduled meeting on Friday, and it is certain to discuss the E.P.A. action.

After being confronted last year with evidence that some diesel models did not comply with pollution standards under certain conditions, Volkswagen executives originally offered technical explanations, according to a letter of complaint sent to the company by the E.P.A. and the California Air Resources Board.

It was only on Sept. 3, according to the letters, that executives at Volkswagen of America, the company's United States unit, admitted that cars equipped with the 2-liter diesel motors contained the software.

The software measured factors such as the position of the steering wheel, the vehicle's speed and even barometric pressure to sense when the car was being subjected to testing, the E.P.A. said. The car then configured itself to reduce emissions of nitrogen oxide, a gas that is a major contributor to smog and is linked to an array of respiratory ailments including asthma, emphysema and bronchitis, the E.P.A. said on Friday.

Volkswagen is known for being a tightly controlled, autocratic organization, raising questions about how such a sophisticated system could have been installed in nearly half a million vehicles without knowledge of top management.

The plunge in Volkswagen shares was a clear indication that investors believe that company profit and sales could suffer because of the E.P.A. accusations. However, Volkswagen is relatively immune to stock market pressure because only 12 percent of its voting shares are traded. Porsche Automobil Holding, controlled by members of the Porsche family, holds a slight majority. The state of Lower Saxony owns 20 percent and the sovereign wealth fund of Qatar owns 17 percent.

Stephan Weil, the prime minister of Lower Saxony, where Volkswagen has its headquarters and major manufacturing operations, said in a statement on Monday, "Manipulation of an emissions test is completely unacceptable and without any justification."

But Mr. Weil said consequences could be discussed only after a thorough investigation of the circumstances.

In Berlin, the government of Chancellor Angela Merkel said it would ask carmakers for information as the first step in an inquiry.

"We expect reliable information from carmakers so that the Federal Office for Vehicles can check whether similar manipulation in the exhaust systems has taken place in Germany or Europe," Andreas Kübler, a spokesman for the Environment Ministry, told reporters in Berlin.

The European Commission has contacted Volkswagen as well as the E.P.A. for details about the accusations, a commission spokeswoman said.

"It is premature to comment on whether any specific immediate surveillance measures are also

necessary in Europe and whether vehicles sold by Volkswagen in Europe are also affected," the spokeswoman said in an email. "We are taking the matter very seriously."

South Korea also planned to test Volkswagen cars to make sure they were in compliance with pollution rules, according to news reports.

More than half of all vehicles sold in Europe are diesels, which are popular because they typically offer better fuel economy than gasoline. European Union pollution rules were more favorable to diesels than United States rules, but they have been progressively tightened. The most recent standard, known as Euro 6, took effect for all new cars sold on Sept. 1.

Technology exists to reduce the amount of nitrogen oxides emitted by diesels. But the technology also tends to reduce fuel economy as well as performance. The software installed by Volkswagen on vehicles sold in the United States avoided this trade-off, which could have come as a disappointment to American customers, by scaling back pollution controls when the car was not being tested.

The accusations by the E.P.A. are a blow to Volkswagen's efforts to build up its meager market share in the United States, in part by promoting "clean diesel" technology.

The silver lining for Volkswagen, though, may be that its most profitable vehicles in the United States are Porsche and Audi cars not affected by the E.P.A. action. The cars affected are Volkswagen Golf, Jetta, Beetle and Passat models from 2009 through 2015 that are equipped with 2-liter diesel engines.

Another silver lining for Volkswagen may be that diesel powered cars account for only a tiny fraction of sales in China, which is the company's largest market.

Among Audi models, only the compact A3 is affected in the United States. The A3 accounted for less than a fifth of the 111,000 vehicles that Audi sold in the United States from January through August, and only a fraction of those A3s would have been equipped with diesels.

The E.P.A. said on Friday that Volkswagen would be required to recall the affected vehicles for repairs to make them compliant with smog regulations. Car owners would not have to pay for the repairs. Many owners may not bother, though, because the changes are likely to reduce fuel consumption and performance.

John Schilling, a Volkswagen spokesman, said on Sunday that the company would stop selling 2015 and 2016 Volkswagen and Audi models equipped with the 2-liter diesel engines, which the company had marketed as "clean diesel." The company will also stop selling used cars that have the engines, Mr. Schilling said.

He said he did not know how many models would be stuck on dealer lots as a result of the decision. This month, Volkswagen had said that 23 percent of new cars sold in August in the United States were diesels, or 7,400 vehicles. Some diesels, such as those used in Volkswagen S.U.V.s, are not affected by the E.P.A. action.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 10:54 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

AP (via US News & World Report)

http://www.usnews.com/news/business/articles/2015/09/21/vw-stock-crashes-after-admitting-it-rigged-us-emission-tests

Faulty Tests Cost VW Billions

By FRANK JORDANS and PAN PYLAS, Associated Press

BERLIN (AP) — Around 15 billion euros ($16.9 billion) was wiped off the market value of

Volkswagen AG on Monday following revelations that the German carmaker rigged U.S. emissions tests for about 500,000 diesel cars.

By midday trading in Frankfurt, Volkswagen's share price was 19.3 percent lower at a three-year low of 130.20 euros. Its dramatic fall weighed heavily on Germany's main stock index, the DAX, which underperformed its peers in Europe with a 0.6 percent decline.

Volkswagen's market woes Monday follow a weekend that saw the company's reputation for probity seriously damaged by revelations from the Environmental Protection Agency in the U.S. that it had skirted clean air rules. All told, the EPA indicated that VW faces fines that could run up to more than $18 billion.

The EPA said VW used a device programmed to detect when the cars are undergoing official emissions testing. The software device then turns off the emissions controls during normal driving situations, allowing the cars to emit more than the legal limit of pollutants.

Volkswagen marketed the diesel-powered cars, which account for about 25 percent of sales, as being better for the environment. The cars, built in the last seven years, include the Audi A3, VW Jetta, Beetle, Golf and Passat models.

"The company will have to recall nearly 500,000 affected cars, which will cost it millions of dollars, and that's even before the damage to its brand and potential fines," said Michael Hewson, chief market analyst at CMC Markets.

The agency has ordered VW to fix the cars at its own expense but said car owners do not need to take any immediate action. The EPA insisted that the violations do not pose any safety hazard and said the cars remain legal to drive and sell while Volkswagen comes up with a plan to recall and repair them. However, it said the cars posed a threat to public health.

The EPA also indicated the scale of the fines that could be imposed on VW. It said the carmaker could be hit up to $37,500 per vehicle for the violations — a total of more than $18 billion. The California Air Resources Board is also investigating.

Volkswagen has had a difficult year, its share price having fallen from over 250 euros amid signs of faltering sales in the U.S. and China.

VW edged out Toyota to become the world's top-selling automaker the first half of 2015. But a hit to its reputation from the emissions revelations could hamper its efforts at a sales rebound in the U.S.

If other regulatory authorities decide VW has a case to answer, then the carmaker faces the potential for even bigger fines.

"The news so far revolves around the U.S. impact, but if European investigators become interested the potential penalties could multiply very quickly," said Chris Beauchamp, senior market analyst at IG.

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Washington Examiner:

http://www.washingtonexaminer.com/volkswagen-sorry-promises-probe-on-epa-violations/article/2572497

Volkswagen 'sorry,' promises probe on EPA violations

By DANIEL CHAITIN (@DANIELCHAITIN7) • 9/20/15 3:23 PM

Volkswagen apologized Sunday following allegations by the Environmental Protection Agency and the state of California that hundreds of thousands of diesel cars made by the German automaker are breaking emissions laws in the United States.

"The Board of Management at Volkswagen AG takes these findings very seriously," wrote Martin Winterkorn, CEO of Volkswagen. "I personally am deeply sorry that we have broken the trust of our customers and the public. We will cooperate fully with the responsible agencies, with transparency and urgency, to clearly, openly, and completely establish all of the facts of this case. Volkswagen has ordered an external investigation of this matter."

On Friday, the EPA and California charged Volkswagen with willfully installing software in its 4-cylinder diesel cars that would allow cars to bypass emission standards. The cars cited for violations include signature Volkswagen cars manufactured between 2009 and 2015, including the Jetta, Passat, Beetle and Golf, as well as the A3 from Audi, Volkswagen's luxury line.

All together, about 482,000 diesel passenger cars sold in the United States since 2008 are included in the allegations.

The statement promises that Volkswagen will "re-establish trust" it may have lost and that the company will reverse any damage done.

"We do not and will not tolerate violations of any kind of our internal rules or of the law," Winterkorn added.

The EPA issued a notice of violation to Volkswagen, while the state of California sent an In-Use Compliance letter. Both the EPA and the California Air Resources Board are conducting separate investigations into the alleged misbehavior.

Recalls are likely, and the combined fines could add up to $18 billion if the result of the investigations support the allegations.

The EPA alleges that the Volkswagen cars are fitted with software to trick emission testers, but that under normal operation emit nitrogen oxides at up to 40 times the standard. Under the Clean Air Act, such an instrument is classified as a "defeat device."

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, EPA assistant administrator for the Office of Enforcement and Compliance Assurance. "Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters."

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The Epoch Times:

http://www.theepochtimes.com/n3/1755607-volkswagen-circumvents-epa-rule-its-not-the-first-time/

Volkswagen Skirts EPA Rules; It's Not the First Time

By Arleen Richards

Volkswagen Group of America admitted to sidestepping clean air standards after the EPA and California's clean air watchdog confronted the German automaker with evidence of high in-use emissions from light-duty diesels.

On Friday, Sept. 18, the EPA slapped VW with a notice of violation for using sophisticated software to circumvent national emissions standards. The software, which the EPA calls a "defeat device," is designed to implement full emissions control systems when the car is undergoing state emissions testing. During normal driving, the emissions control is turned off, permitting the significantly harmful diesel fumes to be expelled—40 times more than allowed under the Clean Air Act. VW and the California Air Resources Board (CARB) have both initiated investigations.

Volkswagen CEO Dr. Martin Winterkorn, on Sunday, apologized for breaking the public's trust and vowed to cooperate fully with agency investigations.

He ordered an internal investigation, saying in a statement, "We do not and will not tolerate

violations of any kind of our internal rules or of the law."

But this episode is not the first time the EPA or CARB has had run-ins with VW. In the past, both agencies charged VW with similar violations, which resulted in penalties.

Defective Oxygen Sensors

VW previously failed to report its discovery of emission defects in at least 329,000 of its 1999, 2000, and 2001 Golf, Jetta, and New Beetle vehicles.

In May 2001, after conducting a random test, the EPA identified a problem with tailpipe emissions in the 1999 model vehicles caused by a failed oxygen sensor. It turns out, VW knew about the problem for a year already—since it had received numerous warranty claims associated with cracked oxygen sensors—but failed to report it. According to the Clean Air Act, any emission-related defect found in 25 vehicles or engines of the same model year has to be reported within 15 days.

VW spent $26 million in January 2002 to recall all the vehicles and replace or repair the part. Another estimated $660,000 was spent on an enhanced defect tracking system.

The EPA finally settled its case with VW in 2005, penalizing the delinquent car maker $1.1 million.

The state of California has been working closely with the EPA in testing VW cars and issued a separate notice of violation to VW in the current case.

California has been a leader in clean energy investments and set the stage in 2006 for transitioning to a sustainable, low-carbon future with the passage of AB 32, a law requiring sharp reduction in greenhouse gases. Since then, several legislative initiatives have been implemented to build the next generation of clean, fuel-efficient cars.

The CARB implements the state's vehicle regulations through a vigorous certification process, as well as compliance and enforcement programs. It regularly tests vehicles to ensure compliance with air quality standards.

In 2004, VW settled a case with CARB for $552,500 for selling cars in California that had not been properly certified. VW admitted to selling 84 new 2002 vehicles from several retail locations throughout the state, attributed to an error in its electronic ordering system.

The EPA is expected to compel VW to issue a recall notice in order to remedy the current emissions problem, which could take up to a year after identifying the appropriate corrective action and a recall plan.

Jalopnik:

http://jalopnik.com/volkswagen-tells-dealers-to-halt-sales-of-new-tdi-cars-1731923302

Volkswagen Tells Dealers To Halt Sales Of New TDI Cars Amid Diesel Cheating Scandal

Alanis King

Following the government investigation of Volkswagen's diesel emissions, The Detroit News reports the automaker ordered its U.S. dealerships to halt sales of new 2016 and remaining 2015 TDI car models with 2.0-liter diesel engines.

According to the Environmental Protection Agency and California Air Resources Board, VW dodged federal emissions requirements for some 482,000 of its diesel cars — including the Passat, Jetta, Golf, Beetle, SportWagens and Audi A3 — manufactured from 2009 to 2015. The models contain a "defeat device" which exists to detect when the car is under testing conditions, allowing for it to activate the full emissions-control systems only in those circumstances.

In other words, environmental officials say that the street cars are emitting between 10 and 40 times the amount of allowable nitrogen oxide pollution, which is not only illegal but harmful to both the environment and public.

The EPA is taking action on 2016 diesel models. Christopher Grundler, director of the EPA Office of Transportation of Air Quality, said that the government will not grant VW a "certificate of conformity" to sell the 2016 models with 2.0-liter diesel engines, meaning they cannot be sold.

VW dealers have been waiting for the 2016 models to replenish showrooms. Most U.S. VW dealers don't have any remaining 2015 diesel cars to sell.

VW is barred from selling 2016 model vehicles with the 2.0 liter diesel engine until "they get answers to the questions of how these vehicles are being operated. Volkswagen couldn't explain why we're getting these excess emissions," Grundler said.

Meanwhile, whatever 2015 models remain on lots have also been ordered not to be sold. As Automotive News notes, four-cylinder TDI models account for 20 to 25 percent of VW's U.S. sales, so this is going to hurt.

In addition, VW has ordered an outside investigation to find out what happened and "reverse the damage this has caused," CEO Martin Winterkorn said in an apologetic statement.

According to the EPA, the agency is now checking to see if other automakers are bypassing the laws on diesel engines as well.

While no official recall is underway just yet, the News reports:

EPA said VW violated federal law and, in theory, could face fines of up to $18 billion —

$37,500 per vehicle — as well as criminal prosecution. Both agencies issued notices of non-compliance to VW Friday, a step necessary before ordering a recall.

The EPA will not take action to stop VW owners from driving their personal cars until a solution is made available, but VW did remove its "clean diesel" advertisements from YouTube and television.

CBC News (Canada):

http://www.cbc.ca/news/business/volkswagen-emissions-rigging-1.3236548

Volkswagen shares plunge on emissions rigging scandal

Consumer Reports suspends 'recommended' rating for Jetta and Passat diesels

CBC News Posted: Sep 21, 2015 9:00 AM ET Last Updated: Sep 21, 2015 9:00 AM ET

Volkswagen's CEO apologized but investors were not in a forgiving mood as the company's stock plunged almost 20 per cent Monday following revelations late last week that the automaker had rigged emissions tests for almost 500,000 diesel cars in the U.S.

"I personally am deeply sorry that we have broken the trust of our customers and the public," Martin Winterkorn said in a weekend statement.

On Friday, the U.S. Environmental Protection Agency (EPA) revealed that half a million diesel-powered VWs had been programmed to bypass emission controls except during emissions tests. The cars include the Audi A3, VW Jetta, Beetle, Golf and Passat models made in the last seven years.

The EPA ordered VW to fix the cars and VW said it would co-operate with regulators. But the

damage to the automaker's image is nothing less than catastrophic.

VW had marketed its diesel-powered cars as being better for the environment. The Associated Press reports, citing an anonymous source with knowledge of the matter, that VW has told dealers to stop selling its 2015 diesel cars with 2.0-litre engines.

The EPA said the VW cars under investigation seemed to pass emissions tests, but in the real world, were actually emitting up to 40 times the national standard for nitrogen oxide, which is linked to asthma and lung illnesses.

Consumer Reports announced it would remove its "recommended" rating from the Jetta and Passat diesels until it can retest the vehicles.

VW could face fines of up to $18 billion US, according to the EPA.

Volkswagen shares plunged 19.4 per cent in Monday trading in Germany, chopping $21 billion Cdn from the market value of the company.

"The company will have to recall nearly 500,000 affected cars, which will cost it millions of dollars, and that's even before the damage to its brand and potential fines," said Michael Hewson, chief market analyst at CMC Markets.

Diesel-powered models account for about a quarter of VW's sales.

Impact in Canada unclear

At this point, it isn't clear what the revelations mean for owners of VW diesels in Canada. Volkswagen Canada told CBC News on Friday that it first learned of the EPA action earlier that

morning. It said it would co-operate with Environment Canada "to understand the implications for the Canadian market and what actions, if any, may be required in Canada."

Environment Canada, for its part, said it was in talks with the EPA "to further examine this issue and assess potential implications for Canada." Environment Canada also said it collaborates on emissions verification activities with the U.S. EPA "to ensure our common environmental outcomes are achieved," and pointed out that its emissions standards are aligned with U.S. standards.

The EPA and Environment Canada both stressed that the effectiveness of a vehicle's air pollutant control devices is not a safety issue. The cars remain legal to drive.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 10:35 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

NY Times:

http://www.nytimes.com/2015/09/21/business/international/volkswagen-chief-apologizes-for-breach-of-trust-after-recall.html?_r=0

Volkswagen to Stop Sales of Diesel Cars Involved in Recall

By JACK EWING and CORAL DAVENPORTSEPT. 20, 2015

FRANKFURT — Volkswagen said on Sunday that it would halt sales of cars in the United States equipped with the kind of diesel motors that had led regulators to accuse the German company of illegally installing software to evade standards for reducing smog.

John Schilling, a Volkswagen spokesman, said that the company would stop selling 2015 and 2016 Volkswagen and Audi models equipped with 4-cylinder turbo diesel engines, which the company has marketed as "clean diesel." The company will also stop selling used cars that have the engines, Mr. Schilling said.

He said he did not know how many models would be stuck on dealer lots as a result of the decision. Earlier this month, Volkswagen had said that 23 percent of new cars sold in August in the United States were diesels, or 7,400 vehicles.

The confirmation of the halt in sales came on the same day that Martin Winterkorn, the chief executive of Volkswagen, apologized for conduct that prompted the Environmental Protection Agency to order Volkswagen to recall nearly half a million vehicles.

An employee on the Audi A3 limousine. The recall involves four-cylinder Volkswagen and Audi vehicles from the model years 2009 to 2015. Credit Szilard Koszticsak/European Pressphoto Agency

Volkswagen could face billions of dollars in fines for what the E.P.A. said was a deliberate attempt to evade rules on emissions. The decision to stop sales was first reported by The Wall Street Journal.

"I personally am deeply sorry that we have broken the trust of our customers and the public," Mr. Winterkorn said in a statement.

He said the company would "cooperate fully" with the authorities and order its own independent investigation into the accusations.

In his statement, Mr. Winterkorn did not contest assertions by the E.P.A. that Volkswagen sold cars equipped with software that could detect when periodic state government emissions testing was taking place.

Only during such tests are the cars' full emissions control systems turned on. During normal driving situations, the controls were turned off, allowing the cars to spew as much as 40 times the pollution allowed under the Clean Air Act, the E.P.A. said.

Diesel-driven cars have enjoyed something of a renaissance in recent years, shedding much of their old stigma for being dirty, clanky and sluggish to drive, said Karl Brauer, an analyst at Kelley Blue Book. And in the United States, he said, Volkswagen has clearly led the pack — offering diesel vehicles that performed just like their gasoline counterparts.

"Now, we have to wonder if the technology really advanced as far as we thought at VW," Mr. Brauer said. "They must have had a problem making it work in a way that delivered truly clean diesel. At least clean enough to meet the regulations."

Mr. Brauer said the higher nitrous oxide emissions probably allowed better drivability. Fuel economy also improves with more nitrous emissions, and engines can run cooler, and thus wear out more slowly.

"They must have had a mix of performance, economy and durability that they liked, but realized they couldn't achieve that and still get the emissions," he said.

Diesels in particular are known — and marketed — these days as having tremendous torque, or low-end thrust from a stop. If achieving the required emissions affected the torque, making it anemic, then "drivers are going to scratch their heads, thinking, isn't this why I got a diesel?" Mr. Brauer said.

Volkswagen was going through a difficult period even before the accusations became public on Friday. Mr. Winterkorn recently survived a power struggle with the chairman of Volkswagen's supervisory board, Ferdinand Piëch, a scion of the Porsche family who dominated the company for more than two decades before resigning in April.

Following Mr. Piëch's departure, some analysts have raised questions about whether Mr.

Winterkorn would be strong enough to hold together the sprawling Volkswagen empire, which also includes Audi and Bentley luxury cars, Porsche and Lamborghini sports cars, Scania and MAN heavy trucks, and Ducati motorcycles.

Although Volkswagen recently surpassed Toyota as the world's biggest automaker measured by the number of cars sold, it is significantly less profitable than its Japanese rival and far weaker in the United States market.

A push by Volkswagen to increase sales in the United States, which included building a factory in Chattanooga, Tenn., to produce Passat sedans, has fallen short.

"For Volkswagen, it's a huge scandal," said Ferdinand Dudenhöffer, a professor at the University of Duisburg-Essen, who follows the automobile industry. "The timing is extremely unfortunate."

Professor Dudenhöffer said the case could damage all German automakers, which have tried to build acceptance in the United States for diesel engines, a sector in which they believe they have a technological lead.

Until recently, Professor Dudenhöffer said, the United States applied stricter standards to diesel engines than those applied by European regulators. But the European authorities, concerned about the health effects of diesel pollution, have tightened standards, prompting complaints from the auto industry.

Professor Dudenhöffer said that as a result of the E.P.A. action, Mr. Winterkorn could come under pressure to resign.

"Winterkorn was already damaged," Professor Dudenhöffer said. "Now there is an accusation of illegal behavior. This story is not over."

E.P.A. officials issued the car company a notice of violation and said it had admitted to the use of a so-called defeat device.

The recall involves 4-cylinder Volkswagen and Audi vehicles from the model years 2009 to 2015.

The software was designed to conceal the cars' emission of nitrogen oxide, a pollutant that contributes to the creation of ozone and smog, which are linked to a range of health problems, including asthma attacks, other respiratory diseases and premature death.

Disengaging the pollution controls on a diesel-fueled car can yield better performance, including increased torque and acceleration.

California has issued a separate notice of violation to the company. California, the E.P.A. and the Justice Department are working together on an investigation of the allegations.

Over the next year, E.P.A. officials said, owners of the affected vehicles should expect to receive recall notices from Volkswagen, including information about how to get their cars repaired at no cost to them. The recall covers roughly 482,000 diesel passenger cars sold in the United States since 2009.

Affected diesel models include the 2009-15 Volkswagen Jetta, 2009-15 Beetle, 2009-15 Golf, 2014-15 Passat and 2009-15 Audi A3.

The American investigation could ultimately result in fines or penalties for the company. Under the terms of the Clean Air Act, the Justice Department could impose fines of as much as $37,500 for each recalled vehicle, for a possible total penalty of as much as $18 billion.

The notice of violation came days after the company promoted plans at the Frankfurt International Motor Show to introduce 20 plug-in hybrid or all-electric vehicles by 2020 as part

of a campaign to reduce vehicle emissions.

Mr. Winterkorn said in his statement on Sunday that Volkswagen would "do everything necessary in order to reverse the damage this has caused."

"This matter has first priority for me, personally," he said, "and for our entire board of management."

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Financial Times:

http://www.ft.com/intl/cms/s/0/c4f4745c-5f98-11e5-9846-de406ccb37f2.html#axzz3mNpq5JFM

VW apologises for cheating US car exhaust emissions tests

Andy Sharman in London

The chief executive of Volkswagen has apologised and ordered an external investigation into findings that the carmaker cheated on US emissions tests to make its vehicles appear less polluting.

In a statement on Sunday, Martin Winterkorn, chief executive of the German carmaker, said the board of management took the findings "very seriously".

He added: "I personally am deeply sorry that we have broken the trust of our customers and the public. We will co-operate fully with the responsible agencies, with transparency and urgency, to clearly, openly and completely establish all of the facts of this case."

The Environmental Protection Agency on Friday said diesel variants of several VW and Audi

models sold in the US over six years — including the VW Passat, Beetle and Audi A3 — had been fitted with sophisticated algorithms designed to deceive the laboratory testing regime.

The authorities ordered VW to recall 482,000 cars because of the use of so-called defeat devices — which use software to detect when the car is being tested and runs treatments to reduce nitrogen oxides. Once out on the road, the cars were discovered to produce pollutants up to 40 times the legal limits.

The discovery leaves the German carmaker — which has admitted to using the defeat devices — potentially facing billions of dollars in fines and warranty costs, possible criminal charges for executives and class-action lawsuits from US drivers.

Mr Winterkorn did not say who would be carrying out the external investigation, and the company declined to provide further details.

It was Mr Winterkorn's first formal statement on an issue that also threatens to seriously undermine its attempts to turnround its sputtering performance in the US.

Max Warburton, analyst at Bernstein Research, said: "The best case for VW is probably still a multibillion-dollar fine, pariah status in the US with government — and possibly consumers — [and] damage to its leading position in diesel in the US."

VW now has to initiate a process to fix the cars' emissions systems, though the EPA has said the violations do not present a safety hazard and the vehicles remain legal to drive and resell. Owners of cars of models covering the 2009-2015 period do not need to take any action, the agency said.

I personally am deeply sorry that we have broken the trust of our customers and the public. We will co-operate fully with the responsible agencies, with transparency and urgency, to clearly, openly, and completely establish all of the facts of this case

- Martin Winterkorn, VW chief

In addition to the costs of the recall campaign, VW could theoretically also face fines of up to $37,500 per vehicle — a total of more than $18bn — though analysts have said VW is likely to face a much lower penalty.

The case is a rare but not unique example of this type of manipulation by the motor industry. In 1998, a group of truckmakers including Navistar, Renault and Volvo paid more than $1bn to resolve claims they installed defeat devices on heavy duty diesel engines. These devices allowed an engine to pass the emissions test, but then turn off emission controls when on the road, the EPA said at the time.

The EPA has been active in the past year, securing a record $300m settlement with Hyundai and Kia over claims the Korean affiliates overstated the fuel economy of their cars.

The Guardian:

http://www.theguardian.com/business/2015/sep/20/vw-software-scandal-chief-apologises-for-breaking-public-trust

VW software scandal: chief apologises for breaking public trust

Martin Winterkorn orders external investigation after US regulators found cars gave inaccurate data on toxic emissions

Volkswagen has ordered an external investigation after US regulators found that the carmaker designed software for close to half a million diesel cars that gave false emissions data, its CEO said, adding he was "deeply sorry" for the violation of US rules.

"I personally am deeply sorry that we have broken the trust of our customers and the public," Martin Winterkorn said in a statement published on Sunday by the carmaker on Sunday.

"Volkswagen has ordered an external investigation of this matter."

The US Environmental Protection Agency (EPA) said on Friday the software deceived regulators measuring toxic emissions, adding that Volkswagen could face fines of up to $18bn (£11.5bn) as a result. The carmaker could face penalties of $37,500 for each car not in compliance with clean air rules. The diesel-powered models from 2009-2015 are the VW Jetta, Beetle and Golf, the Passat model from 2014-15, and the Audi A3 from 2009 to 2015.

"We do not and will not tolerate violations of any kind of our internal rules or of the law," said Winterkorn, adding the company was fully co-operating with the relevant agencies. He gave no details on who would carry out the external investigation.

Cynthia Giles, an enforcement officer at the EPA, said on Friday that the cars in question "contained software that turns off emissions controls when driving normally and turns them on when the car is undergoing an emissions test".

"VW was concealing the facts from the EPA, the state of California and from consumers. We expected better from VW," she said. "Using a defeat device in cars to evade clean air standards is illegal and a threat to public health."

The EPA accused Volkswagen of using the device in 482,000 four-cyclinder Volkswagen and Audi diesel cars in the US since 2008. VW must recall all the cars, remove the defeat device and improve the cars' NOx emissions, which creates smog and has been linked to increased asthma attacks and other respiratory illnesses.

The feature, which the EPA called a defeat device, masks the true emissions only during testing and therefore when the cars are on the road they emit as much as 40 times the level of pollutants allowed under clean air rules meant to ensure public health is protected, said Giles.

Volkswagen suspended sales of cars containing the company's four-cylinder turbo direct injection (TDI) engine on Friday in light of the investigation. The "clean diesel" engine is commonly used in models including VW's Beetle, Golf, Jetta, Passat and the A3 luxury compact

made by VW-owned Audi.

Richard Corey, executive officer of the California Air Resources Board (Carb), said on Friday: "Our goal now is to ensure that the affected cars are brought into compliance, to dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules, and to take appropriate further action."

The EPA and Carb discovered the defeat device software following independent analysis by researchers at West Virginia University, who were promoted into action by the International Council on Clean Technology, an NGO.

When confronted with the EPA and Carb's evidence, VW admitted that its cars were fitted with the defeat device.

The crackdown on Volkswagen comes as the Obama administration is attempting to cut air pollution from an array of sources, including the vehicle industry, power plants and oil and natural-gas providers. The EPA set new carbon rules for big trucks earlier this year and has told all vehicle makers they must sell light vehicles averaging 54.5 miles a gallon by 2025.

In Europe, new laws have forced manufacturers to test their cars under real world conditions and not in laboratories, helping to reduce unrealistic claims about emissions. By 2017 all new cars will have to be more stringently tested, effectively ending an era when car makers could exaggerate the performance of their machines.

UK car industry group the SMMT claims that, because of European legislation to cut tailpipe pollution, Britain's air quality is better now than it has been for centuries.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 10:26 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne

Subject: RE: Volkswagen Clips 9/21/2015

The Hill:

http://thehill.com/policy/energy-environment/254323-volkswagen-head-apologizes-for-epa-accusations

Volkswagen head apologizes after EPA accusations

By Timothy Cama - 09/20/15 01:28 PM EDT

The head of German automaker Volkswagen Group apologized Sunday after allegations surfaced that his company deliberately tried to evade United States air pollution laws.

Martin Winterkorn, the company's chief executive officer, said he was "deeply sorry" for violating the trust of customers and the public, and said that Volkswagen had ordered an external investigation into the matter.

Volkswagen faces up to $18 billion in fines for the violations under the Clean Air Act, under which the Environmental Protection Agency (EPA) sets air pollution rules for motor vehicles.

"We will cooperate fully with the responsible agencies, with transparency and urgency, to clearly, openly, and completely establish all of the facts of this case," Winterkorn said in a Sunday statement

"We do not and will not tolerate violations of any kind of our internal rules or of the law."

Winterkorn stopped short of admitting to the EPA's allegations.

On Friday, the EPA said it had discovered that about 482,000 diesel vehicles sold by VW and its subsidiary Audi in the United States had "defeat devices" that detect when the vehicle is undergoing an EPA emissions test and turn on equipment that controls output of nitrogen oxides to acceptable levels.

At all other times, the EPA said, the vehicles emitted more pollutants, sometimes exceeding allowable volumes by 40 times.

The agency has not yet officially charged Volkswagen with any civil or criminal penalties, nor did it order any recalls of the affected vehicles. California, which has its own emissions regulations, is also accusing the company of violating air rules.

"We at Volkswagen will do everything that must be done in order to re-establish the trust that so many people have placed in us, and we will do everything necessary in order to reverse the damage this has caused," Winterkorn said, adding that the issue is the top priority for him and the entire management team.

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Reuters:

http://www.reuters.com/article/2015/09/21/usa-volkswagen-idUSL1N11R0L020150921

Volkswagen could face $18 billion penalties from EPA

WASHINGTON | BY TIMOTHY GARDNER

Volkswagen AG could face penalties up to $18 billion after being accused of designing software for diesel cars that deceives regulators measuring toxic emissions, the U.S. Environmental Protection Agency said on Friday.

"Put simply, these cars contained software that turns off emissions controls when driving normally and turns them on when the car is undergoing an emissions test," Cynthia Giles, an enforcement officer at the EPA, told reporters in a teleconference.

Volkswagen can face civil penalties of $37,500 for each vehicle not in compliance with federal clean air rules. There are 482,000 four-cylinder VW and Audi diesel cars sold since 2008 involved in the allegations. If each car involved is found to be in noncompliance, the penalty could be $18 billion, an EPA official confirmed on the teleconference.

A U.S. Volkswagen spokesman said the company "is cooperating with the investigation; we are unable to comment further at this time."

The feature in question, which the EPA called a "defeat device," masks the true emissions only during testing and therefore when the cars are on the road they emit as much as 40 times the level of pollutants allowed under clean air rules meant to ensure public health is protected, Giles said.

The EPA accused Volkswagen of using software in four-cylinder Volkswagen and Audi diesel cars from model years 2009 to 2015 made to circumvent emissions testing of certain air pollutants.

The cars are not facing recall at this time, the EPA said.

The diesel-powered vehicles involved from the 2009 to 2015 model years are the VW Jetta, VW Beetle, VW Golf and the Audi A3, as well as the VW Passat from model years 2014 and 2015.

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Christian Post:

http://www.christianpost.com/news/volkswagen-to-recall-almost-500000-cars-in-the-us-over-epa-violation-145778/

Volkswagen to recall almost 500,000 cars in the US over EPA violation

BY LORRAINE CABALLERO , CHRISTIAN POST CONTRIBUTOR

Volkswagen will recall almost 500,000 vehicles released from 2009 to 2015 in the United States after the carmaker allegedly violated the law by using illegal software, which helped it go past environmental restrictions.

The Environmental Protection Agency (EPA) said Volkswagen broke the law by installing a "defeat device" in Volkswagen and Audi units with four-cylinder turbo diesel engines released from the year 2009 to 2015. Under normal driving conditions, the emission control devices installed in the said cars worked with reduced efficacy, according to the Dispatch Times.

In the wake of the violation, Volkswagen chief executive Martin Winterkorn delivered a statement apologizing to their customers and vowing to cooperate with EPA's investigation. However, he did not deny the allegations regarding the illegal software, the International Business Times reports.

"I personally am deeply sorry that we have broken the trust of our customers and the public," said Winterkorn in his statement.

Because of the notice of violation from the EPA, Volkswagen is now facing penalties amounting to more than $18 billion, or around $37,500 per unit, based on the U.S.A. federal Clean Air Act. EPA and CARB discovered the illegal software after researchers at the West Virginia University conducted an independent study in cooperation with the global Council on Clean Transportation, the report adds.

Volkswagen has been struggling to sell cars in the United States because of the rising cases of asthma and other respiratory illnesses caused by air pollutants. The diesel vehicles affected by the recall were being counted on to pull up the company's sales in the United States.

Based on the findings of the EPA, Volkswagen had included a certain algorithm in the cars' emissions software that could detect when an emission test is being conducted.

Owners of the diesel cars affected by the recall will be notified by Volkswagen by next year, EPA said. Until Consumer Reports can "retest" the said cars, the recommended rating for the Passat, Jetta, Golf, Beetle, and Audi A3 luxury compact will remain on hold, the report relays.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 10:14 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

AP (via Boston Globe):

https://www.bostonglobe.com/business/2015/09/20/chief-sorry-after-epa-says-firm-skirted-clean-air-law/3NNTCf2cVxUI1qYNBfMe7L/story.html

Volkswagen chief apologizes for rigging tests of emissions

By Paul Wiseman and Tom Krisher ASSOCIATED PRESS SEPTEMBER 21, 2015

WASHINGTON — The chief executive of Volkswagen apologized Sunday and VW customers said they felt duped after the Environmental Protection Agency revealed that the German automaker had skirted clean air rules by rigging emissions tests for about 500,000 diesel cars.

''I personally am deeply sorry that we have broken the trust of our customers and the public,'' Volkswagen chief Martin Winterkorn said in a statement. He said VW has ordered an investigation and promised that the company would cooperate with regulators.

On Friday, the EPA said VW used software that allowed its diesel cars to release fewer smog-causing pollutants during tests than in real-world driving conditions.

The cars, built in the last seven years, include the Audi A3, VW Jetta, Beetle, Golf, and Passat models. The agency ordered VW to fix the cars at its own expense. VW also faces fines that could add up to billions of dollars.

VW edged out Toyota to become the world's top-selling automaker in the first half of 2015. But a hit to its reputation from the emissions revelations could hamper its efforts at a sales rebound in the United States. Between 2013 and 2014, VW sales plummeted 10 percent, even as overall industry sales rose 6 percent. US buyers want SUVs, and Volkswagen doesn't have competitive vehicles to offer them.

The magazine Consumer Reports almost immediately suspended its ''recommended'' rating on the Jetta and Passat diesels until it can get recall repairs and retest the cars.

Volkswagen marketed the diesel-powered cars, which account for about 25 percent of its sales, as being better for the environment. After the EPA acted, VW withdrew ads for its diesel cars from Youtube.com and asked dealers to stop selling 2015 diesel cars with 2.0-liter engines, according to a person familiar with the matter.

Some VW customers were furious.

Zeeshan Shah, 39, of Fulton, Md., said that he bought a Volkswagen Diesel Passat 2015 in July after he totaled his Jetta two years ago.

''The selling point" for the Diesel Passat was that the technology was so good, he said. Now, Shah plans to return the car back to the dealer to have it examined and doesn't want to buy another Volkswagen. ''Once they cheat you on this issue, what other issues can they cheat you

on?'' he said. ''You don't trust them.''

John German, senior fellow at the International Council on Clean Transportation, the group that blew the whistle on VW, said it didn't expect to find any violators when it contracted with West Virginia University to test cars with diesel engines.

The council, a research group that helps governments write regulations, did the US tests in an effort to show that automakers were complying with US nitrogen oxide emissions standards, which are stricter than in other countries, he said.

The EPA said VW faces fines of up to $37,500 per vehicle for the violations, a total of more than $18 billion.

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WSJ:

http://www.wsj.com/articles/volkswagen-ceo-apologizes-after-epa-accusations-1442754877

Volkswagen Halts U.S. Sales of Certain Diesel Cars

Auto maker also begins external probe after EPA accuses company of dodging emissions rules

By WILLIAM BOSTON, AMY HARDER and MIKE SPECTOR

Updated Sept. 20, 2015 8:57 p.m. ET

Volkswagen AG's crisis over allegedly cheating on U.S. emissions tests deepened, with the German auto maker halting American sales of popular diesel-powered cars and issuing a sweeping apology for violating customers' trust.

It also launched an external investigation. Shares in the company slumped more than 20% in

early trading Monday in response to the crisis.

The company could face billions of dollars in fines and the crisis could further weaken Volkswagen Chief Executive Martin Winterkorn's position. He narrowly survived efforts by a major shareholder to oust him earlier this year and was passed over for the chairman's job, the company's top post, this month.

"I personally am deeply sorry that we have broken the trust of our customers and the public," Mr. Winterkorn said in a statement issued by the company on Sunday, adding that VW is cooperating with authorities and has commissioned an external probe.

The U.S. is crucial in Volkswagen's efforts to become the world's leading auto maker by sales. The German company has built its campaign to grow in the U.S. market on a promise that its clean-diesel engines deliver better performance and low emissions. It is neck-and-neck with reigning sales leader Toyota Motor Corp. and overtook the Japanese car maker during the first half of this year. But the emissions test probes could stall its progress.

Even prior to the emissions issue, the auto maker's namesake Volkswagen brand has been battling declining sales in the U.S. market. And Audi AG, its luxury car maker, is finding it hard to catch up in the U.S. with rivals BMW AG and Daimler AG, which makes Mercedes-Benz vehicles.

On Friday, the U.S. Environmental Protection Agency and the California Air Resources Board alleged that Volkswagen used software, dubbed a "defeat device," in the cars to make diesel-powered engines appear to have lower levels of emissions than they actually did.

About 482,000 Volkswagen diesel-powered cars were affected.

The EPA probe could force Volkswagen and its Audi unit to recall thousands of vehicles that contain the company's "clean diesel" engines. The four-cylinder 2.0-liter turbo direct injection, or TDI, engine is commonly found in Volkswagen's Passat, Jetta, Golf, Beetle and in Audi's A3 luxury compact model.

A Volkswagen spokesman on Sunday said the auto maker halted the sale of all 2015 and 2016 models containing the four-cylinder 2.0 liter TDI engine. The EPA investigation affects cars sold since 2008. The company hasn't issued a recall, the spokesman said.

Realization that Volkswagen may have cheated to get better emissions results could undermine its U.S. recovery and further weaken its shares, which are down 37% from their peak on March 16, said analysts.

"There is no way to put an optimistic spin on this—this is really serious," said Max Warburton, an analyst with Bernstein Research. "The best case for VW is probably still a multi-billion dollar fine."

Consumer Reports, an influential magazine when it comes to car reviews, last week suspended "recommended" ratings on the auto maker's Jetta and Passat diesel-engine models after the EPA disclosed its allegations. Consumer Reports said the recommendations would be suspended until it can retest the vehicles once they are repaired. The magazine said it would then assess whether the cars' fuel economy worsened.

A production line at a Volkswagen plant in Wolfsburg, Germany. ENLARGE

A production line at a Volkswagen plant in Wolfsburg, Germany. PHOTO: REUTERS

Laurie Cleveland, a 54-year-old English teacher from Lowville, N.Y., said she bought a new 2015 VW Passat TDI over the Labor Day weekend. She isn't sure what to do now. She said it is her fourth Volkswagen diesel car since 2006.

"I feel like I've been deceived," she said. "I'm a person who likes to be environmentally friendly," she added.

Mr. Winterkorn on Sunday vowed to do "everything necessary" to regain public trust in the company.

"We do not and will not tolerate violation of any kind of our internal rules or of the law," he said. "This matter has first priority for me."

U.S. officials said Volkswagen violated two parts of the federal Clean Air Act and could face fines of as much as $37,500 per car, or more than $18 billion. It remained unclear whether the government would seek such an onerous penalty.

The EPA in November 2014 hit South Korean auto makers Hyundai Motor Co. and Kia Motors Corp. with a record $100 million penalty for overstating fuel-economy claims and forced the companies to cough up another $200 million in regulatory credits.

The EPA has said the vehicles remain safe and legal to drive. The agency is working with the Justice Department and an investigation is continuing.

Officials alleged that Volkswagen used software that activates full emissions controls only during testing but then reduces their effectiveness during normal driving. The result is that cars can emit nitrogen oxides at up to 40 times the allowable standard, the agency said. Diesel-powered cars are a small part of overall U.S. car and light-truck sales.

Experts say that the software enables cars to get better fuel economy at the expense of higher nitrogen-oxide emissions, which was likely one reason VW was using them, according to Margo Oge, who recently retired as director of the EPA's Office of Transportation and Air Quality after more than 30 years at the agency.

Volkswagen's apparent motivations on the emissions tests were unclear. An EPA spokeswoman has said it would be "premature to speculate on why VW did this."

A Volkswagen spokesman in Wolfsburg, Germany, on Sunday said, "We are now in the investigation phase and have no comment beyond what is in the statement that we published

today."

California is separately investigating the auto maker.

The International Council on Clean Transportation, a nonprofit research organization that works with governments to cut air pollution from mobile sources, and West Virginia University researchers uncovered Volkswagen's alleged use of defeat devices in research and testing over the last couple of years.

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Reuters:

http://www.reuters.com/article/2015/09/20/us-usa-volkswagen-ceo-idUSKCN0RK0IK20150920

Volkswagen to halt U.S. sales of some 2015 diesel cars

FRANKFURT/HAMBURG | BY CHRISTOPH STEITZ AND JAN SCHWARTZ

Volkswagen (VOWG_p.DE) told U.S. dealers to halt sales of some 2015 diesel cars after regulators found software it designed for the affected vehicles gave false emissions data, the company said Sunday, announcing it had launched an investigation.

In a statement published by the carmaker on Sunday, Chief Executive Officer Martin Winterkorn said, "I personally am deeply sorry that we have broken the trust of our customers.

"Volkswagen has ordered an external investigation of this matter," he said.

The U.S. Environmental Protection Agency (EPA) said on Friday the software deceived regulators measuring toxic emissions, adding that Volkswagen could face fines of up to $18

billion as a result.

The Detroit News reported late Friday that VW dealers still had some 2015 diesel Jetta, Passat and Beetle cars for sale.

A VW representative on Sunday confirmed the partial halt of sales of the affected vehicles but did not give any numbers.

Winterkorn said, "We do not and will not tolerate violations of any kind of our internal rules or of the law," adding that the company was fully cooperating with the relevant agencies.

He gave no details on who would carry out the external investigation.

"This is not your usual recall issue, an error in calibration or even a serious safety flaw," Bernstein analysts wrote in a note on Sunday. "There is no way to put an optimistic spin on this - this is really serious."

Cynthia Giles, an enforcement officer at the EPA, said on Friday the cars in question "contained software that turns off emissions controls when driving normally and turns them on when the car is undergoing an emissions test".

The feature, which the EPA called a "defeat device," masks the true emissions only during testing. When the cars are on the road, they emit as much as 40 times the level of pollutants allowed under clean air rules meant to ensure public health is protected, Giles said.

"We have admitted to it to the regulator. It is true. We are actively cooperating with the regulator," a Volkswagen spokesman said on Sunday.

Volkswagen could face civil penalties of $37,500 for each vehicle not in compliance with federal clean air rules. Some 482,000 four-cylinder VW and Audi diesel cars sold since 2008 are involved in the allegations.

If each car involved is found to be in noncompliance, the penalty could be $18 billion, an EPA official confirmed during the telephone conference on Friday.

Volkswagen peer Daimler, meanwhile, signaled it may not be subject to the same violation.

"I have a rough idea of what is happening and that it does not apply to us," Daimler Chief Executive Dieter Zetsche said on Sunday at an event in Hamburg.

"But it is much too early to make a final statement on this," he added.

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USA Today:

http://www.usatoday.com/story/money/cars/2015/09/20/volkswagen-ceo-martin-winterkorn-apologizes-epa-clean-air-act-emissions-violations/72519678/

Volkswagen issues sales halt; CEO apologizes on emissions cheating

Nathan Bomey, USA TODAY 8:02 a.m. EDT September 21, 2015

Volkswagen has admitted cheating U.S. diesel emissions tests, sending company shares plunging as much as 23 percent in Frankfurt and potentially leaving the company open to billions of dollars in fines. Bloomberg

Martin Winterkorn ordered an external investigation after the EPA disclosed the violations.

Volkswagen's CEO said he is "deeply sorry" for violating U.S. emissions standards and ordered an external investigation Sunday, two days after the Environmental Protection Agency (EPA) accused the automaker of purposefully manipulating emissions tests for almost 500,000 vehicles.

The German automaker ordered its U.S. dealerships to stop selling cars impacted by the probe until its engineers can deliver a fix.

The EPA accused Volkswagen of installing software on 482,000 diesel cars in the USA that allowed it to cheat emissions tests, potentially exposing people to harmful pollutants at levels of 40 times the acceptable standard and respiratory conditions such as asthma.

"I personally am deeply sorry that we have broken the trust of our customers and the public," Martin Winterkorn, Volkswagen's CEO, said in a statement. "We will cooperate fully with the responsible agencies, with transparency and urgency, to clearly, openly and completely establish all of the facts of this case." Winterkorn pledged to regain the public's trust.

The violations could expose Volkswagen — the world's largest vehicle manufacturer through the first six months of 2015 — to up to $18 billion in federal fines if the EPA assesses the maximum possible penalty of $37,500 per vehicle.

The violations could invite charges of false marketing by regulators, a vehicle recall and payment to car owners, either voluntarily or through lawsuits. Volkswagen advertised the cars under the "Clean Diesel" moniker.

The state of California is investigating the emissions violations.

"We do not and will not tolerate violations of any kind of our internal rules or of the law," Winterkorn said. The company's board takes the allegations "very seriously," he said.

The EPA accused the German automaker of adopting what it called a "defeat device" to trick U.S. regulators into believing its cars met Clean Air Act standards for nitrogen oxides. Volkswagen admitted to investigators it had installed the defeat device, the EPA said.

The EPA said impacted cars include the 2009 to 2014 Volkswagen Jetta, Beetle and Golf, the 2014 and 2015 Volkswagen Passat and the 2009 to 2015 Audi A3.

Volkswagen told dealers they cannot sell the 4-cylinder diesel versions of those cars until a fix is available, Volkswagen spokesman Mario Guerreiro said Sunday.

The sales halt could put a significant dent in the company's September sales performance. About 20% of Volkswagen's vehicle sales are diesel engines, said AutoPacific analyst Dave Sullivan.

"It totally goes against all of the marketing they have had of a clean diesel," Sullivan said of the violations. "That's one of the biggest selling points for Volkswagen."

"The trust of our customers and the public is and continues to be our most important asset," Winterkorn said Sunday. "We at Volkswagen will do everything that must be done in order to re-establish the trust that so many people have placed in us, and we will do everything necessary in order to reverse the damage this has caused. This matter has first priority for me, personally, and for our entire Board of Management."

From: Gong, Kristiene
Sent: Friday, September 18, 2015 3:22 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Sacramento Bee:

http://www.sacbee.com/news/business/article35709432.html

Regulators order Volkswagen recalls over device used to trick smog tests

BY DALE KASLER

In a joint probe with California air regulators, the federal government Friday told Volkswagen to recall 480,000 diesel-fuel cars, charging the automaker with equipping the cars with software designed to circumvent pollution limits.

The U.S. Environmental Protection Agency and California Air Resources Board sent notices to the German automaker over its alleged use of something called a "defeat device," a piece of software that controls emissions during smog tests but not when the vehicles are actually on the road.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, assistant EPA administrator, in a prepared statement. "Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules."

The EPA sent Volkswagen a "notice of violation" and told car owners they can expect a recall notice. The agency said all repairs will be done at Volkswagen's expense. It added that the cars are safe to drive. The EPA has the authority to order automotive recalls.

Stanley Young, a spokesman for the ARB, said the federal and state agencies were first notified of the problem by independent researchers at West Virginia University and the International Council on Clean Transportation. Months of followup testing, including tests at an ARB lab in El Monte, confirmed the analyses.

Volkswagen officials in early September "admitted to CARB and EPA staff that these vehicles were designed and manufactured with a defeat device," according to an enforcement letter the

California agency sent Friday to Volkswagen officials.

Young said "our major goal is to ensure that these cars come into compliance, that they're the same in the real world as they are on the test bench." The automaker eventually could face fines or other enforcement actions, he said.

The agencies plan to "dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules, and to take appropriate further action," said Richard Corey, executive officer of ARB, in a prepared statement.

The EPA said the recall affects VW Jettas, Beetles, Golfs and Audi A3s made in the 2009 to 2015 model years. It also covers VW Passats made in the 2014 and 2015 model years. Only diesel cars are affected. Young said ARB believes there are as many as 50,000 affected vehicles on the road in California.

Under the federal Clean Air Act, California has the authority to set its own regulatory standards for car emissions.

Volkswagen of America spokesman Darryll Harrison Jr. said the company is cooperating with the federal and state agencies but had no further comment.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 3:10 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

The Atlantic:

http://www.theatlantic.com/technology/archive/2015/09/volkswagens-game-of-make-belief/406159/

Volkswagen's Game of Make-Believe

The company inserted a device into almost 500,000 cars meant to trick emissions testing, the EPA says.

ROBINSON MEYER

One of the great lessons of the pioneering computer scientist Alan Turing is this: Computers are only pretending machines. Software is always just imitating something else.

Volkswagen seems to have taken this maxim to new heights. The Environmental Protection Agency alleges that the company installed "defeat devices" in its four-cylinder Volkswagen and Audi-brand diesel cars from 2009 to 2015.

These devices, essentially, let the cars pretend to not break the law. The software could sense when the car was undergoing emissions testing and activate its pollution-control systems accordingly. When the car was being driven during normal use, these systems largely did not activate—making the car a much heavier polluter in real-life than it looked on paper.

With those systems deactivated, the car's emissions violated the Clean Air Act and California's state pollution-control regulation.

"Using a defeat device in cars to evade clean-air standards is illegal and a threat to public health," said Cynthia Giles, assistant administrator for the EPA's Office of Enforcement and Compliance Assurance, in a statement.

There are almost 500,000 vehicles on American roads with the devices installed, according to the EPA. Volkswagen must now pay to repair the emissions systems in affected cars. The government may also fine the company as much as $18 billion.

The device was discovered by researchers at West Virginia University, who notified the EPA and California state authorities. The two authorities investigated further, and after demanding "an explanation for the identified emission problems, Volkswagen admitted that the cars contained defeat devices," said a statement from the agency.

I reached out to Volkswagen for comment and haven't heard back yet. The Times reports that the company is complying with investigations.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 2:58 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Mashable:

http://mashable.com/2015/09/18/volkswagen-recall-emissions/#uL1ctrM4JZkb

Volkswagen urged to recall cars for allegedly cheating emissions test

BY CHRIS PERKINS

Automakers are under intense pressure to meet emissions regulations put in place by the world's governments. Volkswagen allegedly had a slightly different solution.

The U.S. Environmental Protection Agency (EPA) ordered a recall of almost 500,000 Volkswagen and Audi vehicles equipped with four-cylinder diesel engines, for software designed to sidestep emissions regulations, reports the New York Times.

In total, 482,000 vehicles are being implicated, including the 2009-2015 Volkswagen Golf,

Beetle, Jetta and Beetle, the 2014-2015 Volkswagen Passat and the 2009-2015 Audi A3. The cars were possibly installed with a "defeat device," a piece of software designed to detect when the car is undergoing emissions testing and turn on all of the car's emissions control systems then. In normal driving, the systems would turn off, causing 40 times larger nitrogen oxide emissions, according to the E.P.A.

Nitrogen oxide is a major contributor to smog, which can lead to increased respiratory problems and premature death.

The installation of this software is in violation of the Clean Air Act, and as such, the E.P.A, the State of California and the Department of Justice will launch an investigation. The installation of this software is in violation of the Clean Air Act, and as such, the E.P.A, the State of California and the Department of Justice will launch an investigation.

U.S. regulators hope that this recall will send a message to automakers to not develop software to skirt regulations. Last November, Hyundai and Kia were fined $100 million for violating the Clean Air Act. The two companies inflated their fuel economy figures for their 2012 vehicles.

The likely reason why Volkswagen could go the trouble to develop and use software like this is to boost performance; emissions control equipment tends to suck power out of an engine.

Researchers from West Virginia University, working with the International Council on Clean Transportation, discovered the software, according to the EPA's press release.

"Volkswagen Group of America, Inc., Volkswagen AG and Audi AG received today notice from the US Environmental Protection Agency, US Department of Justice and the California Air Resources Board of an investigation related to certain emissions compliance matters. VW is cooperating with the investigation; we are unable to comment further at this time," said a representative for Volkswagen.

A representative for the EPA wasn't immediately available for comment.

It's unclear if this issue only pertains to U.S. model Volkswagens and Audis equipped with four-cylinder diesels, or their world-market counterparts as well.

A report from Jalopnik notes that all of Volkswagen's ads for its diesel models have been deleted from YouTube, apparently at the company's request.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 2:51 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Christian Science Monitor:

http://www.csmonitor.com/Business/In-Gear/2015/0918/Why-the-EPA-is-forcing-Volkswagen-to-recall-nearly-500-000-cars

Why the EPA is forcing Volkswagen to recall nearly 500,000 cars

Volkswagen AG, the German car manufacturer, is under investigation by California and US emissions regulators for allegedly circumventing emission tests with a new device.

By Corey Fedde, Staff SEPTEMBER 18, 2015

Volkswagen AG is under investigation for circumventing clean air rules.

German automotive company Volkswagen AG is under investigation by California and US environmental regulators. The US Environmental Protection Agency told Reuters Volkswagen allegedly used software to circumvent emissions testing of specific air pollutants.

"Put simply, these cars contained software that turns off emissions controls when driving normally and turns them on when the car is undergoing an emissions test," Cynthia Giles, an EPA enforcement officer, told Reuters via teleconference.

The feature, known as a "defeat device," is allegedly present in 4 cylinder Volkswagen and Audi vehicles from 2009-2015, which total nearly 500,000 vehicles. The device is programmed to detect when the car is undergoing an emissions test and turn on the full emissions controls. The device then turns the emission controls off during normal driving. The result being far more pollution than the company reported, the EPA told The New York Times.

The pollutant the "defeat device" is designed to conceal, nitrogen oxide, has been linked by public health officials to variety of health problems, including asthma.

The 500,000 diesel vehicle models affected include 2009-2015 Volkswagen Jettas, Beetles, Golfs, Passats, and Audi A3s.

The violation and investigation belie a growing trend in more aggressive environmental enforcement from federal regulators. In November 2014, the administration announced its largest ever penalty for a violation of the Clean Air Act on Korean automakers Hyundai Motor and Kia Motors. The fine involved a $300 million settlement for overstating vehicle fuel-economy standards on more than 1 million cars.

According to The New York Times, analysts say the crackdown is meant to send a clear message to automakers that circumventing federal rules will not be tolerated.

California, the EPA, and the Justice Department are working together on the investigation.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health. Working closely with the California Air Resources Board, EPA is committed to making sure that

all automakers play by the same rules. E.P.A. will continue to investigate these very serious violations," Ms. Giles told the Times.

This report includes material from Reuters.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 2:27 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Reuters:

http://www.reuters.com/article/2015/09/18/us-usa-volkswagen-idUSKCN0RI1VK20150918

Volkswagen could face $18 billion penalties from EPA

WASHINGTON | BY TIMOTHY GARDNER

Volkswagen AG (VOWG_p.DE) could face penalties up to $18 billion after being accused of designing software for diesel cars that deceives regulators measuring toxic emissions, the U.S. Environmental Protection Agency said on Friday.

"Put simply, these cars contained software that turns off emissions controls when driving normally and turns them on when the car is undergoing an emissions test," Cynthia Giles, an enforcement officer at the EPA, told reporters in a teleconference.

Volkswagen can face civil penalties of $37,500 for each vehicle not in compliance with federal clean air rules. There are 482,000 four-cylinder VW and Audi diesel cars sold since 2008 involved in the allegations. If each car involved is found to be in noncompliance, the penalty could be $18 billion, an EPA official confirmed on the teleconference.

A U.S. Volkswagen spokesman said the company "is cooperating with the investigation; we are unable to comment further at this time."

The feature in question, which the EPA called a "defeat device," masks the true emissions only during testing and therefore when the cars are on the road they emit as much as 40 times the level of pollutants allowed under clean air rules meant to ensure public health is protected, Giles said.

The EPA accused Volkswagen of using software in four-cylinder Volkswagen and Audi diesel cars from model years 2009 to 2015 made to circumvent emissions testing of certain air pollutants.

The cars are not facing recall at this time, the EPA said.

The diesel-powered vehicles involved from the 2009 to 2015 model years are the VW Jetta, VW Beetle, VW Golf and the Audi A3, as well as the VW Passat from model years 2014 and 2015.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 1:40 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

The Hill:

http://thehill.com/policy/energy-environment/254188-epa-accuses-vw-of-going-around-federal-emissions-standards

Feds accuse VW of going around federal emissions standards

By Devin Henry - 09/18/15 12:50 PM EDT

The Environmental Protection Agency (EPA) is accusing Volkswagen of looking to circumvent federal air pollutant emission standards for the last six years.

EPA officials alleged Friday that about 482,000 VW vehicles sold since 2008 violate the Clean Air Act due to software installed on the vehicles that turns off required air pollution protections.

Janet McCabe, an acting assistant administrator, said the EPA "intends to hold VW responsible to recall the vehicles" and fix the emissions problem. The company could face up to an $18 billion fine for the violations.

The EPA issued VW a Clean Air Act violation notice Friday, alleging it used a software algorithm on certain vehicles that would turn on emission controls only when they undergo official emissions testing.

This "defeat device," the EPA said, would switch off those controls during normal operation, which means the vehicles could emit up to 40 times the amount of nitrogen oxide allowed under federal air pollution standards.

"These violations are very serious … not only because they result in excess emissions, but also because VW was concealing the fact from EPA, the state of California and from consumers," Assistant Administrator Cynthia Giles said. "We expected better from VW."

Federal law requires manufacturers to certify to the EPA that their cars meet emissions standards before selling their vehicles in the U.S. Cars with defeat devices cannot be certified, the EPA said.

A VW statement said only that the company had received the violation notice and is cooperating with the investigation.

The EPA and the California Air Resources Board discovered the defeat device during an analysis at West Virginia State University, the EPA said. Officials said their investigation into the incident is ongoing and wouldn't give many more details about how it developed or what the outcome might be.

The agency is not ordering a recall or announcing penalties at the moment, and officials said the cars are safe and legal to drive. The Friday announcement, Giles said, was meant to "inform the public right away and to put VW on notice of our continuing investigation."

The EPA said the announcement covers VW Jettas, Beetles, Golfs and Audi A3s with model years between 2009 and 2015, as well as the VW Passat with model years 2014 and 2015.

Fortune:

http://fortune.com/2015/09/18/volkswagen-recall-epa-smog/

Volkswagen ordered to recall almost a half-million cars over emissions trick

by Benjamin Snyder

The Environmental Protection Agency is ordering Volkswagen to recall nearly a half-million cars after the company allegedly used a computer software trick to make the cars seem more environmentally friendly during state emissions tests.

The VW models involved include the diesel versions of the following models: The 2009-15 Volkswagen Jetta, the 2009–15 Beetle, the 2009–15 Golf, the 2014-15 Passat and the 2009-15 Audi A3. The recall affects 482,000 vehicles in total.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, Assistant Administrator for the Office of Enforcement and Compliance Assurance, in a statement. "Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters."

"Volkswagen Group of America, Inc., Volkswagen AG and Audi AG received today notice from the US Environmental Protection Agency, US Department of Justice and the California Air Resources Board of an investigation related to certain emissions compliance matters," Volkswagen says. "VW is cooperating with the investigation; we are unable to comment further at this time."

Auto Guide:

http://www.autoguide.com/auto-news/2015/09/volkswagen-used-illegal-software-to-cheat-emissions-tests-epa.html

Volkswagen Used Illegal Software to Cheat Emissions Tests: EPA

By Stephen Elmer Sep 18, 2015

Volkswagen may be forced to recall almost 500,000 diesel passenger cars after an investigation revealed illegal software was allowing the vehicles to pass government emissions standards.

A software algorithm, known as a defeat device, used on roughly 482,000 Volkswagen vehicles with four-cylinder diesel engines is able to detect when the car is undergoing official emissions testing, and will activate full emissions controls only during the test.

The EPA says that this results in cars that meet emissions standards while being tested, but emit

40 percent more nitrogen oxides while driving.

Independent analysis at West Virginia University uncovered the defeat devices. After being questioned by the EPA and CARB, Volkswagen admitted that its cars did contain defeat devices.

The EPA says "it is incumbent" on Volkswagen to initiate a recall fix for all the affected cars, although they note that these vehicles are still safe to drive and do not present a safety hazard at this time.

Volkswagen may be liable for civil penalties over the findings, which could total up to $18 billion if the EPA leverages its maximum find of $37,500 per vehicles.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, Assistant Administrator for the Office of Enforcement and Compliance Assurance. "Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters."

Models affected by the issue include the 2009-2015 Volkswagen Jetta, Beetle and Gold. The 2009-2015 Audi A3 is also affected, along with the 2014-2015 Passat.

Volkswagen acknowledged that it has received notice of the investigation. "VW is cooperating with the investigation; we are unable to comment further at this time," said the brand.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 1:36 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Washington Post:

http://www.washingtonpost.com/news/energy-environment/wp/2015/09/18/epa-volkswagen-used-defeat-device-to-circumvent-air-pollution-controls/

EPA: Volkswagen used 'defeat device' to circumvent air pollution controls

By Joby Warrick September 18 at 1:04 PM

The Environmental Protection Agency on Friday accused Volkswagen of installing a software "defeat device" that circumvented pollution controls on nearly a half-million Volkswagens and Audis.

The regulatory agency filed a notice of violation against the German automaker, saying the company deliberately cheated on clean-air rules by installing the software of five of its models since 2008. An EPA statement warned of possible civil penalties and hinted of a future possible recall, saying it was "incumbent on Volkswagen to initiate the process" to fix the affected cars' emissions systems.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, the EPA's assistant administrator for EPA's Office of Enforcement and Compliance Assurance.

EPA officials, in a joint probe with California's regulatory agency, determined that Volkswagen had inserted a sophisticated algorithm in the cars' emissions software that could detect when a vehicle was undergoing emissions testing. The software, which the EPA called a "defeat device," would turn on full emissions controls during testing, and switch them off again under normal driving conditions.

As a result, the cars emitted far more pollution–up to 40 times the federal standard for the pollutant known as NOx, a component in urban smog, the EPA said.

The software was installed in Volkwagen's Golfs, Jettas and Beetles and Audi A3s beginning in the model year 2009, and in Volkswagen's Passat models beginning in 2014. EPA officials said no action was required by owners of the car, but they suggested that Volkswagen would be compelled to address the problem.

"Our goal now is to ensure that the affected cars are brought into compliance, said Richard Corey, the executive officer for California's Air Resources Board." He said federal and state agencies intended to "dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules, and to take appropriate further action."

From: Gong, Kristiene
Sent: Friday, September 18, 2015 1:31 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Wall Street Journal:

http://www.wsj.com/articles/epa-accuses-volkswagen-of-dodging-emissions-rules-1442595129

EPA Accuses Volkswagen of Dodging Emissions Rules

Agency says German auto maker circumvented air-pollution standards with software

By AMY HARDER

WASHINGTON—The U.S. Environmental Protection Agency issued a notice on Friday alleging that Volkswagen AG circumvented air-pollution standards with software installed on nearly a half million cars sold in the U.S. since 2008.

Officials said Volkswagen could face penalties of up to $37,500 per vehicle, or a total of more than $18 billion, though it remained unclear whether the government would eventually levy such

a large penalty. Officials said the German auto maker violated the federal Clean Air Act.

The agency said that owners of these cars don't need to take any action right now and that while the cars have emissions exceeding federal standards, "these violations do not present a safety hazard and the cars remain legal to drive," according to the EPA.

Officials said a recall hasn't been announced and an investigation continues. They plan to at some point order Volkswagen to fix the vehicles, officials said.

Top EPA officials made the announcement alongside the California Air Resources Board, which is separately investigating the alleged use of the software, which EPA describes as a "defeat device." The software reduces the effectiveness of a car's emission control system during normal driving conditions and enables the car to emit nitrogen oxides at up to 40 times the allowable standard, according to the EPA.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, Assistant Administrator for the Office of Enforcement and Compliance at the EPA.

"Volkswagen Group of America Inc., Volkswagen AG and Audi AG received today notice from the U.S. Environmental Protection Agency, U.S. Department of Justice and the California Air Resources Board of an investigation related to certain emissions compliance matters," Volkswagen said in a statement. "VW is cooperating with the investigation; we are unable to comment further at this time."

EPA said that its allegations cover roughly 482,000 diesel passenger cars with model years between 2009 and 2015 and sold in the U.S. since 2008. They include the following models: the Jetta, Beetle, Audi A3, Golf and Passat.

The Clean Air Act requires vehicle manufacturers to certify to EPA that their products meet federal air-pollution standards. EPA said Friday that by making and selling vehicles with the "defeat device" software, Volkswagen was violating two parts of the Clean Air Act.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 1:19 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

NPR:

http://www.npr.org/sections/thetwo-way/2015/09/18/441467960/volkswagen-used-defeat-device-to-skirt-emissions-rules-epa-says

Volkswagen Used 'Defeat Device' To Skirt Emissions Rules, EPA Says

BILL CHAPPELL

Saying Volkswagen violated the Clean Air Act, the Environmental Protection Agency says the company's diesel-powered cars have sophisticated software that detects emissions testing – and "turns full emissions controls on only during the test."

Installed on four-cylinder cars, the software, which the EPA calls a "defeat device" that's meant to trick official tests, allowed diesel Jettas, Beetles, and other cars to "emit up to 40 times more pollution" than allowed under U.S. emission standards.

The agency says that after the carmaker was confronted with emission test results this month, it admitted that the cars contain defeat devices.

Volkswagen must now fix the cars' emissions control systems, the agency says, adding that Volkswagen could be liable for civil penalties and other punishment. The cars in question are popular Volkswagen and Audi models that were made from 2009 to this year.

The affected diesel cars include:

• Jetta (Model Years 2009 – 2015)

• Beetle (Model Years 2009 – 2015)

• Audi A3 (Model Years 2009 – 2015)

• Golf (Model Years 2009 – 2015)

• Passat (Model Years 2014-2015)

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, assistant administrator for the Office of Enforcement and Compliance Assurance.

The Verge:

http://www.theverge.com/2015/9/18/9352757/epa-volkswagen-recall-emissions

Volkswagen ordered to recall 500,000 cars for gaming emissions testing

By Colin Lecher

The federal government has ordered Volkswagen to recall almost 500,000 vehicles, saying the company unlawfully used special software to get around missions regulations.

VOLKSWAGEN ALLEGEDLY USED A "DEFEAT DEVICE."

Volkswagen allegedly used a so-called "defeat device" on certain models made in the past six years. The device works by only turning on emissions control when undergoing emissions testing, but not when the car is actually being driven normally and pollution is at its peak. "This results in cars that meet emissions standards in the laboratory or testing station, but during normal operation, emit nitrogen oxides, or NOx, at up to 40 times the standard," the EPA said in a statement.

Using such a device is a violation of the Clean Air Act, which, as The New York Times points out, the EPA has been increasingly cracking down on. In November, the agency hit Hyundai and Kia with a record $100 million fine for violations under the act.

The cars affected by the recall include the 2009 to 2015 Jetta, Beetle, Golf, and Audi A3. The 2014 and 2015 Passat is also included. According to the EPA, that adds up to 482,000 cars.

Jalopnik:

http://jalopnik.com/epa-orders-volkswagen-to-recall-482-000-diesel-cars-for-1731665972

EPA Orders Volkswagen To Recall 482,000 Diesel Cars For Cheating On Emissions

Patrick George

The New York Times reports Volkswagen has been ordered by the Environmental Protection Agency to recall 482,000 diesel cars in the U.S. over software they say was intentionally designed to circumvent smog regulations.

The cars, all diesels from 2009 to 2015, have a “defeat device” programmed to detect when the car is undergoing official emissions testing that only then turns on the full emissions control systems, the Times reports.

These controls are turned off in other situations, leading to far greater emissions than VW let on — which is against the law. The devices were designed to conceal nitrogen oxide emissions.

It's not immediately clear why VW had such a system on these cars, how the system detected official testing versus normal driving, or if the cars operated differently in normal driving when the defeat device was off. What effect did reducing NOx emissions have on fuel economy or performance?

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, the E.P.A.'s assistant administrator for the Office of Enforcement and Compliance. "Working closely with the California Air Resources Board, E.P.A. is committed to making sure that all automakers play by the same rules. E.P.A. will continue to investigate these very serious violations."

The state of California and the Justice Department are also investigating the violation, the paper reports.

The vehicles affected are the 2009-2015 diesel Jetta, Beetle, Golf, Passat and Audi A3.

More on this as we get it.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 1:10 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Detroit Free Press:

http://www.freep.com/story/money/cars/2015/09/18/epa-volkswagen-used-software-skirt-emissions-rules/72399372/

EPA: Volkswagen used software to skirt emissions rules

By Greg Gardner

The U.S. Environmental Protection Agency and California are accusing Volkswagen of violating the Clean Air Act by using software that allows hundred of thousands of VW and Audi diesel-powered cars to get around emission standards.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, EPA assistant administrator for enforcement and compliance assurance. "Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters."

The agency's notice of violation covers about 482,000 diesel cars sold between 2009 and 2015 model years.

Affected diesel models include:

Jetta (model years 2009 – 2015)

Beetle (model years 2009 – 2015)

Audi A3 (model years 2009 – 2015)

Golf (model years 2009 – 2015)

Passat (model years 2014-2015)

California is separately issuing an In-Use Compliance letter to Volkswagen, and EPA and the California Air Resources Board (CARB) have both initiated investigations based on Volkswagen's alleged actions.

"Working with U.S. EPA we are taking this important step to protect public health thanks to the dogged investigations by our laboratory scientists and staff," said CARB executive officer Richard Corey. "Our goal is to ensure that the affected cars are brought into compliance, to dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules, and to take appropriate further action."

The federal and California regulators say Volkswagen used a sophisticated software algorithm on certain Volkswagen vehicles that detects when the car is undergoing official emissions testing and turns full emissions controls on only during the test. The effectiveness of these vehicles' pollution emissions control devices is greatly reduced during all normal driving situations.

As a result the cars met emissions standards in the laboratory or testing station, but during normal operation, emit nitrogen oxides, or NOx, at up to 40 times the permissible standard. The software produced by Volkswagen is a "defeat device," as defined by the Clean Air Act.

Corey said testing groups in Europe found information that indicated Volkswagen may have manipulated its emission tests and told California regulators about their suspicions.

NOx pollution contributes to nitrogen dioxide, ground-level ozone and fine particulate matter. Exposure to these pollutants has been linked with a range of serious health effects, including increased asthma attacks and other respiratory illnesses that can be serious enough to send people to the hospital. Exposure to ozone and particulate matter have also been associated with premature death due to respiratory-related or cardiovascular-related effects. Children, elderly people and those with pre-existing respiratory disease are particularly at risk for health effects of these pollutants.

The Clean Air Act requires vehicle manufacturers to certify to EPA that their products will meet applicable federal emission standards to control air pollution, and every vehicle sold in the U.S. must be covered by an EPA-issued certificate of conformity. Motor vehicles equipped with defeat devices, which reduce the effectiveness of the emission control system during normal driving conditions, cannot be certified. By making and selling vehicles with defeat devices that allowed for higher levels of air emissions than were certified to EPA, Volkswagen violated two important provisions of the Clean Air Act.

EPA and CARB uncovered the defeat device software after independent analysis by researchers at West Virginia University, working with the International Council on Clean Transportation, a non-governmental organization. The researchers raised questions about emissions levels, and the agencies began further investigations into the issue. In September, after EPA and CARB demanded an explanation for the emission problems, Volkswagen admitted that the cars contained defeat devices.

VW may be liable for civil penalties of up to $37,500 per vehicle found to be violating the standard, or potentially more than $18 billion.

It is incumbent upon Volkswagen to initiate the process that will fix the cars' emissions systems. Car owners should know that although these vehicles have emissions exceeding standards, these violations do not present a safety hazard and the cars remain legal to drive and resell. Owners of cars of these models and years do not need to take any action at this time.

Wired:

http://www.wired.com/2015/09/epa-accuses-volkswagen-cheating-emissions-testing-482000-cars/

EPA ACCUSES VOLKSWAGEN OF CHEATING EMISSIONS TESTING ON 482,000 CARS

Alex Davies

THE EPA IS accusing Volkswagen of illegally using software to cheat emissions standards, allowing the German automaker to sell half a million cars that produce smog at 40 times the legal limit.

In a notice of violation of the Clean Air Act sent to Volkswagen AG, Audi AG, and Volkswagen Group of America, Inc today, the EPA said diesel-powered VW cars used a "defeat device," a kind of "a sophisticated software algorithm [that] detects when the car is undergoing official emissions testing, and turns full emissions controls on only during the test. The effectiveness of these vehicles' pollution emissions control devices is greatly reduced during all normal driving situations."

The accusation applies to 482,000 diesel-powered, four-cyclinder Jetta, Beetle, Audi A3, Golf, and Passat cars sold between 2008 and 2015 in the US. The news comes as the Frankfurt motor show, one of the biggest events of the year for the automaker, opens to the press. VW will be required to fix the problem, at no cost to car owners.

The Week:

http://www.theweek.com/speedreads/578080/epa-catches-volkswagen-blatantly-cheating-smog-tests

EPA catches Volkswagen blatantly cheating on smog tests

Jeva Lange

Almost half a million Volkswagen cars, including recent diesel models of Jettas, Beetles, Audi A3s, Golfs, and Passats, may be recalled in an enormous crackdown on the German carmaker's alleged blatant circumvention of smog standards, The New York Times reports.

The Environmental Protection Agency has demanded that the cars be recalled, and specifically accused Volkswagen of installing software, called a "defeat device," in their cars that basically just lies about what a car's emissions are during tests:

The device is programmed to detect when the car is undergoing official emissions testing, and to only turn on full emissions control systems during that testing. Those controls are turned off during normal driving situations, when the vehicles pollute far more heavily than reported by the

manufacturer, the E.P.A. said. [The New York Times]

Car emissions contain nitrogen oxide, which creates smog, as well as pollutants that cause asthma.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 12:56 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

LA Times:

http://www.latimes.com/business/autos/la-fi-hy-volkswagen-probe-20150918-story.html

Volkswagen is accused of sidestepping emissions rules, 'cheating' pollution tests

By JERRY HIRSCH

Federal and California environmental regulators accused Volkswagen of using software that "cheats" pollution testing in nearly 500,000 recent model VWs and Audis by circumventing emission standards in its diesel cars.

The German automaker will eventually have to recall all of the vehicles and change the emissions systems at its own expense, regulators said. Additionally it could face a fine of about $18 billion, or $35,500 per car, federal environmental officials said.

The Environmental Protection Agency on Friday issued the German automaker a "notice of violation" of the Clean Air Act for both VW models and the company's Audi luxury brand. It covers models equipped with four-cylinder diesel engines. The California Air Resources Board issued a similar letter.

Volkswagen and Audi vehicles from model years 2009-2015 have the software, which uses an algorithm that detects when the vehicle is undergoing pollution tests and changes the way it performs from when it is being driven on the open road.

It "is illegal and a threat to public health," said Cynthia Giles, assistant administrator for the Office of Enforcement and Compliance Assurance. "EPA is committed to making sure that all automakers play by the same rules."

"We expected better from VW," Giles said.

Air Resources Board Executive Officer Richard Corey said the California agency wants to bring the cars "into compliance, to dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules, and to take appropriate further action."

Volkswagen said it is cooperating with the investigation.

"We are unable to comment further at this time," the company said in a statement.

The affected diesel models include: Jetta (model years 2009 – 2015,) Beetle (model years 2009 – 2015,) Audi A3 (model years 2009 – 2015,) Golf (model years 2009 – 2015) and Passat (model years 2014-2015.)

International Business Times:

http://www.ibtimes.com/volkswagen-audi-recall-500000-cars-broke-environmental-rules-white-house-says-2104099

Volkswagen And Audi Recall: 500,000 Cars Broke Environmental Rules, White House Says

By Christopher Harress

The Obama administration Friday forced car manufacturer Volkswagen to recall nearly 500,000 cars after it was discovered the German automaker had fitted its vehicles with special technology that can beat environmental tests for reducing smog, according to a new report.

The recall, which was imposed after an investigation by the Environmental Protection Agency, is expected to affect four-cylinder Volkswagen and Audi cars that were manufactured between 2009 and 2015.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," Cynthia Giles, the E.P.A.'s assistant administrator for the Office of Enforcement and Compliance, told the New York Times.

"Working closely with the California Air Resources Board, E.P.A. is committed to making sure that all automakers play by the same rules. E.P.A. will continue to investigate these very serious violations."

From: Gong, Kristiene
Sent: Friday, September 18, 2015 12:52 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Detroit News:

http://www.detroitnews.com/story/business/autos/foreign/2015/09/18/epa-vw-diesel-vehicles-violated-emissions-rules/72401296/

EPA: 482K VW diesel vehicles violated emissions rules

David Shepardson

Washington — The Environmental Protection Agency and the state of California said Volkswagen AG violated federal law by allowing 482,000 diesel VW and Audi cars sold since 2009 to evade emissions requirements using sophisticated software.

The announcement is a big setback to the German automaker that has made diesel vehicles a big part of its U.S. strategy. VW could face fines or criminal prosecution and must immediately prevent those vehicles from being able to defeat emissions rules.

VW concealed facts but has now admitted wrongdoing, said Cynthia Giles, assistant administrator for the Office of Enforcement and Compliance Assurance. "We expected better from VW," she said.

The agencies allege that four-cylinder Volkswagen and Audi diesel cars from model years 2009-2015 include software that circumvents EPA emissions standards for certain air pollutants. California is separately issuing an In-Use Compliance letter to Volkswagen, and EPA and the California Air Resources Board have initiated investigations based on Volkswagen's alleged actions.

EPA said the vehicles software "detects when the car is undergoing official emissions testing, and turns full emissions controls on only during the test." The vehicles include diesel Golf, Jetta, Sportwagen, Beetle and Audi A3 vehicles built from 2009-2015.

EPA said "the effectiveness of these vehicles' pollution emissions control devices is greatly reduced during all normal driving situations. This results in cars that meet emissions standards in the laboratory or testing station, but during normal operation, emit nitrogen oxides, or NOx, at up to 40 times the standard. The software produced by Volkswagen is a 'defeat device,' as defined by the Clean Air Act."

NOx pollution contributes to nitrogen dioxide, ground-level ozone, and fine particulate matter. EPA said exposure has been linked to serious health issues, including increased asthma attacks and other respiratory illnesses that can be serious enough to send people to the hospital. "Exposure to ozone and particulate matter have also been associated with premature death due to respiratory-related or cardiovascular-related effects. Children, the elderly, and people with pre-existing respiratory disease are particularly at risk for health effects of these pollutants," EPA said.

This is the latest example of automakers not following the miles per gallon and emissions rules.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Giles. "Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters."

The Clean Air Act requires vehicle manufacturers to certify to EPA that their products will meet applicable federal emission standards to control air pollution, and every vehicle sold in the U.S. must be covered by an EPA-issued certificate of conformity. Motor vehicles equipped with defeat devices, which reduce the effectiveness of the emission control system during normal driving conditions, cannot be certified.

"Working with U.S. EPA we are taking this important step to protect public health thanks to the dogged investigations by our laboratory scientists and staff," said Air Resources Board Executive Officer Richard Corey. "Our goal now is to ensure that the affected cars are brought into compliance, to dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules, and to take appropriate further action."

The issue first came to the attention of the agencies in 2014 after independent analysis by researchers at West Virginia University, working with the International Council on Clean Transportation, a non-governmental organization, raised questions about emissions levels, and the agencies began further investigations into the issue.

In September, after EPA and CARB demanded an explanation for the identified emission problems, Volkswagen admitted that the cars contained defeat devices, the agencies said.

EPA said VW must recall the vehicles. EPA said "owners should know that although these vehicles have emissions exceeding standards, these violations do not present a safety hazard and the cars remain legal to drive and resell. Owners of cars of these models and years do not need to take any action at this time."

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AP (via ABC News):

http://abcnews.go.com/Politics/trump-candidates-criticize-donald-muslim-comments/story?id=33858500

EPA Says VW Intentionally Violates Clean Air Standards

By MATTHEW DALY, ASSOCIATED PRESS WASHINGTON — Sep 18, 2015, 12:42 PM ET

The Environmental Protection Agency says nearly 500,000 Volkswagen and Audi diesel cars built in the past seven year are intentionally violating clean air standards by using software that evades EPA emissions standards.

The EPA says the cars include a device programmed to detect when the car is undergoing official emissions testing. The cars only turn on full emissions control systems during that testing. The EPA says the controls are turned off during normal driving situations.

The EPA called the company's use of the device illegal and a threat to public health.

The EPA called on VW to fix the cars' emissions systems, but said car owners do not need to

take any immediate action.

VW said in a statement it is cooperating with the investigation.

Bloomberg:

http://www.bloomberg.com/news/articles/2015-09-18/epa-says-volkswagon-software-circumvented-car-emissions-testing

EPA Says Volkswagen Circumvented Car Emissions Tests

Jeff Plungis

Volkswagen AG sold diesel cars with software that circumvented U.S. emissions standards for air pollution, the Environmental Protection Agency said.

The company sold Volkswagen and Audi brand cars from model years 2009-2015 that contained a "sophisticated software algorithm" that detects when the car is undergoing official emissions testing, and turns on full emissions control, the agency said. During normal driving times, the systems don't operate fully, regulators said.

The potential fine is $37,500 per vehicle and 482,000 autos are part of the case, yielding a potential fine of more than $18 billion, Cynthia Giles, EPA assistant administrator for enforcement and compliance, said on a phone call with reporters Friday.

California is also investigating the claims.

Volkswagen said in a statement it is cooperating with the investigation and unable to comment

further.

Business Insider:

http://www.businessinsider.com/vw-told-to-recall-500000-cars-after-us-government-accuses-it-of-dodging-clean-air-standards-2015-9

VW told to recall 500,000 cars after US government accuses it of dodging clean air standards

Benjamin Zhang

The Environmental Protection Agency has ordered the recall of 500,000 Volkswagen cars.

According to Coral Davenport of the New York Times, the EPA accused VW of using hidden software — called a "defeat device" — to dodge clean air standard during emissions testing.

“Using a defeat device in cars to evade clean air standards is illegal and a threat to public health,” assistant administrator for the Office of Enforcement and Compliance Assurance said Cynthia Giles said in a statement.

“Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters.”

In response to the recall, Volkswagen issued the following statement to Business Insider.

"Volkswagen Group of America, Inc., Volkswagen AG and Audi AG received today notice from

the US Environmental Protection Agency, US Department of Justice and the California Air Resources Board of an investigation related to certain emissions compliance matters. VW is cooperating with the investigation; we are unable to comment further at this time."

The recall affects 482,000 diesel powered cars sold in the US since 2008. They include:

Volkswagen Jetta TDI: 2009-20015

Volkswagen Beetle TDI: 2009-2015

Audi A3 TDI: 2009-2015

Volkswagen Golf TDI: 2009-2015

Volkswagen Passat TDI: 2014-2015

This story is developing. We will update when more information is available.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 12:42 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Washington Examiner:

http://www.washingtonexaminer.com/epa-says-audi-vw-cheating-on-emissions/article/2572404

EPA says Audi, VW cheating on emissions

By JOHN SICILIANO

The Environmental Protection Agency and California regulators charged automakers Volkswagen and Audi on Friday with purposefully violating emission standards in their line of diesel cars.

EPA accused the automakers of using a device in their vehicles to get around the pollution rules. According to EPA, the device regulates emissions, but only turns on and works while emissions are being tested.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, EPA assistant administrator for the agency's enforcement office. "Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters."

Giles said VW was "concealing facts" about the devices. The vehicle models involved include the popular Jetta, Audi A-3, Passat and the iconic Beetle, and in model years 2009-2015. The violations cover 482,000 diesel passenger cars.

The EPA's announcement isn't a final decision, but is a clear sign that the EPA believes it has a case against the automakers, one that could lead to fines as large as $37,000 per vehicle. All together, the combined fines could pile up to $18 billion.

An EPA statement said "California is separately issuing an In-Use Compliance letter to Volkswagen, and EPA and the California Air Resources Board ... have both initiated investigations based on Volkswagen's alleged actions."

"Working with US EPA we are taking this important step to protect public health thanks to the dogged investigations by our laboratory scientists and staff," the California board's CEO Richard Corey said. "Our goal now is to ensure that the affected cars are brought into compliance, to dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules, and to take appropriate further action."

WPTZ:

http://www.wptz.com/money/epa-accuses-vw-of-cheating-on-emission-rules/35352250

EPA accuses VW of cheating on emission rules

Published 12:29 PM EDT Sep 18, 2015

NEW YORK (CNNMoney) —Diesel cars from Volkswagen and Audi cheated on clean air rules by including software that made the cars look cleaner than they actually were, according to federal and California regulators.

The regulators say that the software on the cars turned up the emission controls only when it could tell that the car was being tested.

"The effectiveness of these vehicles' pollution emissions control devices is greatly reduced during all normal driving situations," said the Environmental Protection Agency's notice to the company. "This results in cars that meet emissions standards in the laboratory or testing station, but during normal operation, emit nitrogen oxides at up to 40 times the standard."

There are nearly 500,000 of the diesel cars on U.S. roads. The models include the VW Jetta, the Beetle and the Golf from model years 2009 through 2015, the Passat from 2014-2015 as well as the Audi A3, model years 2009-2015. The luxury brand is owned by Volkswagen.

Owners of the affected cars do not face health risks according to the EPA and can to continue to drive or sell the cars. But the EPA says that VW will be responsible for fixing the problem.

Volkwagen did not immediately respond to a request for comment.

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-

City AM:

http://www.cityam.com/224676/volkswagen-told-recall-500000-vehicles-over-emissions

Volkswagen told to recall 500,000 vehicles over emissions

by Catherine Neilan

Volkswagen has been ordered to recall nearly half a million cars in the US by the Obama administration, which claims the German car group used software that was purposely designed to dodge environmental standards for reducing smog.

The US government's Environmental Protection Agency issued the company a notice of violation this afternoon, accusing Volkswagen of having installing a "defeat device" into its four-cylinder Volkswagen and Audi vehicles between 2009 and 2015, according to the New York Times.

The device is programmed to detect when the car is undergoing emissions test, during which time it will turn on its full emissions control systems. These controls are reportedly then turned off when the car is driving in "normal" situations, when the cars pollute more heavily than reported by Volkswagen, the EPA claims.

The government agency estimates that 482,000 diesel passenger vehicles are affected.

Volkswagen could not be contacted at the time of publication.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 12:33 PM

To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Washington Times:

http://www.washingtontimes.com/news/2015/sep/18/epa-volkswagen-used-software-cheat-emissions-tests/

EPA: Volkswagen used 'sophisticated software' to cheat emissions tests

By Ben Wolfgang - The Washington Times - Friday, September 18, 2015

The Obama administration on Friday accused Volkswagen of using a "sophisticated software algorithm" to cheat on emissions testing and mask the fact that some models emit too much harmful pollution.

Some Volkswagen cars from model years 2009 to 2015, the Environmental Protection Agency said, include software that can detect when they're undergoing emissions testing. Full emissions controls were activated only during testing and then automatically shut down during normal operation, the agency charged.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, assistant administrator for the EPA's Office of Enforcement and Compliance Assurance. "Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters."

During normal operation, the "defeat device" allowed Volkswagen cars to emit nitrogen oxides at up to 40 times the federal threshold as laid out in the Clean Air Act.

The EPA has issued "a notice of violation" to the automaker, and the state of California has launched its own investigation into the matter. Volkswagen could face civil penalties for the violations, the agency said.

The allegations apply to about 482,000 diesel passenger cars sold since 2008, including Jettas, Beetles, Audi A3s, Golfs and other models.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 12:26 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

USA Today:

http://www.usatoday.com/story/money/cars/2015/09/18/epa-accuses-volkswagen-audi-evading-emission-laws/72400018/

EPA accuses Volkswagen, Audi of evading emission laws

Nathan Bomey, USA TODAY 12:12 p.m. EDT September 18, 2015

The German automaker adopted a "defeat device" to trick regulators, the EPA said.

The Environmental Protection Agency on Friday accused Volkswagen of installing software on certain cars in the U.S. to evade federal emission regulations, potentially exposing people to harmful pollutants.

The German automaker adopted what the EPA called a "defeat device" to trick U.S. regulators into believing that its cars met Clean Air Act standards, the federal agency said in a statement.

The agency said 482,000 cars violated federal standards, including four-cylinder Volkswagen cars from 2009-15 and Audi diesel cars from the same period. They included the Volkswagen Jetta, Beetle, Golf and Passat, and the Audi A3.

Volkswagen, whose brands include the luxury Audi lineup, may face fines or other penalties, the EPA said.

The cars are still safe to drive, the EPA said, and owners do not need to take immediate action. But the agency will require Volkswagen to fix the cars for free.

Newsweek:

http://www.newsweek.com/epa-volkswagen-software-cheat-clean-air-rules-373869

EPA: Volkswagen Used Software in Cars to Cheat on Clean Air Rules

BY ZOË SCHLANGER 9/18/15 AT 12:14 PM

A U.S. Environmental Protection Agency investigation has concluded that for years Volkswagen has been installing software in its vehicles that circumvents federal emissions standards for air pollution, the agency announced Friday.

EPA alleges that Volkswagen installed a "sophisticated software algorithm on certain Volkswagen vehicles" that could detect when the car was being tested for emissions. The software would turn full emissions controls on only during the official test. "This results in cars that meet emissions standards in the laboratory or testing station, but during normal operation, emit nitrogen oxides, or NOx, at up to 40 times the standard," EPA said in a press release. They called the software a "defeat device," deliberately installed to evade the Clean Air Act standards.

This "defeat device" was found in several car models, from 2009 models up to 2015 models, according to EPA:

Jetta (Model Years 2009 – 2015)

Beetle (Model Years 2009 – 2015)

Audi A3 (Model Years 2009 – 2015)

Golf (Model Years 2009 – 2015)

Passat (Model Years 2014-2015)

In total, this includes about 482,000 passenger cars.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," Cynthia Giles, EPA's Assistant Administrator for the Office of Enforcement and Compliance Assurance, said in a statement emailed Friday. The agency worked with California regulators to investigate the automobile manufacturer and issue a notice of violation.

"Our goal now is to ensure that the affected cars are brought into compliance, to dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules, and to take appropriate further action," California Air Resources Board Executive Officer Richard Corey said in the statement.

Volkswagen has yet to respond publicly to the EPA allegations. Newsweek has reached out to the company for comment, and we will update if they respond.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 12:20 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne

Subject: Volkswagen Clips 9/18/2015

NY Times:

http://www.nytimes.com/2015/09/19/business/volkswagen-is-ordered-to-recall-nearly-500000-vehicles-over-emissions-software.html?_r=0

Volkswagen Is Ordered to Recall Nearly 500,000 Vehicles Over Emissions Software

By CORAL DAVENPORT SEPT. 18, 2015

WASHINGTON — The Obama administration on Friday ordered Volkswagen to recall nearly a half million cars from the road, saying the German automaker used software intentionally designed to circumvent environmental standards for reducing smog.

The Environmental Protection Agency issued the company a notice of violation and accused the company of breaking the law by installing software known as a "defeat device" in 4-cylinder Volkswagen and Audi vehicles from model years 2009-15. The device is programmed to detect when the car is undergoing official emissions testing, and to only turn on full emissions control systems during that testing. Those controls are turned off during normal driving situations, when the vehicles pollute far more heavily than reported by the manufacturer, the E.P.A. said.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, the E.P.A.'s assistant administrator for the Office of Enforcement and Compliance. "Working closely with the California Air Resources Board, E.P.A. is committed to making sure that all automakers play by the same rules. E.P.A. will continue to investigate these very serious violations."

The software was designed to conceal the cars' emissions of the pollutant nitrogen oxide, which contributes to the creation of ozone and smog. The pollutants are linked to a range of health problems, including asthma attacks and other respiratory diseases.

The state of California has issued a separate notice of violation to the company. California, the E.P.A. and the Justice Department are working together on an investigation of the allegations.

The allegations cover roughly 482,000 diesel passenger cars sold in the United States since 2009.

Affected diesel models include the Volkswagen Jetta (model years 2009-15), Volkswagen Beetle (model years 2009–15), Audi A3 (model years 2009–15), Volkswagen Golf (model years 2009–15) and Volkswagen Passat (model years 2014-15).

The notice of violation is part of a broader, more aggressive enforcement effort by federal environmental regulators on the auto industry. Analysts said it was meant to send a clear message to automakers that they will be harshly treated for compromising federal rules.

It follows a November 2014 announcement of the administration's largest-ever penalty for a violation of the Clean Air Act, in which the government fined the Korean automakers Hyundai Motor and Kia Motors a combined $300 million as part of a settlement for overstating vehicle fuel-economy standards on 1.2 million cars.

"They want to make it clear that they're going to crack down on cheaters," said Frank O'Donnell, president of the environmental advocacy group Clean Air Watch. "They're cheating not only car buyers but the breathing public. They want to lay down the law, enforce the law, and show they're not going to tolerate cheaters. The laws and regulation are only as good as the enforcement."

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To: Engel, Bethany (ENRD)[Bethany.Engel@usdoj.gov]; Van Eaton, Josh (ENRD)[Josh.Van.Eaton@usdoj.gov]
Cc: Orehowsky, Gregory[Orehowsky.Gregory@epa.gov]
From: Kaul, Meetu
Sent: Tue 9/22/2015 8:57:35 PM
Subject: VW - Additional travel (tentative) reserved for CARB trip

FYI – Greg and I have also put in reservations for travel to CARB. Flying out on the morning of Tuesday Oct. 6 and returning on Friday Oct. 9th.

Flying from IAD to LAX via United flight 1939 at 12:30pm on 10/6

Returning via United flight 1595 at 8:40 am

Staying in Doubletree hotel in Rosemead, CA (888 Montebello Blvd).

Ex. 5, 7

Ms.Meetu Kaul, Attorney-Advisor

United States Environmental Protection Agency
Office of Civil Enforcement - Air Enforcement Division
WJC South, Room 1117B
1200 Pennsylvania Ave., N.W. (MC 2242A)
Washington D.C. 20460 (Courier 20004)
Direct: 202-564-5472
Fax: 202-564-0069
Email: kaul.meetu@epa.gov

To: Ex. 7
Cc: Ex. 7
Ex. 7 Wehrly, Linc[wehrly.linc@epa.gov]; Cohen, Janet[cohen.janet@epa.gov]
From: Bunker, Byron
Sent: Tue 9/22/2015 9:10:57 PM
Subject: RE: Time to talk VW today?

Thanks Ex. 7

Would you mind calling my personal cell phone Ex. 6 I am getting better reception with it here than I am with my work cell.

Thanks,

Byron

****

Byron Bunker

Director Compliance Division

Office of Transportation and Air Quality

Environmental Protection Agency

2000 Traverwood Drive

Ann Arbor, MI 48105

Bunker.Byron@epa.gov

Phone: (734) 214-4155

Mobile: (734) 353-9623

****

From: Ex. 7
Sent: Tuesday, September 22, 2015 5:08 PM
To: Bunker, Byron
Cc: Ex. 7 Wehrly, Linc; Cohen, Janet
Subject: Re: Time to talk VW today?

Looks like tomorrow afternoon. 130 pdt is good.

Ex. 7 need your help in this please.

Byron I can call you after meeting and. Score dinner tonight. What number

Sent from my ARB iPhone

On Sep 22, 2015, at 1:56 PM, Bunker, Byron <bunker.byron@epa.gov> wrote:

Hi Ex. 7

A call tomorrow can work for me. Is there a time that works better for you and your team? I am at a renewable fuels conference in Iowa talking about the RFS program today and tomorrow. I can break away almost any time to talk. I am assuming that Linc and team can be pretty flexible. Linc, please let us know if there are any better or worse times.

If you could spare 10 minutes, I would like to see if the two of us could catch up this evening (5:15 your time, 7:15 CDT in Iowa)?

Thanks,

Byron

****

Byron Bunker

Director Compliance Division

Office of Transportation and Air Quality

Environmental Protection Agency

2000 Traverwood Drive

Ann Arbor, MI 48105

Bunker.Byron@epa.gov

Phone: (734) 214-4155

Mobile: (734) 353-9623

****

From: Ex. 7
Sent: Tuesday, September 22, 2015 4:42 PM
To: Bunker, Byron; Ex. 7
Cc: Ex. 7 Wehrly, Linc; Cohen, Janet
Subject: Re: Time to talk VW today?

Booked up today with s177 visit today till 500. Tomorrow is better for me.

Sent from my ARB iPhone

On Sep 22, 2015, at 1:01 PM, Bunker, Byron <bunker.byron@epa.gov> wrote:

Hi Ex. 7

Hoping that you are feeling better. If you can spare some time, I would like to get on

the phone with you and our teams to discuss a couple of VW issues:

Ex. 7

If there is a time that can work for you, we will be glad to work around your calendars. Just let me know.

Thanks,

Byron

****

Byron Bunker

Director Compliance Division

Office of Transportation and Air Quality

Environmental Protection Agency

2000 Traverwood Drive

Ann Arbor, MI 48105

Bunker.Byron@epa.gov

Phone: (734) 214-4155

Mobile: (734) 353-9623

****

From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Tue 9/22/2015 9:19:03 PM
Subject: VW vows to get to bottom of scandal as probe widens
MAIL_CONVERSATION_TOPIC: VW vows to get to bottom of scandal as probe widens
Created: Fri 3/18/2016 6:18:17 PM

(Updates with Rosekind comment in the final paragraph.) (Bloomberg) -- Volkswagen AG Chief Executive Officer Martin Winterkorn...

View article...

To: Birgfeld, Erin[Birgfeld.Erin@epa.gov]
From: Grundler, Christopher
Sent: Tue 9/22/2015 9:27:12 PM
Subject: Re: Question on comments to Detroit News

Pls share what we sent, plus what goes to Shep

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

On Sep 22, 2015, at 1:36 PM, Birgfeld, Erin <Birgfeld.Erin@epa.gov> wrote:

> Responses sent.
>
> **From:** Grundler, Christopher
> **Sent:** Tuesday, September 22, 2015 1:21 PM
> **To:** Birgfeld, Erin
> **Subject:** Fwd: Question on comments to Detroit News
>
> Christopher Grundler, Director
>
> Office of Transportation and Air Quality
>
> U.S. EPA
>
> 202-564-1682 (DC)
>
> 734-214-4207 (Ann Arbor)
>
> Begin forwarded message:
>
> **From:** "Jeff Plungis (BLOOMBERG/ NEWSROOM:)" <jplungis@bloomberg.net>
> **Date:** September 22, 2015 at 1:16:36 PM EDT
> **To:** <grundler.christopher@epa.gov>
> **Subject: Question on comments to Detroit News**
> **Reply-To:** Jeff Plungis <jplungis@bloomberg.net>
>
> Chris:

I'm trying to confirm the on-the-record comments you made to the Detroit News yesterday, that EPA is expanding its review to include the Audi 3.0L V6 and Porsche Cayenne, which has the same engine. Both already were certified for 2016. And that the engines were certified before the agency knew the information about VW's defeat device.

This information is now public. We'd just like to confirm with the original source that it's true and be as accurate as we can in our descriptions going forward.

I have been working with Liz Purchia and Julia Valentine in the press office but haven't heard from them since last night.

Jeff Plungis
Bloomberg News
1399 New York Avenue, NW
Washington, DC 20005
202/624-1835 (direct)

Ex. 6

jplungis@bloomberg.net
Twitter: @jplungis

From: Ex. 7 @arb.ca.gov
Location: conference call
Importance: Normal
Subject: call with Byron Bunker on VW issues
Start Date/Time: Wed 9/23/2015 8:30:00 PM
End Date/Time: Wed 9/23/2015 9:30:00 PM

;
877-996-7515
Ex. 6
Leader Ex. 6 (Jackie)
To discuss:

Ex. 7

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Birgfeld, Erin
Sent: Tue 9/22/2015 9:35:15 PM
Subject: FW: EPA Clarification of Expanded testing -

Hi Chris,

This is what went to Jeff Plungis of BBerg. I requested that Julia send Shepardson the highlighted section.

EPA has not expanded the number of vehicles listed in the Notices of Violation sent to Volkswagen on Friday September 18.

Separate from the investigation, EPA's Office of Transportation Air Quality has expanded its routine vehicle compliance and oversight testing. Expanded testing is prompted by Volkswagen's actions and is not related to specific information about any other manufacturer. EPA and the California Air Resources Board are working together to acquire vehicles for additional testing. The focus is on light duty diesel vehicles from multiple manufacturers but could expand to include gasoline vehicles.

ON BACKGROUND: Chris Grundler confirmed that EPA and CARB are procuring vehicles now for in use screening tests. This is not a confirmation of an expansion of the investigation launched on Friday. Instead, this is EPA describing what we are doing to enhance standard compliance and oversight procedures in light of recent information about VW's defeat devices.

Julia P. Valentine

Office of Public Affairs

U.S. EPA

202.564.2663 direct

202.740.1336 m/txt

Ex. 5

Ex. 5

Ex. 5

Ex. 5

Ex. 5

Ex. 5

Ex. 5

Ex. 5

Ex. 5

Ex. 5

Ex. 5

Ex. 5

Ex. 5

Sent from my Windows Phone

From: Valentine, Julia
Sent: 9/22/2015 8:41 AM
To: Conger, Nick; Millett, John; Birgfeld, Erin; Senn, John
Cc: Purchia, Liz
Subject: Fwd: EPA response

Ex. 5

Sent from USEPA iPhone

Begin forwarded message:

From: "Jeff Plungis (BLOOMBERG/ NEWSROOM:)" <jplungis@bloomberg.net>
Date: September 22, 2015 at 8:38:06 AM EDT
To: <Valentine.Julia@epa.gov>, <Purchia.Liz@epa.gov>
Subject: Re: EPA response
Reply-To: Jeff Plungis <jplungis@bloomberg.net>

Checking to make sure that you saw that the Detroit News published its story with this section:

Christopher Grundler, director of the EPA's Office of Transportation and Air Quality, told The News that his agency is expanding its review to the Audi 3.0L V6 and Porsche Cayenne, which has the same engine. Both already were certified for 2016. Audi, VW's luxury brand, also uses that engine in the diesel Q5, A6, A7 and A8.

"They were certified well before we knew what we know now," Grundler said.

He reiterated the agency will not certify the 2016 diesel 2.0-liter engine until the automaker demonstrates that the engines meet U.S.

emissions standards.

So you have one of the EPA's highest-ranking officials speaking on the record about a development in one of the biggest automotive news stories in recent years, maybe ever. To be clear, I'm asking whether Mr. Grundler was quoted accurately. It's a yes or no question.

Please get back to me as soon as you can.

Jeff Plungis
Bloomberg News
1399 New York Avenue, NW
Washington, DC 20005
202/624-1835 (direct)
202/744-9768 (mobile)
jplungis@bloomberg.net
Twitter: @jplungis

From: Purchia.Liz@epa.gov At: Sep 21 2015 22:08:49

To: Valentine.Julia@epa.gov
Cc: JEFF PLUNGIS (BLOOMBERG/ NEWSROOM:)
Subject: Re: EPA response

> Hi Jeff - we're checking with our enforcement office on the latest with the investigation and will get back to him in the morning. Sorry to not have more detail to share right now.
>
> Liz Purchia
>
> U.S. EPA

202-564-6691

202-841-2230

On Sep 21, 2015, at 10:07 PM, Valentine, Julia <Valentine.Julia@epa.gov> wrote:

Jeff,

Liz Purchia will help you with this.

From: Jeff Plungis (BLOOMBERG/ NEWSROOM:) <jplungis@bloomberg.net>
Sent: Monday, September 21, 2015 8:41 PM
To: Valentine, Julia
Subject: Re:EPA response

Julia:

Thanks for the response. We got the EPA comments in the story.

On another question, the Detroit News is reporting that EPA told them the VW investigation is expanding to include the 3.0 liter diesel engine used by Audi and in the Porsche Cayenne SUV. Can you confirm?

Jeff Plungis
Bloomberg News
1399 New York Avenue, NW
Washington, DC 20005
202/624-1835 (direct)
202/744-9768 (mobile)
jplungis@bloomberg.net
Twitter: @jplungis

From: Valentine.Julia@epa.gov At: Sep 21 2015 18:15:52

To: JEFF PLUNGIS (BLOOMBERG/ NEWSROOM:)
Subject: Re:EPA response

Hi Jeff.

Sorry this took a bit.

Responses below attributable to EPA spokesperson. If you need a specific name you may use Liz Purchia.

-- Can you point me to any kind of overview on how the EPA recall process works?

EPA did not issue a recall or require VW to implement one when it issued the Notice of Violation on Friday. **(OTAQ can add more about recall if we want)**

-- Are there any recent recent examples involving other automakers on a compliance issue of this scale?

We have seen manufacturers installing defeat devices

before. For example, a 1998 settlement and consent decree resolved alleged Clean Air Act violations related to installing defeat devices in many large truck engines throughout the 1990s. There are no recent similar cases to compare this to. Recent defeat device cases – within the last 10 years or more – have dealt with aftermarket installation.

-- Anything you can tell us about timing with VW, how soon a recall could be ordered?

EPA expects to compel VW to issue a recall in the future to reduce the emissions impacts of these vehicles. Owners will be notified of that recall once Volkswagen and Audi have developed a remedial plan and EPA has approved the plan. Manufacturers are given a reasonable amount of time to develop a plan to complete the repairs, including both the repair procedure and manufacture of any needed parts.

-- Could you order consumers to be compensated, aside from a free repair?

Federal courts can order equitable remedies in enforcement cases under the Clean Air act. The case is under investigation and that includes what remedies would be appropriate to seek.

-- Are you considering ordering VW to do more than a recall, in order to to compensate for the environmental damage of all the years of non-compliant cars?

EPA will require VW to remedy the noncompliance. Determinations regarding potential penalties and other

remedies will be assessed as part of the investigation EPA has opened in conjunction with the U.S. Department of Justice.

-- Some consumers probably won't want to do the repairs, especially if the reprogramming affects the cars' fuel economy or performance. Would the agency factor that in as it considers an appropriate remedy for VW?

Some states require proof that emissions recalls have been performed prior to issuing the vehicle registration. Even in states that do not have this requirement, it is important to have emissions recalls performed because without the repairs, vehicles may be emitting harmful pollutants in excess of the federal emission standards.

Sent from USEPA iPhone

To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: EnergyGuardian
Sent: Tue 9/22/2015 9:44:45 PM
Subject: Clinton comes out against Keystone XL as 'distraction'

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Energy and environment headlines for the afternoon of Tuesday, September 22, 2015

Clinton comes out against Keystone XL as 'distraction'

By Kevin Rogers

Former Secretary of State Hillary Clinton, a Democratic contender for president, on Tuesday came out in opposition to the long-delayed Keystone XL pipeline, calling it a "distraction" that would "interfere" with climate change policies.

Speaking at a town hall event in Iowa, Clinton, who had declined to take a position on the TransCanada pipeline due to her work at the State Department, said approving the pipeline

would run contrary to necessary climate action.

"I think it is imperative that we look at the Keystone XL pipeline as what I believe it is: a distraction from the important work we have to do to combat climate change, and unfortunately from my perspective, one that interferes with our ability to move forward and deal with other issues," she said. "Therefore, I oppose it. I oppose it because I don't think it's in the best interest of what we need to do to combat climate change."

The pipeline, which would carry oil sands crude from Alberta to Gulf Coast refineries, has been under federal review for seven years.

Clinton's remarks drew swift fire from the oil industry and some of her Democratic challengers, who had made earlier stances against the pipeline. President Barack Obama, who has the final say over approval, has said he would reject it if it would increase greenhouse gas emissions.

"Hillary Clinton's decision to oppose Keystone is a missed opportunity to seize the true potential of our energy renaissance," American Petroleum Institute President and CEO Jack Gerard said in a statement.

Former Maryland Gov. Martin O'Malley, who is also seeking the Democratic nomination, said Clinton was chasing polls.

"Leadership is about forging public opinion, not following it," he tweeted. "On Keystone XL, Hillary Clinton has followed."

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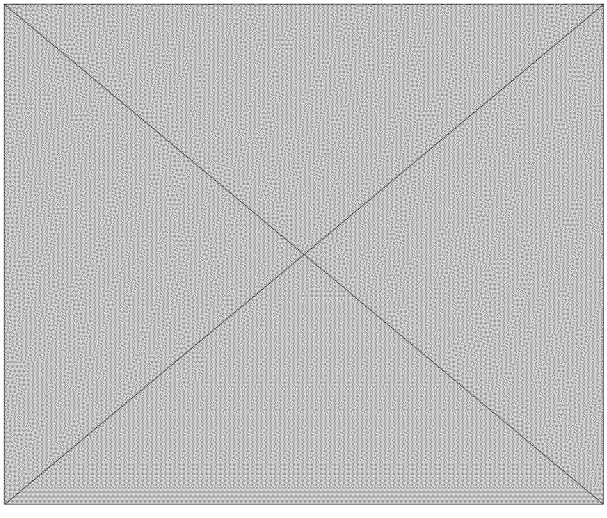

Sage grouse plan drives splits among GOP, greens and oil groups

By Kevin Rogers

The greater sage grouse won't require protection under the Endangered Species Act, thanks to “unprecedented” federal and state cooperation on a conservation plan that supporters hailed as a new path forward for species management.

But the move against listing the bird as threatened or endangered splintered traditional alliances across the political spectrum, generating divisions among Republicans, among environmental groups, and even among oil and gas producers, as they debated whether the management program was a model of compromise or a fig leaf covering more regulatory overreach.

In lieu of a listing, the Interior Department, 11 state governments and private stakeholders developed a plan that would expand protections for the sage grouse to some degree on a total 67 million acres of federal land. State and private landowners also set aside additional acreage to protect the species, though Interior officials weren't able to provide a number.

The department estimated that 90 percent of medium- or high-probability oil and gas reserves are located outside the sage grouse habitat and so are unaffected by the plan.

The plan's three-tiered approach seeks to limit surface disruptions to sage grouse habitats from new development; improve habitat conditions through mitigating existing damage, and improve monitoring of all sage grouse habitats; while reducing the threat of wildfires by proactively managing highly flammable invasive plant species such as cheat grass.

Across the 67 million acres designated as sage grouse habitat, developers will be required to minimize surface disruptions. But the strongest protections would fall across 12 million acres of high priority habitat touching parts of 10 states, where new development of both fossil energy and renewables would be limited unless it would have no impact or positive impact on the habitat, Interior officials said.

While officials estimate that only 10 percent of likely fossil reserves are in the protected sage grouse habitat, it is unclear what proportion—if any—are located in the high-priority area.

At a ceremony in Colorado, Interior Secretary Sally Jewell and federal and state supporters of the plan said the landscape-scale approach represents a new path forward for species protection and federal-state cooperation.

“I think what we are witnessing here is a glimpse into the future of the West,” Jewell said. “There are other species out there, like the greater sage grouse, that will be the canary in the coal mine, that are going to warn us that our development and the old ways of doing things may not be sustainable. But today, we've proven we can take smart, science-based, forward-looking steps for a healthy ecosystem and a healthy economy.”

Reaction to the announcement, however, revealed divisions among stakeholders of every type.

Some Republicans contended that western states are no better off, that today's steps amount to a “de facto” listing rather than a formal designation.

“Don't be fooled,” House Natural Resources Committee Chairman Rob Bishop, R-Utah, said in a statement. “The announcement not to list the sage grouse is a cynical ploy. With the stroke of a pen, the Obama administration’s oppressive land management plan is the same as a listing.”

Bishop has scheduled a hearing on the agreement, as well as other state energy issues, Sept. 30.

Sen. Dean Heller, R-Nev., accused the federal government of coercing western states to comply.

“This has been an issue of the Department of the Interior using the threat of a listing to get what it really wanted all along: limiting Nevadans’ access to millions of acres of land,” he said in a statement.

Heller's argument ran contrary to the Republican governors who flanked Jewell during the announcement, including his home-state governor, Brian Sandoval. Sandoval said Jewell was the “right person at the right time” to strike a deal, and said the agreement represented a potential shift in relations between the federal government and Western states.

“There's been a long relationship, perhaps a love-hate style relationship through the years,” he said, speaking of his state's history with the federal government. “We developed this trust, and it's not easy in Nevada. It's a lot easier to fight than it is to work together.”

And Republican Gov. Matt Mead of Wyoming defended the plan as being in sync with the intended goals of the Endangered Species Act—to protect habitats to avoid the more drastic protection efforts that would come with a listing.

“If you think about the Endangered Species Act of 1973, there's nothing in that act that says the goal is to list species,” he said. “The goal is to make sure we take care of our species, take care of our habitats so that we don't have to list species.”

The decision also drew a mixed response from environmental and conservation organizations. Natural Resources Defense Council President Rhea Suh, a former nominee to oversee Interior's fish, wildlife and parks policies, called the plan a “breakthrough” for species protection.

“It's all hands on deck, with states and private landowners as essential partners with the federal government working together for a plan that protects millions of acres across the western states to be successful,” she said in a statement.

But WildEarth Guardians, the group that initially sued Interior to list the sage grouse as

endangered, said the administration failed to properly protect the species in an effort to dodge political backlash.

"The government's proposed plans fall far short of ensuring this iconic, imperiled bird is protected from the serious threats posed by fossil fuel extraction, grazing and other types of development," Erik Molvar, a wildlife biologist for the group, said in a statement.

The nation's most prominent oil and gas industry groups were also divided on the move. While the Independent Petroleum Association of America decried the plan as a threat to smaller companies, the American Petroleum Institute called it a "science-based" approach that charted a better path forward for land management.

"Despite the numerous private-public partnerships and voluntary conservation efforts to conserve the greater sage-grouse and its habitat, America's energy producers—and in turn, the American taxpayers—will suffer from these more-restrictive land management plans," Dan Naatz, IPAA senior vice president of government relations and political affairs, said in a statement.

On a call with reporters, however, API President and CEO Jack Gerard praised the decision as the best possible outcome to balance development and conservation

"We're very comfortable and pleased with the outcome, because frankly, it's science-based," he said. "It shows that under the Federal Land Policy Act that we can indeed have multiple uses of the lands, where we're able to produce the energy we need as a nation while at the same time protect the habitat of the sage grouse."

VW CEO says he's 'endlessly sorry' for tarnishing brand

By Geir Moulson and Pan Pylas

BERLIN (AP) — Volkswagen AG's smog-test troubles escalated Tuesday as the company acknowledged putting stealth software in millions of vehicles worldwide. The scandal has now cost VW more than 24 billion euros ($26 billion) in market value.

Volkwagen stunningly admitted that some 11 million of the German carmaker's diesel vehicles contain software that evades emissions controls, far more than the 482,000 identified by the U.S. Environmental Protection Agency as violating the Clean Air Act.

Volkswagen also warned that future profits could be affected, and set aside an initial 6.5 billion euros ($7.3 billion) to cover the fallout.

CEO Martin Winterkorn apologized for the deception under his leadership and pledged a fast and thorough investigation, but gave no indication that he might resign.

More

Tennessee lawmakers plan hearings on VW emissions scandal

By Erik Schelzig

NASHVILLE, Tenn. (AP) — Lawmakers in Tennessee plan to hold hearings over whether the Volkswagen emissions scandal could imperil the nearly $900 million in state and local incentives that have been directed toward the German automaker's lone U.S. plant in Chattanooga.

Volkswagen has been reeling from revelations that it used secret software to thwart diesel smog tests on nearly 500,000 cars in the United States. The company has since admitted that the software was installed on some 11 million vehicles, and CEO Martin Winterkorn has said he's "endlessly sorry" for tarnishing the VW brand.

Republican state Sen. Bo Watson, who has been a vocal critic of Volkswagen's labor policies, cited the state's "significant investment" into the Chattanooga plant in calling for a Senate Finance Committee hearing.

"I am very concerned as to the financial impact these violations could present to the state of Tennessee," Watson wrote in a letter to the panel's chairman. "Any action that threatens the stability and sustainability of the investment should be reviewed by the finance committee, without delay."

More

Leonardo DiCaprio says he's shedding fossil fuel investments

By Jennifer Peltz

NEW YORK (AP) — Leonardo DiCaprio is joining a campaign to use investment decisions to fight global warming: He's planning to shed his own investments in fossil fuels, an activist group said Tuesday.

The star of "The Wolf of Wall Street" and "Blood Diamond" joined members of the Divest-Invest Coalition as it announced his plans and highlighted growth in such pledges during the past year. Advocates say their effort to put pocketbook and social pressure on traditional energy producers is gaining momentum; industry groups say the campaign is misguided and its impact negligible.

Students began pressing various colleges in 2011 to drop their fossil fuel holdings and increase their stake in renewable energy companies. Now, foundations, pension funds, insurers, state and local governments and others worth a total of $2.6 trillion have pledged to reduce or eliminate their fossil fuel investments, the coalition said in a report released Tuesday. The total is 50 times larger than it was last year, when activists set a goal of tripling it before the United Nations climate negotiations planned in Paris in November and December.

"Clearly, our movement is growing faster than expected," said May Boeve, the executive director of 350.org, an anti-global-warming group. The coalition says over 430 institutions and 2,000 individuals have signed on, compared to about 180 institutions and 650 people a year ago.

More

Puerto Rico power company reaches deal with certain lenders

By The Associated Press

SAN JUAN, Puerto Rico (AP) — Puerto Rico's troubled electricity utility says it has reached a deal to restructure about $700 million in expired debt with fuel line lenders.

The Puerto Rico Electric Power Authority said Tuesday that lenders have two options: converting credit agreements into long-term loans or exchanging all or part of expired bonds into new bonds worth 85 percent of the existing value.

Chief Restructuring Officer Lisa Donahue said the company is still negotiating with monoline bond insurers.

The company owes about $9 billion. It reached a deal earlier this month with some creditors to reduce principal owed in exchange for new securities worth 85 percent of the existing bonds.

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A message from America's Natural Gas Alliance

Clean is Powerful. Natural gas helps Georgia Power's plant generate electricity with 50% fewer emissions. Think about it.

Learn more at www.thinkaboutit.org.

Ad featuring kids, mushroom cloud slams Bennet for Iran vote

By Erica Werner

WASHINGTON (AP) — A conservative group is airing an ad showing kids counting down to a mushroom cloud to slam Democratic Sen. Michael Bennet of Colorado over the Iran nuclear deal.

The ad by the group Advancing Colorado shows children counting down from 10 in different languages, then a huge explosion and billowing cloud. Over charred and smoking rubble it claims that Bennet is "jeopardizing our safety" by backing the deal.

The ad offers a taste of how the GOP may seek to use the Iran issue politically after Senate Democrats including Bennet blocked Republican attempts to unravel the deal. Bennet is up for re-election next year in a competitive state, though Republicans don't yet have a candidate against him. He is the most vulnerable Senate Democrat this cycle, but in 2018 a number of potentially vulnerable Democrats will be defending their seats and Republicans will likely try to make them pay a price for supporting the agreement.

The accord backed by the Obama administration and negotiated with Iran and five world powers aims to curb Iran's nuclear program in exchange for billions in relief from economic sanctions. But Republicans say it will serve only to empower Iran.

More

Caribbean braces for worsening drought as dry season nears

By Danica Coto

SAN JUAN, Puerto Rico (AP) — The most severe drought to hit the Caribbean in recent years is expected to worsen despite rains from tropical storms that have replenished some reservoirs.

Forecasters say El Nino phenomenon is gathering strength and will continue to warm the tropical Pacific until early next year, which translates into sparse rainfall for this largely parched region as the dry season approaches.

"The real concern will come late in the year," said Adrian Trotman, a forecaster with the Caribbean Institute for Meteorology and Hydrology. "We are definitely in a period of relief, but it's quite likely the relief will not be as long-lived as we would like it to be."

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El Nino has produced a quiet hurricane season, which begins in June and ends in November. Only two of nine named storms having dumped significant rainfall over parts of the Caribbean.

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Ukraine's richest man wields electricity as weapon, plays both sides of war

By Nataliya Vasilyeva

KRASNODON, Ukraine (AP) — In this town deep in eastern Ukraine's rebel heartland, about a quarter of the population works in the coal mines owned by billionaire Rinat Akhmetov, Ukraine's richest man. Here and elsewhere in territory controlled by the separatist insurgency, the tycoon keeps the lights on and people clothed and fed, with a mixture of jobs, electricity and aid.

At the same time, Akhmetov operates factories on the other side of the frontline, powering Ukraine's economy and pouring hundreds of millions in taxes into government coffers. His steel products, which are finished in rebel territory, are then shipped to the West — where they bring in billions in revenue for Akhmetov that then indirectly props up the separatist government.

The billionaire is able to straddle the frontline by using his fortune and business empire as leverage. His companies provide more than 300,000 jobs across Ukraine, most in the rebel-held east. Meanwhile, his control over utilities that provide electricity and heating to both sides allow him to dictate terms to the government as well as the rebels. Cracking down on Akhmetov's factories in government territory would threaten Ukraine's depressed economy, while a collapse of utilities in the east would undermine the rebels' grip on power.

It makes for a striking picture of economic cooperation between enemy areas: Coal produced in Krasnodon mines, on rebel territory, travels to the Avdiivka coking plant on the government side. Coke is then shipped back to rebel lands, to a metals smelter in Yenakieve, and the metals produced there are transported to government territory on the Azov Sea — for shipping to the West.

More

Guyana says Venezuela deploys troops to disputed border

By Bert Wilkinson

GEORGETOWN, Guyana (AP) — Guyana's President David Granger said Tuesday that

Venezuela has deployed troops to a contested border region in what he called a "dangerous" escalation of a long-running dispute between the South American nations.

The government of President Nicolas Maduro made "extraordinary military deployments," along what Guyana considers its western border, Granger told reporters.

He called the development a "hostile and aggressive" step in a border dispute that dates to the 19th century but has grown more heated over the past year following a major off-shore oil discovery in waters claimed by both nations.

"We feel that Venezuela is treading a dangerous course at this point in time rather than seeking a peaceful resolution of the matter," Granger said. "Venezuela seems to be pursuing a very offensive and aggressive course."

More

Swedish utility Vattenfall sells its German coal plants

STOCKHOLM (AP) — Vattenfall AB says it is selling off its German coal plants, a major source of greenhouse gases, and its mining assets as the Swedish utility seeks to adjust its energy strategy.

The company says potential buyers can bid for four power plants as well as corresponding mining activities. Buyers can also bid for 10 hydropower plants, adding that these power plants will not be sold separately.

Tuesday's move comes after Vattenfall had made large write-downs related to its operations in Germany. The Swedish government also has pressured the company to exit its coal-fired power generation in Germany.

Vattenfall stressed it "remains fully committed" to its other energy operations in Germany including district heating, electricity distribution and wind energy.

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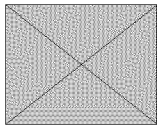

Week in Review – House Panel Moves To Lift Export Ban

Congress Gears up for Papal Visit.

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Obama administration changing financial requirements for offshore drillers

To ensure that offshore operators have the means to dismantle facilities when they've finished drilling, the Bureau of Ocean Energy Management is proposing adjustments to the requirements for financial guarantees, FuelFix reports.

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Democrats' energy bill aims for steeper emissions cuts

The goal of the comprehensive energy bill backed by the Senate Democratic leadership and sponsored by Energy and Natural Resources Committee ranking member Sen. Maria Cantwell, D-Wash., is to cut greenhouse gas emissions two percent per year through 2025, The New York Times reports.

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FERC: Total manipulated natgas market in Southwest

Money losing natural gas purchases made by Total SA between 2009 and 2012 were intended to move prices to help the company make money on some of its other trading positions, according to Federal Energy Regulatory Commission allegations, The Wall Street Journal reports.

More

U.S. oil drops on concerns about lower demand

A nosedive in the stock market that has investors concerned about softer demand was pressuring oil prices Tuesday. West Texas Intermediate crude for October delivery fell 85 cents to settle at $45.83 a barrel on the Nymex as the contract expired, while in London, November Brent gained 16 cents to $49.08, Marketwatch reports.

More

Fund managers to move $2.6T away from fossil fuels

Investment fund fossil fuel divestment totaled $50 billion last year, but the growing pressure from environmentalists has jacked the figure up to $2.6 trillion this year, Bloomberg reports.

More

Blackhawk picks up most mines at Patriot auction

Most of the coal mines being auctioned off by bankrupt Patriot Coal Corp. have been picked up by Blackhawk Mining LLC, the company said Tuesday, adding that as part of the winning

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bid it has offered Patriot lenders an ownership stake, The Wall Street Journal reports.

More

Cap and trade cheaper than RFS: MIT Economists

Modeling done by economists at MIT has found that a carbon cap and trade policy would be less expensive than imposing a renewable fuel standard, direct subsidies for renewable fuels, or California's Low Carbon Fuel Standard program, but such a policy doesn't have the same lobbying muscle behind it, E&E reports.

More

Bush to ditch EPA regs

Complaining that federal regulations "are choking America's economy," Republican presidential candidate Jeb Bush is promising to scrap many of them, particularly those issued by the Environmental Protection Agency, including its carbon rule, water rule and coal ash disposal rule, The Hill reports.

More

Oakland in uproar over possible coal exports from city terminal

The news that four Utah coal counties are promising to loan money to a project for an export terminal in Oakland—one that originally suggested it wouldn't handle coal—brought hundreds of people to a marathon public meeting in the California city Monday night, E&E reports.

More

Upcoming Events

- Sep. 22, Washington: The French Ameri-Can Climate Talks to hold a forum on the forthcoming United Nations climate talks in December and the role the private sector will play. French Ambassador Gerard Araud and International Monetary Fund Managing Director Christine Lagarde among scheduled speakers. 3:00 pm , French Embassy, 4101 Reservoir Road NW, 20007.
- Sep. 22, Washington: Resources for the Future to hold a forum to examine the potential impact of carbon pricing, through taxes or credits, on low-income households and communities. 12:30 pm , 1616 P St. NW.
- Sep. 22, Commerce City, Colorado: Interior Secretary Sally Jewell to join federal officials and Govs., John Hickenlooper, Colo., Matt Mead, Wyo., Steve Bullock, Mont., and Brian Sandoval, Nev., to make an announcement regarding the greater sage-grouse. 12:00 pm , Rocky Mountain Arsenal National Wildlife Refuge Visitor Center 6550 Gateway Road Commerce City, CO 80022
- Sep. 22, Washington: ClearView Energy Partners Managing Director to speak at the

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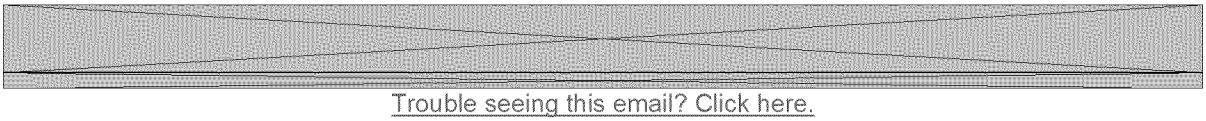
American Gas Association's Natural Gas Roundtable. 12:00 pm , University Club, 1135 16th Street, NW.

- Sep. 22, Washington: Senate Democrats led by Energy and Natural Resources Ranking Member Maria Cantwell, D-Wash., and Senate Minority Leader Harry Reid, D-Nev., to hold a press conference to unveil legislation to promote clean energy and reduce carbon emissions. 10:45 am , Mansfield Room (S-207)
- Sep. 22, Washington: The United States Energy Association to hold a forum on the state of the global liquefied natural gas exports and the role the U.S. can play. Christopher Goncalves, managing director and co-chair of BRG's Energy and Natural Resources Practice, to speak. 10:30 am , 1300 Pennsylvania Avenue, NW.
- Sep. 23, Dallas: The Environmental Protection Agency to hold a hearing on its proposal to cut methane emissions from new and modified oil and gas systems. 9:00 am , 1500 Marilla Street Dallas, Texas 75201
- Sep. 23, Denver: The Environmental Protection Agency to hold a hearing on its proposed rule to cut methane emissions at new and modified oil and natural gas sites. 9:00 am , 1595 Wynkoop Street, Denver, CO 80202.



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Subject: Clinton comes out against Keystone XL as 'distraction'

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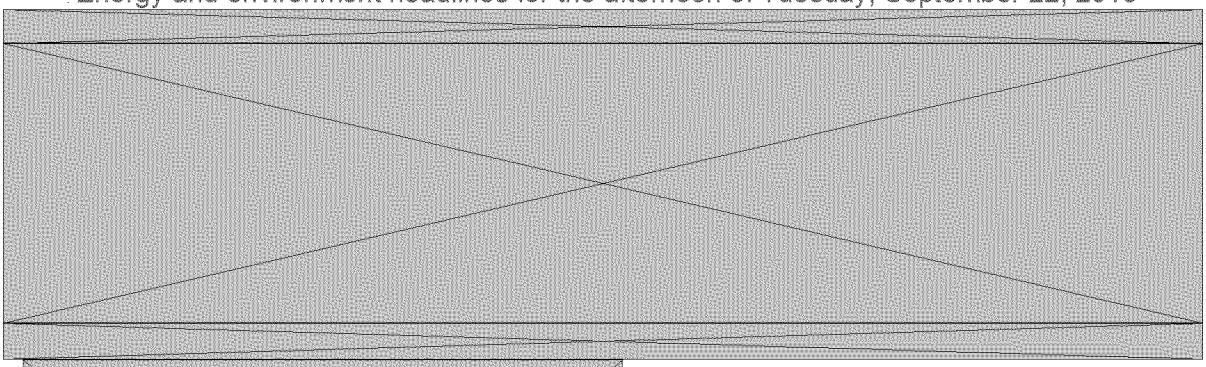

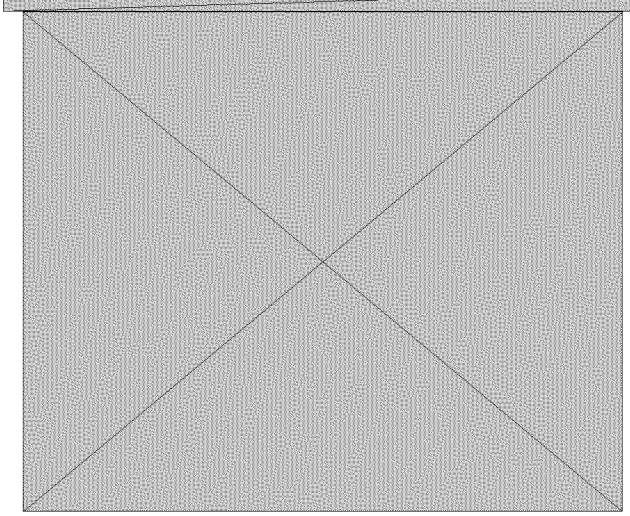

Clinton comes out against Keystone XL as 'distraction'

By Kevin Rogers

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Speaking at a town hall event in Iowa, Clinton, who had declined to take a position on the TransCanada pipeline due to her work at the State Department, said approving the pipeline

would run contrary to necessary climate action.

"I think it is imperative that we look at the Keystone XL pipeline as what I believe it is: a distraction from the important work we have to do to combat climate change, and unfortunately from my perspective, one that interferes with our ability to move forward and deal with other issues," she said. "Therefore, I oppose it. I oppose it because I don't think it's in the best interest of what we need to do to combat climate change."

The pipeline, which would carry oil sands crude from Alberta to Gulf Coast refineries, has been under federal review for seven years.

Clinton's remarks drew swift fire from the oil industry and some of her Democratic challengers, who had made earlier stances against the pipeline. President Barack Obama, who has the final say over approval, has said he would reject it if it would increase greenhouse gas emissions.

"Hillary Clinton's decision to oppose Keystone is a missed opportunity to seize the true potential of our energy renaissance," American Petroleum Institute President and CEO Jack Gerard said in a statement.

Former Maryland Gov. Martin O'Malley, who is also seeking the Democratic nomination, said Clinton was chasing polls.

"Leadership is about forging public opinion, not following it," he tweeted. "On Keystone XL, Hillary Clinton has followed."

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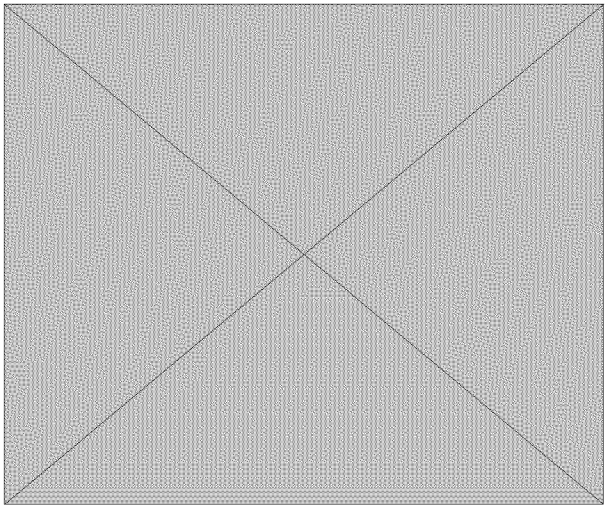
Upcoming Events



Sage grouse plan drives splits among GOP, greens and oil groups

By Kevin Rogers

The greater sage grouse won't require protection under the Endangered Species Act, thanks to “unprecedented” federal and state cooperation on a conservation plan that supporters hailed as a new path forward for species management.

But the move against listing the bird as threatened or endangered splintered traditional alliances across the political spectrum, generating divisions among Republicans, among environmental groups, and even among oil and gas producers, as they debated whether the management program was a model of compromise or a fig leaf covering more regulatory overreach.

In lieu of a listing, the Interior Department, 11 state governments and private stakeholders developed a plan that would expand protections for the sage grouse to some degree on a total 67 million acres of federal land. State and private landowners also set aside additional acreage to protect the species, though Interior officials weren't able to provide a number.

The department estimated that 90 percent of medium- or high-probability oil and gas reserves are located outside the sage grouse habitat and so are unaffected by the plan.

The plan's three-tiered approach seeks to limit surface disruptions to sage grouse habitats from new development; improve habitat conditions through mitigating existing damage, and improve monitoring of all sage grouse habitats; while reducing the threat of wildfires by proactively managing highly flammable invasive plant species such as cheat grass.

Across the 67 million acres designated as sage grouse habitat, developers will be required to minimize surface disruptions. But the strongest protections would fall across 12 million acres of high priority habitat touching parts of 10 states, where new development of both fossil energy and renewables would be limited unless it would have no impact or positive impact on the habitat, Interior officials said.

While officials estimate that only 10 percent of likely fossil reserves are in the protected sage grouse habitat, it is unclear what proportion—if any—are located in the high-priority area.

At a ceremony in Colorado, Interior Secretary Sally Jewell and federal and state supporters of the plan said the landscape-scale approach represents a new path forward for species protection and federal-state cooperation.

“I think what we are witnessing here is a glimpse into the future of the West,” Jewell said. “There are other species out there, like the greater sage grouse, that will be the canary in the coal mine, that are going to warn us that our development and the old ways of doing things may not be sustainable. But today, we've proven we can take smart, science-based, forward-looking steps for a healthy ecosystem and a healthy economy.”

Reaction to the announcement, however, revealed divisions among stakeholders of every type.

Some Republicans contended that western states are no better off, that today's steps amount to a “de facto” listing rather than a formal designation.

“Don't be fooled,” House Natural Resources Committee Chairman Rob Bishop, R-Utah, said in a statement. “The announcement not to list the sage grouse is a cynical ploy. With the stroke of a pen, the Obama administration’s oppressive land management plan is the same as a listing.”

Bishop has scheduled a hearing on the agreement, as well as other state energy issues, Sept. 30.

Sen. Dean Heller, R-Nev., accused the federal government of coercing western states to comply.

“This has been an issue of the Department of the Interior using the threat of a listing to get what it really wanted all along: limiting Nevadans’ access to millions of acres of land,” he said in a statement.

Heller's argument ran contrary to the Republican governors who flanked Jewell during the announcement, including his home-state governor, Brian Sandoval. Sandoval said Jewell was the “right person at the right time” to strike a deal, and said the agreement represented a potential shift in relations between the federal government and Western states.

“There's been a long relationship, perhaps a love-hate style relationship through the years,” he said, speaking of his state's history with the federal government. “We developed this trust, and it's not easy in Nevada. It's a lot easier to fight than it is to work together.”

And Republican Gov. Matt Mead of Wyoming defended the plan as being in sync with the intended goals of the Endangered Species Act—to protect habitats to avoid the more drastic protection efforts that would come with a listing.

“If you think about the Endangered Species Act of 1973, there's nothing in that act that says the goal is to list species,” he said. “The goal is to make sure we take care of our species, take care of our habitats so that we don't have to list species.”

The decision also drew a mixed response from environmental and conservation organizations. Natural Resources Defense Council President Rhea Suh, a former nominee to oversee Interior's fish, wildlife and parks policies, called the plan a “breakthrough” for species protection.

“It's all hands on deck, with states and private landowners as essential partners with the federal government working together for a plan that protects millions of acres across the western states to be successful,” she said in a statement.

But WildEarth Guardians, the group that initially sued Interior to list the sage grouse as

endangered, said the administration failed to properly protect the species in an effort to dodge political backlash.

"The government's proposed plans fall far short of ensuring this iconic, imperiled bird is protected from the serious threats posed by fossil fuel extraction, grazing and other types of development," Erik Molvar, a wildlife biologist for the group, said in a statement.

The nation's most prominent oil and gas industry groups were also divided on the move. While the Independent Petroleum Association of America decried the plan as a threat to smaller companies, the American Petroleum Institute called it a "science-based" approach that charted a better path forward for land management.

"Despite the numerous private-public partnerships and voluntary conservation efforts to conserve the greater sage-grouse and its habitat, America's energy producers—and in turn, the American taxpayers—will suffer from these more-restrictive land management plans," Dan Naatz, IPAA senior vice president of government relations and political affairs, said in a statement.

On a call with reporters, however, API President and CEO Jack Gerard praised the decision as the best possible outcome to balance development and conservation

"We're very comfortable and pleased with the outcome, because frankly, it's science-based," he said. "It shows that under the Federal Land Policy Act that we can indeed have multiple uses of the lands, where we're able to produce the energy we need as a nation while at the same time protect the habitat of the sage grouse."

VW CEO says he's 'endlessly sorry' for tarnishing brand

By Geir Moulson and Pan Pylas

BERLIN (AP) — Volkswagen AG's smog-test troubles escalated Tuesday as the company acknowledged putting stealth software in millions of vehicles worldwide. The scandal has now cost VW more than 24 billion euros ($26 billion) in market value.

Volkwagen stunningly admitted that some 11 million of the German carmaker's diesel vehicles contain software that evades emissions controls, far more than the 482,000 identified by the U.S. Environmental Protection Agency as violating the Clean Air Act.

Volkswagen also warned that future profits could be affected, and set aside an initial 6.5 billion euros ($7.3 billion) to cover the fallout.

CEO Martin Winterkorn apologized for the deception under his leadership and pledged a fast and thorough investigation, but gave no indication that he might resign.

More

Tennessee lawmakers plan hearings on VW emissions scandal

By Erik Schelzig

NASHVILLE, Tenn. (AP) — Lawmakers in Tennessee plan to hold hearings over whether the Volkswagen emissions scandal could imperil the nearly $900 million in state and local incentives that have been directed toward the German automaker's lone U.S. plant in Chattanooga.

Volkswagen has been reeling from revelations that it used secret software to thwart diesel smog tests on nearly 500,000 cars in the United States. The company has since admitted that the software was installed on some 11 million vehicles, and CEO Martin Winterkorn has said he's "endlessly sorry" for tarnishing the VW brand.

Republican state Sen. Bo Watson, who has been a vocal critic of Volkswagen's labor policies, cited the state's "significant investment" into the Chattanooga plant in calling for a Senate Finance Committee hearing.

"I am very concerned as to the financial impact these violations could present to the state of Tennessee," Watson wrote in a letter to the panel's chairman. "Any action that threatens the stability and sustainability of the investment should be reviewed by the finance committee, without delay."

More

Leonardo DiCaprio says he's shedding fossil fuel investments

By Jennifer Peltz

NEW YORK (AP) — Leonardo DiCaprio is joining a campaign to use investment decisions to fight global warming: He's planning to shed his own investments in fossil fuels, an activist group said Tuesday.

The star of "The Wolf of Wall Street" and "Blood Diamond" joined members of the Divest-Invest Coalition as it announced his plans and highlighted growth in such pledges during the past year. Advocates say their effort to put pocketbook and social pressure on traditional energy producers is gaining momentum; industry groups say the campaign is misguided and its impact negligible.

Students began pressing various colleges in 2011 to drop their fossil fuel holdings and increase their stake in renewable energy companies. Now, foundations, pension funds, insurers, state and local governments and others worth a total of $2.6 trillion have pledged to reduce or eliminate their fossil fuel investments, the coalition said in a report released Tuesday. The total is 50 times larger than it was last year, when activists set a goal of tripling it before the United Nations climate negotiations planned in Paris in November and December.

"Clearly, our movement is growing faster than expected," said May Boeve, the executive director of 350.org, an anti-global-warming group. The coalition says over 430 institutions and 2,000 individuals have signed on, compared to about 180 institutions and 650 people a year ago.

More

Puerto Rico power company reaches deal with certain lenders

By The Associated Press

SAN JUAN, Puerto Rico (AP) — Puerto Rico's troubled electricity utility says it has reached a deal to restructure about $700 million in expired debt with fuel line lenders.

The Puerto Rico Electric Power Authority said Tuesday that lenders have two options: converting credit agreements into long-term loans or exchanging all or part of expired bonds into new bonds worth 85 percent of the existing value.

Chief Restructuring Officer Lisa Donahue said the company is still negotiating with monoline bond insurers.

The company owes about $9 billion. It reached a deal earlier this month with some creditors to reduce principal owed in exchange for new securities worth 85 percent of the existing bonds.

More

A message from America's Natural Gas Alliance

Clean is Powerful. Natural gas helps Georgia Power's plant generate electricity with 50% fewer emissions. Think about it.

Learn more at www.thinkaboutit.org.

Ad featuring kids, mushroom cloud slams Bennet for Iran vote

By Erica Werner

WASHINGTON (AP) — A conservative group is airing an ad showing kids counting down to a mushroom cloud to slam Democratic Sen. Michael Bennet of Colorado over the Iran nuclear deal.

The ad by the group Advancing Colorado shows children counting down from 10 in different languages, then a huge explosion and billowing cloud. Over charred and smoking rubble it claims that Bennet is "jeopardizing our safety" by backing the deal.

The ad offers a taste of how the GOP may seek to use the Iran issue politically after Senate Democrats including Bennet blocked Republican attempts to unravel the deal. Bennet is up for re-election next year in a competitive state, though Republicans don't yet have a candidate against him. He is the most vulnerable Senate Democrat this cycle, but in 2018 a number of potentially vulnerable Democrats will be defending their seats and Republicans will likely try to make them pay a price for supporting the agreement.

The accord backed by the Obama administration and negotiated with Iran and five world powers aims to curb Iran's nuclear program in exchange for billions in relief from economic sanctions. But Republicans say it will serve only to empower Iran.

More

Caribbean braces for worsening drought as dry season nears

By Danica Coto

SAN JUAN, Puerto Rico (AP) — The most severe drought to hit the Caribbean in recent years is expected to worsen despite rains from tropical storms that have replenished some reservoirs.

Forecasters say El Nino phenomenon is gathering strength and will continue to warm the tropical Pacific until early next year, which translates into sparse rainfall for this largely parched region as the dry season approaches.

"The real concern will come late in the year," said Adrian Trotman, a forecaster with the Caribbean Institute for Meteorology and Hydrology. "We are definitely in a period of relief, but it's quite likely the relief will not be as long-lived as we would like it to be."

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El Nino has produced a quiet hurricane season, which begins in June and ends in November. Only two of nine named storms having dumped significant rainfall over parts of the Caribbean.

More

Ukraine's richest man wields electricity as weapon, plays both sides of war

By Nataliya Vasilyeva

KRASNODON, Ukraine (AP) — In this town deep in eastern Ukraine's rebel heartland, about a quarter of the population works in the coal mines owned by billionaire Rinat Akhmetov, Ukraine's richest man. Here and elsewhere in territory controlled by the separatist insurgency, the tycoon keeps the lights on and people clothed and fed, with a mixture of jobs, electricity and aid.

At the same time, Akhmetov operates factories on the other side of the frontline, powering Ukraine's economy and pouring hundreds of millions in taxes into government coffers. His steel products, which are finished in rebel territory, are then shipped to the West — where they bring in billions in revenue for Akhmetov that then indirectly props up the separatist government.

The billionaire is able to straddle the frontline by using his fortune and business empire as leverage. His companies provide more than 300,000 jobs across Ukraine, most in the rebel-held east. Meanwhile, his control over utilities that provide electricity and heating to both sides allow him to dictate terms to the government as well as the rebels. Cracking down on Akhmetov's factories in government territory would threaten Ukraine's depressed economy, while a collapse of utilities in the east would undermine the rebels' grip on power.

It makes for a striking picture of economic cooperation between enemy areas: Coal produced in Krasnodon mines, on rebel territory, travels to the Avdiivka coking plant on the government side. Coke is then shipped back to rebel lands, to a metals smelter in Yenakieve, and the metals produced there are transported to government territory on the Azov Sea — for shipping to the West.

More

Guyana says Venezuela deploys troops to disputed border

By Bert Wilkinson

GEORGETOWN, Guyana (AP) — Guyana's President David Granger said Tuesday that

Venezuela has deployed troops to a contested border region in what he called a "dangerous" escalation of a long-running dispute between the South American nations.

The government of President Nicolas Maduro made "extraordinary military deployments," along what Guyana considers its western border, Granger told reporters.

He called the development a "hostile and aggressive" step in a border dispute that dates to the 19th century but has grown more heated over the past year following a major off-shore oil discovery in waters claimed by both nations.

"We feel that Venezuela is treading a dangerous course at this point in time rather than seeking a peaceful resolution of the matter," Granger said. "Venezuela seems to be pursuing a very offensive and aggressive course."

More

Swedish utility Vattenfall sells its German coal plants

STOCKHOLM (AP) — Vattenfall AB says it is selling off its German coal plants, a major source of greenhouse gases, and its mining assets as the Swedish utility seeks to adjust its energy strategy.

The company says potential buyers can bid for four power plants as well as corresponding mining activities. Buyers can also bid for 10 hydropower plants, adding that these power plants will not be sold separately.

Tuesday's move comes after Vattenfall had made large write-downs related to its operations in Germany. The Swedish government also has pressured the company to exit its coal-fired power generation in Germany.

Vattenfall stressed it "remains fully committed" to its other energy operations in Germany including district heating, electricity distribution and wind energy.

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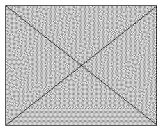

Week in Review – House Panel Moves To Lift Export Ban

Congress Gears up for Papal Visit.

Click here to read the brief

Obama administration changing financial requirements for offshore drillers

To ensure that offshore operators have the means to dismantle facilities when they've finished drilling, the Bureau of Ocean Energy Management is proposing adjustments to the requirements for financial guarantees, FuelFix reports.

More

Democrats' energy bill aims for steeper emissions cuts

The goal of the comprehensive energy bill backed by the Senate Democratic leadership and sponsored by Energy and Natural Resources Committee ranking member Sen. Maria Cantwell, D-Wash., is to cut greenhouse gas emissions two percent per year through 2025, The New York Times reports.

More

FERC: Total manipulated natgas market in Southwest

Money losing natural gas purchases made by Total SA between 2009 and 2012 were intended to move prices to help the company make money on some of its other trading positions, according to Federal Energy Regulatory Commission allegations, The Wall Street Journal reports.

More

U.S. oil drops on concerns about lower demand

A nosedive in the stock market that has investors concerned about softer demand was pressuring oil prices Tuesday. West Texas Intermediate crude for October delivery fell 85 cents to settle at $45.83 a barrel on the Nymex as the contract expired, while in London, November Brent gained 16 cents to $49.08, Marketwatch reports.

More

Fund managers to move $2.6T away from fossil fuels

Investment fund fossil fuel divestment totaled $50 billion last year, but the growing pressure from environmentalists has jacked the figure up to $2.6 trillion this year, Bloomberg reports.

More

Blackhawk picks up most mines at Patriot auction

Most of the coal mines being auctioned off by bankrupt Patriot Coal Corp. have been picked up by Blackhawk Mining LLC, the company said Tuesday, adding that as part of the winning

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bid it has offered Patriot lenders an ownership stake, The Wall Street Journal reports.

More

Cap and trade cheaper than RFS: MIT Economists

Modeling done by economists at MIT has found that a carbon cap and trade policy would be less expensive than imposing a renewable fuel standard, direct subsidies for renewable fuels, or California's Low Carbon Fuel Standard program, but such a policy doesn't have the same lobbying muscle behind it, E&E reports.

More

Bush to ditch EPA regs

Complaining that federal regulations "are choking America's economy," Republican presidential candidate Jeb Bush is promising to scrap many of them, particularly those issued by the Environmental Protection Agency, including its carbon rule, water rule and coal ash disposal rule, The Hill reports.

More

Oakland in uproar over possible coal exports from city terminal

The news that four Utah coal counties are promising to loan money to a project for an export terminal in Oakland—one that originally suggested it wouldn't handle coal—brought hundreds of people to a marathon public meeting in the California city Monday night, E&E reports.

More

Upcoming Events

- Sep. 22, Washington: The French Ameri-Can Climate Talks to hold a forum on the forthcoming United Nations climate talks in December and the role the private sector will play. French Ambassador Gerard Araud and International Monetary Fund Managing Director Christine Lagarde among scheduled speakers. 3:00 pm , French Embassy, 4101 Reservoir Road NW, 20007.
- Sep. 22, Washington: Resources for the Future to hold a forum to examine the potential impact of carbon pricing, through taxes or credits, on low-income households and communities. 12:30 pm , 1616 P St. NW.
- Sep. 22, Commerce City, Colorado: Interior Secretary Sally Jewell to join federal officials and Govs., John Hickenlooper, Colo., Matt Mead, Wyo., Steve Bullock, Mont., and Brian Sandoval, Nev., to make an announcement regarding the greater sage-grouse. 12:00 pm , Rocky Mountain Arsenal National Wildlife Refuge Visitor Center 6550 Gateway Road Commerce City, CO 80022
- Sep. 22, Washington: ClearView Energy Partners Managing Director to speak at the

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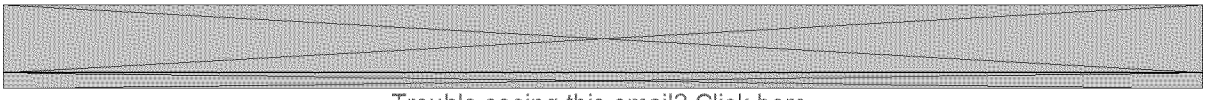
American Gas Association's Natural Gas Roundtable. 12:00 pm , University Club, 1135 16th Street, NW.

- Sep. 22, Washington: Senate Democrats led by Energy and Natural Resources Ranking Member Maria Cantwell, D-Wash., and Senate Minority Leader Harry Reid, D-Nev., to hold a press conference to unveil legislation to promote clean energy and reduce carbon emissions. 10:45 am , Mansfield Room (S-207)
- Sep. 22, Washington: The United States Energy Association to hold a forum on the state of the global liquefied natural gas exports and the role the U.S. can play. Christopher Goncalves, managing director and co-chair of BRG's Energy and Natural Resources Practice, to speak. 10:30 am , 1300 Pennsylvania Avenue, NW.
- Sep. 23, Dallas: The Environmental Protection Agency to hold a hearing on its proposal to cut methane emissions from new and modified oil and gas systems. 9:00 am , 1500 Marilla Street Dallas, Texas 75201
- Sep. 23, Denver: The Environmental Protection Agency to hold a hearing on its proposed rule to cut methane emissions at new and modified oil and natural gas sites. 9:00 am , 1595 Wynkoop Street, Denver, CO 80202.



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To: Kaul, Meetu[Kaul.Meetu@epa.gov]
From: Non-Responsive
Sent: Tue 9/22/2015 10:47:21 PM
Subject: VW Recall

I drive a 2012 VW TDI that is in my opinion not road worthy and should be illegal to drive due to VW's management's decision to cheat regulators repeatedly. This vehicle could not have been sold to the market otherwise.

The VW practices are anti-competitive (other manufacturers lost market share as they couldn't pass emissions), endanger health, suppress research, and force other US companies to loose jobs. They have used the government resources to cheat others into spending countless dollars into clean technology. Because of their deceptive strategy they were able to improve market share on the backs of the tax payers - as there were incentives to buy these vehicles.

I believe that this behaviour is as bad as it gets. Please keep in mind all of the above and understand that the VW would not be the company it is today had they not cheated.

Would you please do the right thing and do what you can to help prosecute VW to the fullest extent of the law.

Non-Responsive
Concerned Citizen

To: Werner, Jacqueline[Werner.Jacqueline@epa.gov]; Belser, Evan[Belser.Evan@epa.gov]; Orehowsky, Gregory[Orehowsky.Gregory@epa.gov]; Brooks, Phillip[Brooks.Phillip@epa.gov]
From: Kaul, Meetu
Sent: Tue 9/22/2015 10:49:22 PM
Subject: Public sentiment - FW: VW Recall

I know you all have seen lots of this but just FYI re: some citizens simply contacting us to thank us and/or ask us to do whatever we can to fully prosecute VW.

Ms.Meetu Kaul, Attorney-Advisor

United States Environmental Protection Agency
Office of Civil Enforcement - Air Enforcement Division
WJC South, Room 1117B
1200 Pennsylvania Ave., N.W. (MC 2242A)
Washington D.C. 20460 (Courier 20004)
Direct: 202-564-5472
Fax: 202-564-0069
Email: kaul.meetu@epa.gov

From: Ex. 6
Sent: Tuesday, September 22, 2015 6:47 PM
To: Kaul, Meetu
Subject: VW Recall

I drive a 2012 VW TDI that is in my opinion not road worthy and should be illegal to drive due to VW's management's decision to cheat regulators repeatedly. This vehicle could not have been sold to the market otherwise.

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Istok Budic

Ex. 6

To: Kaul, Meetu[Kaul.Meetu@epa.gov]
Cc: Werner, Jacqueline[Werner.Jacqueline@epa.gov]; Belser, Evan[Belser.Evan@epa.gov]; Orehowsky, Gregory[Orehowsky.Gregory@epa.gov]
From: Brooks, Phillip
Sent: Tue 9/22/2015 11:00:45 PM
Subject: Re: Public sentiment - FW: VW Recall

Has OTAQ developed a standard respond for such emails? I could see an acknowledgement that we received the email with a note that says something to the effect that we are unable to make individual responses.

Sent from my iPhone

On Sep 23, 2015, at 6:49 AM, Kaul, Meetu <Kaul.Meetu@epa.gov> wrote:

> I know you all have seen lots of this but just FYI re: some citizens simply contacting us to thank us and/or ask us to do whatever we can to fully prosecute VW.

Ms.Meetu Kaul, Attorney-Advisor

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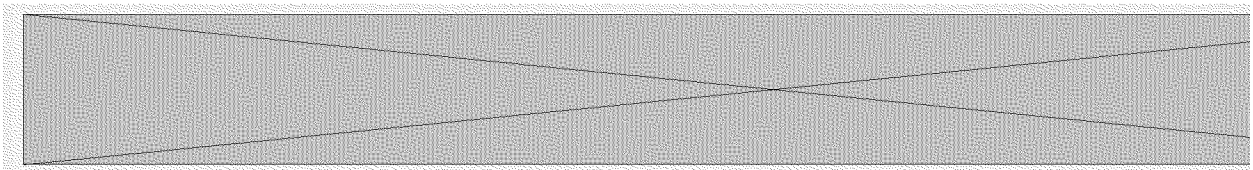
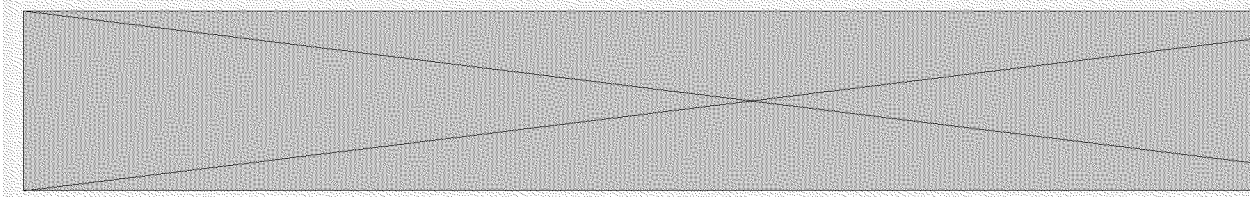
Would you please do the right thing and do what you can to help prosecute VW to the fullest extent of the law.

Ex. 6

Concerned Citizen

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: The Hill
Sent: Tue 9/22/2015 11:08:22 PM
Subject: Overnight Energy & Environment: Clinton is a 'no' on Keystone





CLINTON COMES OUT AGAINST KEYSTONE: Hillary Clinton finally broke her silence on the controversial Keystone XL pipeline Tuesday, saying she opposes the project.

America has the lowest gasoline prices anywhere in the world. That boosts household budgets by billions of dollars. See how exporting crude would lead to higher fuel prices and hurt our economy. http://crudecoalition.org/resources/studies/

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At a campaign event in Des Moines, Iowa, focused on prescription drugs, Clinton responded to an audience question on the matter.

"I think it is imperative that we look at the Keystone pipeline as what I think it is, as a distraction to the important work we have to do on climate change," Clinton said. "And unfortunately, from my perspective, on that interferes with our ability to move forward with all the other issues."

"Therefore I oppose it," she said. "I don't think it's in the best interest to combat climate change."

Her statement came after months of goading from environmentalists, who saw her silence on the Canada-to-Texas pipeline as damning.

She previously avoided weighing in by invoking her past role as Obama's secretary of State, where she had a leading role in reviewing the proposal.

But Clinton, and greens, had grown increasingly frustrated with Obama's timeline on his decision. Clinton said she had to speak up.

Greens cheered Clinton's statement Tuesday, while Republicans pounced on it as an opportunity to show that she's siding with left-wing extremists.

Read more here.

SENATE DEMS SEEK 'CLEAN ENERGY FUTURE': Senate Democrats unveiled their proposal for an energy policy overhaul Tuesday.

The multi-pronged approach focuses on incentivizing the development and deployment of clean energy, shifting tax breaks away from fossil fuels and toward low- and zero-carbon energy and setting national targets for reducing greenhouse gases.

"It is a technology-driven pathway to a clean energy future, and by tackling energy efficiency ranging from everywhere from trucks, buildings, to our electricity grid, to energy innovation, it basically takes the most important opportunities for reducing carbon, creating jobs, and moving us forward to help consumers have better choices," Sen. Maria Cantwell (D-Wash.) said Tuesday at a news conference in the Capitol.

The bill doubles as a way to criticize the GOP for energy policies that Democrats say focus far too much on fossil fuels.

Read more here.

ON TAP WEDNESDAY I: The House Homeland Security and Governmental Affairs Committee's subcommittee on regulatory affairs will hold a hearing on federal agencies' use of regulatory guidance without a notice and comment procedure.

ON TAP WEDNESDAY II: Pope Francis and President Obama will meet Wednesday morning at the White House and likely speak about climate change.

NEWS BITE: The Associated Press declared Tuesday that journalists should not use the terms "denier" or "skeptic" to describe people who disagree with the scientific consensus on climate change.

Instead, the organization that operates the AP Stylebook says writers should use terms like "climate change doubters" or "those who reject mainstream climate science."

AP said in a blog post that scientists who agree that humans significantly contribute to climate change do not like "skeptic" because it necessarily implies that such people want to do further research or analysis on the matter.

"Denier," meanwhile, improperly reminds one of Holocaust deniers, AP said.

The AP Stylebook is the dominant style and usage guide for print journalists across the United States.

AROUND THE WEB:

The decline of China's coal industry may be good news for the worldwide efforts to fight climate change, the New York Times reports.

The risks of cancer due to air pollution in California have dropped 76 percent in the last 20 years, the Los Angeles Times reports.

IN CASE YOU MISSED IT:

Check out Tuesday's stories...

- Dem senator slams White House over Volkswagen emissions scandal
- Clinton comes out against Keystone XL pipeline
- Bush targets EPA rules in regulatory platform
- Pope brings 'urgency' to climate change debate, lawmakers say
- Hitting GOP, Senate Dems unveil plan for a 'clean energy future'
- Boxer predicts GOP won't pick Fiorina
- Halliburton to pay employees $18.3M in back wages
- Feds move to accelerate permitting for transportation projects
- Sage-grouse avoids endangered listing

Please send tips and comments to Timothy Cama, tcama@thehill.com; and Devin Henry, dhenry@thehill.com. Follow us on Twitter: @Timothy_Cama, @dhenry, @thehill

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From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Tue 9/22/2015 11:17:57 PM
Subject: The tech behind how Volkswagen tricked emissions tests
MAIL_CONVERSATION_TOPIC: The tech behind how Volkswagen tricked emissions tests
Created: Fri 3/18/2016 6:18:16 PM

Volkswagen isn't hiding from its emissions cheating scandal, which the company now says affects some 11 million diesel cars worldwide.

View article...

From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Tue 9/22/2015 11:48:16 PM
Subject: Cramer Remix: My prediction for Volkswagen
MAIL_CONVERSATION_TOPIC: Cramer Remix: My prediction for Volkswagen
Created: Fri 3/18/2016 6:18:16 PM

View article...

To: Brooks, Phillip[Brooks.Phillip@epa.gov]
Cc: Kaul, Meetu[Kaul.Meetu@epa.gov]; Werner, Jacqueline[Werner.Jacqueline@epa.gov]; Orehowsky, Gregory[Orehowsky.Gregory@epa.gov]
From: Belser, Evan
Sent: Tue 9/22/2015 11:50:53 PM
Subject: Re: Public sentiment - FW: VW Recall

As of earlier today, All consumer and general public inquiries are going to otaq@epa.gov and Jennifer France. I do not know just how she is responding. I see no problem acknowledging receipt and explaining that we are passing along. That said word from the IO was that we should avoid handling these inquiries as possible.

Evan Belser
Chief, Mobile Source Enforcement Branch
US EPA

On Sep 22, 2015, at 7:00 PM, Brooks, Phillip <Brooks.Phillip@epa.gov> wrote:

> Has OTAQ developed a standard respond for such emails? I could see an acknowledgement that we received the email with a note that says something to the effect that we are unable to make individual responses.
>
> Sent from my iPhone
>
> On Sep 23, 2015, at 6:49 AM, Kaul, Meetu <Kaul.Meetu@epa.gov> wrote:
>
> > I know you all have seen lots of this but just FYI re: some citizens simply contacting us to thank us and/or ask us to do whatever we can to fully prosecute VW.
> >
> > ---
> >
> > Ms.Meetu Kaul, Attorney-Advisor
> >
> > United States Environmental Protection Agency
> > Office of Civil Enforcement - Air Enforcement Division
> > WJC South, Room 1117B
> > 1200 Pennsylvania Ave., N.W. (MC 2242A)
> > Washington D.C. 20460 (Courier 20004)
> > Direct: 202-564-5472
> > Fax: 202-564-0069

Email: kaul.meetu@epa.gov

From: Ex. 6 mailto Ex. 6
Sent: Tuesday, September 22, 2015 6:47 PM
To: Kaul, Meetu
Subject: VW Recall

I drive a 2012 VW TDI that is in my opinion not road worthy and should be illegal to drive due to VW's management's decision to cheat regulators repeatedly. This vehicle could not have been sold to the market otherwise.

The VW practices are anti-competitive (other manufacturers lost market share as they couldn't pass emissions), endanger health, suppress research, and force other US companies to loose jobs. They have used the government resources to cheat others into spending countless dollars into clean technology. Because of their deceptive strategy they were able to improve market share on the backs of the tax payers - as there were incentives to buy these vehicles.

I believe that this behaviour is as bad as it gets. Please keep in mind all of the above and understand that the VW would not be the company it is today had they not cheated.

Would you please do the right thing and do what you can to help prosecute VW to the fullest extent of the law.

Ex. 6
Concerned Citizen

Cc: Brooks, Phillip[Brooks.Phillip@epa.gov]; Kelley, Rosemarie[Kelley.Rosemarie@epa.gov]
To: Walter Benjamin Fisherow[Walter.Benjamin.Fisherow@usdoj.gov]; karen.dworkin@usdoj.gov[karen.dworkin@usdoj.gov]; Ex. 5, 7
Ex. 5, 7
From: Belser, Evan
Sent: Tue 9/22/2015 11:59:16 PM
Subject: Fwd: Summary of today's call with HEC Oversight staff

Evan Belser
Chief, Mobile Source Enforcement Branch
US EPA

Begin forwarded message:

From: "Emmerson, Caroline" <Emmerson.Caroline@epa.gov>
Date: September 22, 2015 at 6:39:51 PM EDT
To: "Wilson, Shari" <Wilson.Shari@epa.gov>, "Starfield, Lawrence" <Starfield.Lawrence@epa.gov>
Cc: "Kelley, Rosemarie" <Kelley.Rosemarie@epa.gov>, "Belser, Evan" <Belser.Evan@epa.gov>
Subject: Summary of today's call with HEC Oversight staff

The following is a summary of today's call with staff from the House Energy and Commerce Committee's Oversight Subcommittee. Republican and Democratic Staff participated in the call and Peter Spencer (Majority counsel) asked most of the questions. Present from OECA: Evan Belser, Rosemarie Kelley, John Senn, and Caroline Emmerson; OTAQ: Bryon Bunker, Janet Cohen, and Ben Hengst; and OCIR: Josh Lewis.

The focus of the scheduled 30 minute call was the EPA's September 18, 2015 NOV to VW. Summary of Q & A:

- What is the timeline for this issue? How did you find out about it? Evan summarized the statements from the NOV, p.4,

"CARB and the EPA were alerted to emissions problems with these vehicles in May 2014 when the West VA University's Center for Alternative Fuels, Engines and Emissions published the results of a study commissioned by ICCT…"

- What is ICCT? Bryon discussed ICCT's mission and contact with CARB and EPA; VW's recall; and additional testing of the vehicles by CARB and EPA per the

NOV (p. 4). Byron also mentioned that VW's US arm was looking for a technical problem and did additional testing. He said that it was clear that the recall did not address the emissions problems. OTAQ coordinated with the CARB team so there was not duplicative testing.

- Did VW make any statements about what they were doing? Was it a ruse? Evan said that any statements about what they were doing is speculation.

- Why didn't the OBD system catch this problem? Byron explained that the OBD should catch the defects and the check engine light did not go on.

- If the tailpipe emissions were high, why weren't the cars failing state emissions tests? Byron said that many state emissions tests only query the OBD system, so that's why the problem was not detected. It is yet to be confirmed, but it could be that the defeat device evaded state tests involving actual emission testing (it just evaded the federal test). EPA and CARB would not approve certificates of conformity for VW's 2016 model year diesel vehicles without an explanation of this issue.

- Committee staff pressed for information about how VW's defeat devices worked and asked: What statements did VW make when they came clean about these devices? Did they share any knowledge? What were they hoping to gain? Was it better engine economy? Evan replied that we can't provide answers beyond what's stated in the NOV. We are looking in to why they did it as part of our investigation. VW admitted to having a defeat device and acknowledged that defeat devices are illegal.

- Who were the people that you were interacting with regarding this matter? Byron said that VW's US arm was the conduit for the information from the manufacturer and his office talked with a mix of German and US employees.

- When the US VW office interacted with EPA, did they seem to have technical knowledge of what's going on?

Bryon responded that the question is speculative and he did not answer.

- What are you all doing now? Evan said that we are running an investigation, assessing liability and figuring out remedies. Byron said that we are figuring out what vehicles may be recalled and how they will get fixed.

- Committee staff asked about other defeat device cases, and mentioned the 1998 engine cases. Evan mentioned that there have also been smaller cases involving aftermarket parts and software.

- Is there such thing as an accidental defeat device? Evan replied that we need to prove that they knew they are violating the law but not their intent.

- What is the next step? Evan responded that the NOV offers VW an opportunity to confer.

- How will the recall impact the performance of the vehicles? Byron said that the focus right now is finding the right remedy and consideration of other aspects is speculative at this point. Any recall will take into consideration the environmental benefit, technical feasibility, and the customer's experience.

- How will consumers be advised about this matter: Byron mentioned the Qs &As on OTAQ's website.

At the conclusion of the call, Peter Spencer mentioned the upcoming HEC Oversight hearing and his need to advise his Members of the best way to proceed. He said that he will probably will be talking with us again and might want to meet in person.

From: Lewis, Josh
Sent: Tuesday, September 22, 2015 3:26 PM
To: Belser, Evan; Emmerson, Caroline; Kelley, Rosemarie; Cohen, Janet; Bunker, Byron
Cc: Sutton, Tia; Levine, Carolyn; Haman, Patricia; Hengst, Benjamin
Subject: Follow up on VW call

Evan and Byron,

Thanks for handling the bulk of the call today, and thanks to others for participating as well. Sounds like there will be additional requests for calls or information (or both), so will let you know when those come in. In the meantime please call if you have anything you want to discuss regarding the call today or related issues.

Josh

From: Lewis, Josh

Sent: Tuesday, September 22, 2015 11:03 AM
To: Belser, Evan; Wehrly, Linc; Emmerson, Caroline; Kelley, Rosemarie; Cohen, Janet
Cc: Sutton, Tia; Levine, Carolyn; Haman, Patricia; Hengst, Benjamin
Subject: UPDATE RE: Confirming VW call today at 1:30 with House energy and commerce

We're going to push this to 2 pm and just do ½ hour from 2-2:30. Same conference room if you want to join in person – 3428 WJC-North

Josh Lewis

EPA/Office of Congressional Affairs

Office: 202 564 2095

Cell: 202 329 2291

From: Lewis, Josh
Sent: Tuesday, September 22, 2015 10:56 AM
To: Belser, Evan; Wehrly, Linc; Emmerson, Caroline; Kelley, Rosemarie; Cohen, Janet
Cc: Sutton, Tia; Levine, Carolyn; Haman, Patricia
Subject: RE: Confirming VW call today at 1:30 with House energy and commerce

Ex. 5

Josh

From: Belser, Evan
Sent: Tuesday, September 22, 2015 10:29 AM
To: Lewis, Josh; Wehrly, Linc; Emmerson, Caroline; Kelley, Rosemarie; Cohen, Janet
Cc: Sutton, Tia; Levine, Carolyn; Haman, Patricia

Subject: RE: Confirming VW call today at 1:30 with House energy and commerce

Josh and all,

Ex. 5

Thanks,
Evan

Evan Belser

Chief, Mobile Source Enforcement Branch, Air Enforcement Division

National Coordinator for Administrative Litigation, Office of Civil Enforcement

Office of Enforcement and Compliance Assurance

United States Environmental Protection Agency

202-564-6850

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From: Lewis, Josh
Sent: Tuesday, September 22, 2015 7:23 AM

To: Belser, Evan; Wehrly, Linc; Emmerson, Caroline; Kelley, Rosemarie; Cohen, Janet
Cc: Sutton, Tia; Levine, Carolyn; Haman, Patricia
Subject: Confirming VW call today at 1:30 with House energy and commerce

To follow up on my message below, sounds like we're good for a 130 call today. I'll get a scheduler out later this morning with call in # and room in wjc north for those who want to come in person.

Ex. 5

I am on my cell phone this morning in case anyone needs to talk. **Ex. 6**

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> Peter Spencer from the Energy and Commerce Committee has asked for a phone call "to walk through the facts we know so far." He wanted it today, I told him tomorrow is more likely doable. I talked to Tia in OTAQ and we're thinking of offering 1:30-2:30 or 3:30-4:30 tomorrow for the call.
>
> Can you let me know how you want to staff this in OECA, and if you have a preference on timing?
>
> Josh Lewis
>
> EPA/Office of Congressional Affairs
>
> Office: 202 564 2095
>
> Cell: 202 329 2291

To: Belser, Evan[Belser.Evan@epa.gov]; Brooks, Phillip[Brooks.Phillip@epa.gov]
From: Bunker, Byron
Sent: Wed 9/23/2015 12:00:25 AM
Subject: RE: Summary of today's call with HEC Oversight staff

Thanks Evan.

****

Byron Bunker

Director Compliance Division

Office of Transportation and Air Quality

Environmental Protection Agency

2000 Traverwood Drive

Ann Arbor, MI 48105

Bunker.Byron@epa.gov

Phone: (734) 214-4155

Mobile: (734) 353-9623

****

From: Belser, Evan
Sent: Tuesday, September 22, 2015 7:57 PM
To: Brooks, Phillip; Bunker, Byron
Subject: Fwd: Summary of today's call with HEC Oversight staff

Evan Belser

Chief, Mobile Source Enforcement Branch

US EPA

Begin forwarded message:

From: "Emmerson, Caroline" <Emmerson.Caroline@epa.gov>
Date: September 22, 2015 at 6:39:51 PM EDT
To: "Wilson, Shari" <Wilson.Shari@epa.gov>, "Starfield, Lawrence" <Starfield.Lawrence@epa.gov>
Cc: "Kelley, Rosemarie" <Kelley.Rosemarie@epa.gov>, "Belser, Evan" <Belser.Evan@epa.gov>
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Sent: Tuesday, September 22, 2015 3:26 PM
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Cc: Sutton, Tia; Levine, Carolyn; Haman, Patricia; Hengst, Benjamin
Subject: Follow up on VW call

Evan and Byron,

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Josh

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Sent: Tuesday, September 22, 2015 11:03 AM
To: Belser, Evan; Wehrly, Linc; Emmerson, Caroline; Kelley, Rosemarie; Cohen, Janet
Cc: Sutton, Tia; Levine, Carolyn; Haman, Patricia; Hengst, Benjamin
Subject: UPDATE RE: Confirming VW call today at 1:30 with House energy and commerce

We're going to push this to 2 pm and just do ½ hour from 2-2:30. Same conference room if you want to join in person – Non-Responsive

Josh Lewis

EPA/Office of Congressional Affairs

Office: 202 564 2095

Cell: 202 329 2291

From: Lewis, Josh
Sent: Tuesday, September 22, 2015 10:56 AM
To: Belser, Evan; Wehrly, Linc; Emmerson, Caroline; Kelley, Rosemarie; Cohen, Janet
Cc: Sutton, Tia; Levine, Carolyn; Haman, Patricia
Subject: RE: Confirming VW call today at 1:30 with House energy and commerce

That's correct. And don't hesitate to say, "we don't know yet" or "we can't tell you that yet" in response to Qs Peter may ask.

Josh

From: Belser, Evan
Sent: Tuesday, September 22, 2015 10:29 AM
To: Lewis, Josh; Wehrly, Linc; Emmerson, Caroline; Kelley, Rosemarie; Cohen, Janet
Cc: Sutton, Tia; Levine, Carolyn; Haman, Patricia
Subject: RE: Confirming VW call today at 1:30 with House energy and commerce

Josh and all,

Ex. 5, 7

Thanks,
Evan

Evan Belser

Chief, Mobile Source Enforcement Branch, Air Enforcement Division

National Coordinator for Administrative Litigation, Office of Civil Enforcement

Office of Enforcement and Compliance Assurance

United States Environmental Protection Agency

202-564-6850

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To: Belser, Evan; Wehrly, Linc; Emmerson, Caroline; Kelley, Rosemarie; Cohen, Janet
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Ex. 7

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> Can you let me know how you want to staff this in OECA, and if you have a preference on timing?
>
> Josh Lewis
>
> EPA/Office of Congressional Affairs
>
> Office: 202 564 2095
>
> Cell: 202 329 2291

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Michael Sivak
Sent: Wed 9/23/2015 12:43:14 AM
Subject: Congratulations

Chris,

Terrific job!

http://www.nytimes.com/2015/09/22/business/it-took-epa-pressure-to-get-vw-to-admit-fault.html?_r=0

Regards,

Michael

Michael Sivak, Ph.D.
Director, Sustainable Worldwide Transportation
University of Michigan
Transportation Research Institute
2901 Baxter Road
Ann Arbor, MI 48109-2150
U.S.A.

To: McCabe, Janet[McCabe.Janet@epa.gov]
From: Grundler, Christopher
Sent: Wed 9/23/2015 1:17:49 AM
Subject: It Took E.P.A. Pressure to Get VW to Admit Fault - NYTimes.com

Good to re-read. Good narrative for future questions

http://mobile.nytimes.com/2015/09/22/business/it-took-epa-pressure-to-get-vw-to-admit-fault.html?referrer=

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

To: Grundler, Christopher[grundler.christopher@epa.gov]
Cc: Ex. 6
Ex. 6
From: Ex. 6
Sent: Wed 9/23/2015 1:20:08 AM
Subject: Re: Google VW and EPA

Take em to the cleaners, but see also:

http://www.nytimes.com/2015/09/23/nyregion/volkswagens-diesel-fraud-makes-critic-of-secret-code-a-prophet.html?action=click&contentCollection=Opinion&module=MostPopularFB&version=Full&region=Marg

http://arstechnica.com/tech-policy/2015/09/vw-scandal-highlights-irony-of-epa-opposition-to-vehicle-software-tinkering/

https://www.eff.org/deeplinks/2015/04/automakers-say-you-dont-really-own-your-car

On Fri, Sep 18, 2015 at 12:58 PM, Grundler, Christopher <grundler.christopher@epa.gov> wrote:

> Part of what I've been working on lately in case you are curious
>
> Christopher Grundler, Director
> Office of Transportation and Air Quality
> U.S. EPA
> 202-564-1682 (DC)
> 734-214-4207 (Ann Arbor)

--

Ex. 6

To: Ex. 7 @usdoj.gov]; Kaul, Meetu[Kaul.Meetu@epa.gov]
From: Ex. 7
Sent: Wed 9/23/2015 2:03:50 AM
Subject: VW Owners Aren't Going to Like the Fixes for Their Diesels | WIRED

Ex. 7

Ex. 7

http://www.wired.com/2015/09/vw-owners-arent-going-like-fixes-diesels/

Sent from my iPhone

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Shepardson, David
Sent: Wed 9/23/2015 2:23:07 AM
Subject: hey

I am writing a tick tock of how this went down for Thursday

Did you see this in WSJ -- just got posted

In early August, a senior Volkswagen official flew from Germany to an automotive conference in Traverse City, Mich., to meet with a U.S. executive for the auto maker and a top California regulator to discuss the discrepancies, said a person familiar with the matter. At a resort in the northern Michigan town, suffering from power outages from an intense thunderstorm, the Volkswagen officials repeated claims that the failing emissions tests were the result of technical problems.

California regulators continued questioning Volkswagen about the higher emissions. In August, at a transportation and energy conference in Pacific Grove, Calif., a U.S. Volkswagen official approached the senior California regulator again, this time with a disclosure: The German auto maker had been using defeat devices to circumvent emissions tests, one of the people said.

On Sept. 3, California regulators, EPA officials and Volkswagen officials convened a conference call. Volkswagen gave a detailed presentation showing nearly a half million cars sold since 2008 had dual-calibration software allowing vehicles to meet emissions tests but pollute more during normal driving conditions, one of the people said.

Even after that call, Volkswagen pleaded for certification of its 2016 models, claiming it had swelling inventories that it needed to get to showrooms, the people said. Regulators refused.

David Shepardson
Detroit News Washington Bureau Chief
529 14th Street NW Suite 969
Washington, DC 20045
(202) 662-8735 (phone)
(202) 365-8210 (mobile)
twitter.com/davidshepardson

From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Wed 9/23/2015 2:48:07 AM
Subject: Anatomy of VW's deception: The recall that never fixed any cars
MAIL_CONVERSATION_TOPIC: Anatomy of VW's deception: The recall that never fixed any cars
Created: Fri 3/18/2016 6:18:15 PM

Volkswagen's decision to equip 11 million vehicles worldwide with devices to cheat emissions tests has sent the company into an acute corporate crisis...

View article...

To: Grundler, Christopher[grundler.christopher@epa.gov]; Birgfeld, Erin[Birgfeld.Erin@epa.gov]
From: Valentine, Julia
Sent: Wed 9/23/2015 3:18:27 AM
Subject: You may have already seen this one

Jalopnik: Inside The Most Awkward Volkswagen Party In The World
9/22/15 6:15pm

At any big, flashy new car release, you expect to be accosted by public relations people all wearing name tags. "How do you like it?" they normally ask, or "Isn't this exciting?" After I spent a few minutes milling around the entrance to the unveiling of the Volkswagen Passat last night, a security guard walked up to me. "Are you supposed to be here?"

I wasn't sure how to answer that question. In fact, I wasn't sure any of us were supposed to be there.

Three weeks ago, the German car company invited us, and seemingly every other New York-based auto journalist, to the unveiling of the new 2016 Volkswagen Passat at a big warehouse at the Brooklyn Navy Yard. It was the same place where the Cadillac CT6 was unveiled, but unlike that party, none of us really wanted to go at the time. This is, after all, the Passat we're talking about here, not the Bugatti Veyron successor.

One of us actually just wanted to reply to the invite with "thanks," and a simple link to the much nicer European version of the car, which we had already seen a while ago.

But that was before we knew that Volkswagen had deceived regulators across the world and the car-buying public for years by rigging cars to massively cheat on emissions tests. Before we knew about the criminal and the Congressional investigations. Before we knew that a whole bunch of people were about to get fired. But the Passat reveal party had to move forward; like a wedding, it could not be canceled, because Aunt Mabel was flying in from Seattle and they already bought all the meat.

So in the end, instead of swarming with the place with the hard-nosed *Jalopnik* beat reporters that we regularly employ, I somehow drew the short straw. Despite our best last-minute efforts to get as many people into the party as possible, I would be the only one going from our team.

And in fairness to the security guard, at that exact moment I did look pretty out of place. Volkswagen had hired a bunch of water taxis to take the vast majority of the people from Battery Park to the Navy Yard. Most of the time, these things feel like the pre-game to a booze cruise. But I had a car, so I figured I'd just drive in, through the back entrance.

Through the back entrance, there were no other journalists. Just guys from local dealers, who laughed at random jokes but then seemed to go way too quickly back to very nervous faces.

But after a half hour of the event staff politely, but firmly denying my pleas to get beyond the entrance area and into the main event, Doug DeMuro finally showed up, and they finally let us in to the big room where the reveal party was located. (You're probably wondering why Doug got in, even though I just said they weren't letting any extra *Jalops* in. All I can say is that the Doug works in mysterious ways, but also occasionally does freelance for other publications.)

And it was a big room. A vast, empty room. Large enough to fit several elephants that no one from Volkswagen wanted to discuss at the moment.

There's a weird feeling that you get when you're at a party that's highly inappropriate. No one throwing it really feels like celebrating much, and everyone sort of looks at the floor or pretends to be Very Busy with something. All the invited guests – in this case, the journalists – make horrible, dark jokes about what's been going on. Maybe it should've been canceled, everyone thinks.

But it was not canceled, so everything just sort of goes on, without anyone acknowledging everything that's happening. Which isn't to say we didn't try to acknowledge it. Any Volkswagen staffer I could find, which is to say, every person that I asked if they worked for Volkswagen, could only offer a firm, polite "no comment," along with a firm, polite, and icy glare, from the booth professionals to the suits.

We milled around for an hour or so, listlessly or boisterously depending on how much of the VW-supplied alcohol we'd gone for while black-shirted waiters and waitresses tried to offer us a constant stream of miniature crab cakes. They had the ostensibly mandatory televisions, displaying tweets with the ostensibly mandatory hashtag for the night. They didn't post my tweets to the televisions, no matter how hard I tried.

It was lot emptier than I, and probably Volkswagen, expected. The room wasn't getting any smaller, and it wasn't filling up as fast as these things usually do. When there's something to be celebrated, people like to celebrate. When the only thing being celebrated is a mid-cycle refresh, accompanied by a scandal of massive proportions, intention, and deceit, I guess people don't really feel like showing up to celebrate.

I didn't have any of the crab cakes.

After an hour of what felt like interminable mingling, Volkswagen USA CEO Michael Horn finally arrived. And, like any gracious and exuberant party host, he began by proclaiming his company's own dishonesty, and proclaiming its mistakes:

"In my German words, we totally screwed up," he said. A single person clapped.

To be honest, it was almost refreshing to hear this Reaganesque *mea culpa*. Though it was almost wholly unsatisfying in what wasn't said. No questions were allowed, even though we were all wondering variations on similar themes. *Who knew about this?*

When did they know about this? Surely you, personally, had to have known about this? Why did you do it? How could you think you wouldn't get caught? How long did you think this would go on? Why didn't one of your competitors, who buy up your cars to endlessly study them, X-ray them, take them apart and test them six ways to Sunday, blow the whistle in the supposedly "ruthless" automotive business?

We didn't get any answers. Because in the world of Volkswagen, when you're staring down the barrel of an investigatory gun but you're still throwing one of the biggest parties in New York, we were "only here to talk about Passat."

And once Horn was finished issuing his apologies, music started blaring and three Passats immediately rolled out. One white R-line, one silver example in a basic trim, and a blue diesel model.

Not much was said about the diesel.

We all performed the requisite kabuki of getting live photos of the cars, even though most of the writers there had already agreed to embargoes and had seen photos of the car hours ago, scheduling articles on it to go live even before Horn had finished reading off of the press release. The ritual continued unabated.

They left the cars out, rotating silently on three little stands. After the first 15 minutes, most stopped crawling all over a vehicle that was already too familiar. We had been told Lenny Kravitz was playing, and by then, when we realized none of our questions truly would be answered, and there was nothing of this car that was going to light our hair on fire, was the only reason for staying much longer.

After an hour, Lenny finally showed up. He brought the house down. He was a professional. He earned the money I'm sure he was paid. He shoved his guitar-crotch into the face of a poor model Volkswagen had paid to be there.

To: Valentine, Julia[Valentine.Julia@epa.gov]
From: Grundler, Christopher
Sent: Wed 9/23/2015 3:31:07 AM
Subject: Re: Do you have statement on VW on what you guys are doing ?

Ex. 5

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

On Sep 22, 2015, at 11:23 PM, Valentine, Julia <Valentine.Julia@epa.gov> wrote:

FYI, Chris, from Shepardson.

Ex. 5

From: Shepardson, David <DShepardson@detroitnews.com>
Sent: Tuesday, September 22, 2015 10:24 PM
To: Valentine, Julia
Subject: Re: Do you have statement on VW on what you guys are doing ?

did you see this in the WSJ that posted tonight? I am doing a tick tock for Thursday

In early August, a senior Volkswagen official flew from Germany to an automotive conference in Traverse City, Mich., to meet with a U.S. executive for the auto maker and a top California regulator to discuss the discrepancies, said a person familiar with the matter. At a resort in the northern Michigan town, suffering from power outages from an intense thunderstorm, the Volkswagen officials repeated claims that the failing emissions tests were the result of technical problems.

California regulators continued questioning Volkswagen about the higher emissions. In August, at a transportation and energy conference in Pacific

Grove, Calif., a U.S. Volkswagen official approached the senior California regulator again, this time with a disclosure: The German auto maker had been using defeat devices to circumvent emissions tests, one of the people said.

On Sept. 3, California regulators, EPA officials and Volkswagen officials convened a conference call. Volkswagen gave a detailed presentation showing nearly a half million cars sold since 2008 had dual-calibration software allowing vehicles to meet emissions tests but pollute more during normal driving conditions, one of the people said.

Even after that call, Volkswagen pleaded for certification of its 2016 models, claiming it had swelling inventories that it needed to get to showrooms, the people said. Regulators refused.

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Detroit News Washington Bureau Chief
529 14th Street NW Suite 969
Washington, DC 20045
(202) 662-8735 (phone)
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(202) 365-8210 (mobile)
twitter.com/davidshepardson

From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Wed 9/23/2015 4:18:12 AM
Subject: Volkswagen hires US law firm to deal with emission scandal
MAIL_CONVERSATION_TOPIC: Volkswagen hires US law firm to deal with emission scandal
Created: Fri 3/18/2016 6:18:15 PM

Volkswagen AG has hired the U.S. law firm Kirkland & Ellis LLP to help it deal with the widening scandal.

View article...

To: McCabe, Janet[McCabe.Janet@epa.gov]
From: Grundler, Christopher
Sent: Wed 9/23/2015 5:20:47 AM
Subject: VW Emergency Board Meeting moved to tomorrow (Wednesday)

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

To: Belser, Evan[Belser.Evan@epa.gov]
From: Brooks, Phillip
Sent: Wed 9/23/2015 6:15:38 AM
Subject: Putting a Price on Volkswagen's Diesel Emission-Fraud Liability - Bloomberg Business

http://www.bloomberg.com/news/articles/2015-09-22/putting-a-price-on-volkswagen-s-diesel-emission-fraud-liability

Sent from my iPhone

To: Chapman, Apple[Chapman.Apple@epa.gov]
From: Brooks, Phillip
Sent: Wed 9/23/2015 6:16:08 AM
Subject: Putting a Price on Volkswagen's Diesel Emission-Fraud Liability - Bloomberg Business

For perspective.

http://www.bloomberg.com/news/articles/2015-09-22/putting-a-price-on-volkswagen-s-diesel-emission-fraud-liability

Sent from my iPhone

To: Giles-AA, Cynthia[Giles-AA.Cynthia@epa.gov]
From: Brooks, Phillip
Sent: Wed 9/23/2015 6:16:27 AM
Subject: Putting a Price on Volkswagen's Diesel Emission-Fraud Liability - Bloomberg Business

http://www.bloomberg.com/news/articles/2015-09-22/putting-a-price-on-volkswagen-s-diesel-emission-fraud-liability

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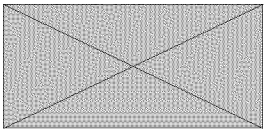
From: Environmental Law360
Sent: Wed 9/23/2015 7:31:12 AM
Subject: Sage-Grouse Decision To Test Collaborative Conservation



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EXPERT ANALYSIS

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Property Pooling Pits Ohio Municipalities Against State

The Franklin County Court of Common Pleas' ruling in Simmers v. City of North Royalton that the mandatory pooling of property cannot be approved without evidence that safety and other intangible concerns were considered is the most recent battle between Ohio municipalities and the state over the power to regulate oil and gas drilling and related operations, says Carter Strang of Tucker Ellis LLP.

LEGAL INDUSTRY

Trial Ace: Steptoe's Michael Dockterman

During nearly 40 years in the courtroom, Steptoe & Johnson LLP partner Michael Dockterman has nimbly blended old-school and new-school techniques, at times deploying his towering 6-foot-4 persona during blistering cross-examinations and charming judges with testimony from stuffed animals.

3 Ways Law Firms Goose The Bills

Even when clients are going over their bills with a magnifying glass, firms have ways to make the numbers say what they want them to say. Here's how they do it.

1 In 4 Law Firms Are Victims Of A Data Breach

Almost half of attorneys say their firms have no data breach response plan in place, even though an American Bar Association survey has found that one in four law firms with at least 100 attorneys have experienced a breach due to a hacker, website attack, break-in, or lost or stolen computer or smartphone.

Mintz Levin IP Atty Sanctioned For 'Bullying' In Divorce Case

A Mintz Levin Cohn Ferris Glovsky & Popeo PC patent attorney was sanctioned $10,000 after a New York state judge found he flouted the rules of professional conduct by attacking attorneys, witnesses and even judges while representing himself in a divorce from his wife, a patent attorney at Weil Gotshal & Manges LLP.

Stephen Colbert's Brother To Helm IP Shop Kenyon & Kenyon

Edward T. Colbert, noted intellectual property lawyer and brother of the host of "The Late Show with Stephen Colbert," has been elected managing partner of Kenyon & Kenyon LLP, taking the reins of the IP boutique he has been with for more than two decades, the firm announced Monday.

Philly Firms In Papal Crosshairs Aim To Minimize Disruption

Leaders of some of Pennsylvania's most prominent law firms are rolling out contingency plans to ensure that work for their clients is not hampered even as they prepare to close their doors Friday in response to security measures taking effect for Pope Francis' historic visit to Philadelphia this weekend.

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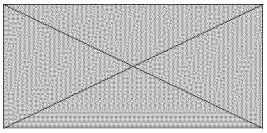
To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Environmental Law360
Sent: Wed 9/23/2015 7:32:48 AM
Subject: Sage-Grouse Decision To Test Collaborative Conservation



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A group of Senate Democrats, led by Sen. Maria Cantwell, D-Wash., on Tuesday introduced a bill that lays out a Democratic vision for the country's energy future, including cutting carbon pollution, providing tax incentives for clean energy and offering research funding.

SolarCity Says Contractor Hid Fraud Before $45M Project

A SolarCity Corp. contractor allegedly covered up a history of fraud before agreeing to and then abandoning a $45 million contract to help build solar power systems in Massachusetts, SolarCity alleged in federal court Monday.

EXPERT ANALYSIS

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Property Pooling Pits Ohio Municipalities Against State

The Franklin County Court of Common Pleas' ruling in Simmers v. City of North Royalton that the mandatory pooling of property cannot be approved without evidence that safety and other intangible concerns were considered is the most recent battle between Ohio municipalities and the state over the power to regulate oil and gas drilling and related operations, says Carter Strang of Tucker Ellis LLP.

LEGAL INDUSTRY

Trial Ace: Steptoe's Michael Dockterman

During nearly 40 years in the courtroom, Steptoe & Johnson LLP partner Michael Dockterman has nimbly blended old-school and new-school techniques, at times deploying his towering 6-foot-4 persona during blistering cross-examinations and charming judges with testimony from stuffed animals.

3 Ways Law Firms Goose The Bills

Even when clients are going over their bills with a magnifying glass, firms have ways to make the numbers say what they want them to say. Here's how they do it.

1 In 4 Law Firms Are Victims Of A Data Breach

Almost half of attorneys say their firms have no data breach response plan in place, even though an American Bar Association survey has found that one in four law firms with at least 100 attorneys have experienced a breach due to a hacker, website attack, break-in, or lost or stolen computer or smartphone.

Mintz Levin IP Atty Sanctioned For 'Bullying' In Divorce Case

A Mintz Levin Cohn Ferris Glovsky & Popeo PC patent attorney was sanctioned $10,000 after a New York state judge found he flouted the rules of professional conduct by attacking attorneys, witnesses and even judges while representing himself in a divorce from his wife, a patent attorney at Weil Gotshal & Manges LLP.

Stephen Colbert's Brother To Helm IP Shop Kenyon & Kenyon

Edward T. Colbert, noted intellectual property lawyer and brother of the host of "The Late Show with Stephen Colbert," has been elected managing partner of Kenyon & Kenyon LLP, taking the reins of the IP boutique he has been with for more than two decades, the firm announced Monday.

Philly Firms In Papal Crosshairs Aim To Minimize Disruption

Leaders of some of Pennsylvania's most prominent law firms are rolling out contingency plans to ensure that work for their clients is not hampered even as they prepare to close their doors Friday in response to security measures taking effect for Pope Francis' historic visit to Philadelphia this weekend.

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From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Wed 9/23/2015 7:49:46 AM
Subject: Volkswagen hires US law firm to deal with emission scandal
MAIL_CONVERSATION_TOPIC: Volkswagen hires US law firm to deal with emission scandal
Created: Fri 3/18/2016 6:18:14 PM

Volkswagen AG has hired the U.S. law firm Kirkland & Ellis LLP to help it deal with the widening scandal.

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Sent: Wed 9/23/2015 7:49:52 AM
Subject: The tech behind how Volkswagen tricked emissions tests
MAIL_CONVERSATION_TOPIC: The tech behind how Volkswagen tricked emissions tests
Created: Fri 3/18/2016 6:18:14 PM

Volkswagen isn't hiding from its emissions cheating scandal, which the company now says affects some 11 million diesel cars worldwide.

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Sent: Wed 9/23/2015 8:18:26 AM
Subject: VW board meets: Crunch time for CEO Winterkorn
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Created: Fri 3/18/2016 6:18:14 PM

Wednesday's meeting of Volkswagen's supervisory board is likely to have seismic consequences for the automaker and its embattled chief executive.

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Subject: VW board meets: Crunch time for CEO Winterkorn
MAIL_CONVERSATION_TOPIC: VW board meets: Crunch time for CEO Winterkorn
Created: Fri 3/18/2016 6:18:13 PM

Wednesday's meeting of Volkswagen's supervisory board is likely to have seismic consequences for the automaker and its embattled chief executive.

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To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: EnergyGuardian
Sent: Wed 9/23/2015 11:13:17 AM
Subject: On eve of methane hearings, oil industry touts GHG investments

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Energy and environment headlines for the morning of Wednesday, September 23, 2015

On eve of methane hearings, oil industry touts GHG investments

By Kevin Rogers

The oil industry is seeking to highlight its investments in greenhouse gas emissions reductions as the Environmental Protection Agency begins soliciting public input on regulations to cut methane emissions by as much as 45 percent over the next decade.

In a report released Tuesday, the American Petroleum Institute touted $90 billion in total industry GHG mitigation investment from 2000 to 2014. The investments included

renewable energy technology, efficiency upgrades, methane and carbon capture efforts and increased use of cleaner-burning fuels.

The report, conducted by T2 and Associates, based its findings off of industry documents, federal reports and other public data. According to the findings, the oil and gas industry was only bested by the federal government, which invested $110.3 billion over the 14-year period.

The report comes as EPA is set to kick off three hearings on its rule to reduce methane, a short-lived but potent greenhouse gas, at new and modified oil and gas infrastructure. The rules would also put new limits on sector emissions of volatile organic compounds, which are chemicals emissions that pose cardiovascular and cancer risks.

EPA has hearings planned in Denver and Dallas this week, and Pittsburgh next Tuesday.

Though API President Jack Gerard said the report wasn't intended to coincide with EPA's public hearings, he told reporters on a call that it would be part of API's case against the regulations.

"We will be testifying on some of the data we've talked about today," he said. "There's something very important taking place today, and it goes right to the heart of those hearings. It's the policy the administration is pushing, which we believe are counterproductive to our ability to not only reduce emissions but to create high-paying jobs to benefit all consumers."

Gerard pointed to EPA's own figures highlighting a 79 percent reduction in methane from hydraulically fractured wells from 2005 and a 38 percent reduction from total natural gas production from 2005 to 2013 as proof that voluntary efforts were working.

EPA, in a statement, defended the proposal as a necessity to combat climate change and protect health.

"EPA has proposed a suite of commonsense requirements that together will help address climate change, reduce air pollution that harms public health, and provide greater certainty about Clean Air Act permitting requirements for the oil and natural gas industry," the agency said.

Gerard, however, expressed doubt that the agency was properly corresponding with the Bureau of Land Management, which is moving forward on its own proposal to reducing natural gas flaring from federal oil and gas production sites. He said the agencies could end up putting out conflicting regulations that would only reduce certainty for the industry.

"We wish we had more confidence that the government is talking to itself, that the left hand knows what the right had is doing, but to date we don't have that confidence," he said. "So one of the things we will be articulating as part of this hearing process is that we hope the federal government is talking to its sister entities."

API's calls for more voluntary efforts to reduce methane drew criticism from Lena Moffitt, director of the Sierra Club's Dirty Fuels campaign. While she hadn't reviewed the report, she said the arguments API made were a tired effort to evade the new regulations.

"It's a pretty predictable response from the American Petroleum Institute in advance of the hearing, and it doesn't jive with the fact that voluntary measures just aren't enough," she said.

"While there have been a few years in the past where emissions from the sector may have decreased, that very well could be from regulations that EPA issued in 2012," she continued, referencing the agency's rules to limit emissions of volatile organic compounds.

Moffitt will represent the Sierra Club at the Pittsburgh meeting, though she said the group would be out in "full force" on Wednesday in Denver and Dallas. The group plans a rally in Denver alongside Native American groups and other environmentalist organizations.

"We see this as a key opportunity and we'll be out in full force to support them and urge the EPA to go further," she said. "We think it's clear that the magnitude of the problem in terms of methane emissions is huge and absolutely warrants these commonsense protections from EPA."

Quick Links

Climate change high on agenda as Pope, Obama meet in Oval Office

Judge overturns New York City ban on plastic foam containers

Investment treaty between China and US key business goal

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Exposing vehicle emissions problems not new for university

Judge denies Peabody Energy's request to strike protest song

Pipe replacement aids in GHG emissions reduction: Study

Climate activists hope for papal boost

Quake study getting up and running in Texas

Declining use of coal could help China hit its climate goals earlier

More big corporations to go all-renewable

NY gel fracking project to get October hearing

Oil gains on stockpile drop

Further trimming at Total as oil prices drag

California net metering cap worries San Diego solar firms

Weatherford ditches fundraising plans after stock plunge

Climate 'doubters': AP Stylebook reference fosters debate

Upcoming Events

Climate change high on agenda as Pope, Obama meet in Oval Office

By Nancy Benac and Nicole Winfield

WASHINGTON (AP) — In a moment weaving strands of politics, religion and emotion, Pope Francis and President Barack Obama are set to meet in the grandeur of the Oval Office to advance causes -- like the fight against climate change -- that are dear to them both.

Eagerly watching will be a nation that cannot get enough of Francis, a humble man rejuvenating American Catholicism while giving heartburn to its conservatives.

The pope was to deliver his opening remarks to the United States on the White House lawn on Wednesday morning and speak to America's bishops later. That speech was highly anticipated, given a certain disconnect between Francis' focus on social justice and a merciful church and the culture wars that America's bishops have waged in recent years over abortion and gay rights.

From the instant the white-robed and broad-grinned Francis landed in the U.S. on Tuesday, doffed his skullcap in the breeze and got into a modest, charcoal-gray Fiat, his visit electrified wonky Washington, which can be jaded about the comings and goings of world figures.

More

Judge overturns New York City ban on plastic foam containers

By Jake Pearson

NEW YORK (AP) — A state judge has overturned New York City's ban on plastic foam containers, finding the nearly 30,000 tons of dirty meat trays and to-go cups now sent to landfills can be recycled in a cost-effective way, according to a decision made public Tuesday.

The ban went into effect July 1 after lawmakers voted in 2013 to approve it unless a yearlong inquiry found the foam could be effectively recycled. An industry group of manufacturers, recyclers and restaurant-owners then sued, arguing that the ban was based on politics, not policy, and that recycling was feasible.

The environmental initiative was spearheaded by former Mayor Michael Bloomberg, an independent, and supported by current Mayor Bill de Blasio, a Democrat.

But state Supreme Court Judge Margaret Chan ruled that Department of Sanitation Commissioner Katheryn Garcia didn't properly take into account industry estimates of the market and recycling opportunities generated during the yearlong review period when she decided that plastic foam couldn't be recycled economically and in an environmentally friendly way.

More

Investment treaty between China and US key business goal

By Gene Johnson and Phuong Le

SEATTLE (AP) — When Chinese President Xi Jinping addresses a meeting of some of the top names in Chinese and American business Wednesday, they may be most interested what he says about progress toward a treaty between the nations that would provide a framework for broader investment in each other's economy.

Apple Chief Executive Tim Cook, Microsoft's Satya Nadella, Amazon's Jeff Bezos, investor Warren Buffett and Jack Ma of Chinese e-commerce giant Alibaba are among the 30 top executives attending a closed-door discussion being moderated by former U.S. Treasury Secretary Henry Paulson, who has advocated for such a treaty. All of the American CEOs participating signed a letter to Xi and U.S. President Barack Obama urging them to support an agreement.

Bilateral investment treaties provide the rules of the road for companies doing business in other countries, and can help ensure that the rights of foreign investors are protected and that foreign companies operate on a level playing field with domestic ones. An agreement with

China would open up more of that nation's massive market to American companies, provide clearer rules for Chinese investment in the U.S., and create jobs on both sides, supporters say.

Such treaties "can be a powerful catalyst for more economic growth," Evan Feigenbaum, vice chairman of the Paulson Institute, which is co-hosting Wednesday's meeting, said Tuesday.

More

Lawsuits filed over VW emissions scandal

By The Associated Press

BERLIN (AP) — Several law firms are filing class action lawsuits against Volkswagen over its admission that it used special software to get its cars to pass U.S. emissions tests.

Clifford Law Offices, based in Chicago, said it is filing a complaint to the Northern District of Illinois alleging that VW engaged in deceptive and fraudulent business practices.

Meanwhile, law firm Sutts, Strosberg LLP, based in Windsor, Canada, was reported in local media to have filed a class action lawsuit seeking $1 billion in damages and $100 million in punitive damages.

In Germany, the head of the main industry lobby organization is calling for "transparency, openness and speed" in getting to the bottom of the Volkswagen emissions scandal.

More

Exposing vehicle emissions problems not new for university

By John Raby

CHARLESTON, W.Va. (AP) — A West Virginia University research unit that helped expose Volkswagen AG's smog-test scandal was involved in another emissions test two decades ago with similar results involving polluting trucks.

In October 1998, the WVU Center for Alternative Fuels, Engines and Emissions discovered that more than 1.1 million trucks whose heavy-duty diesel engines had passed emission inspections at the factory were polluting much more than allowed because of devices designed to overcome emissions controls, Dan Carder, interim director of the unit, told The Associated Press on Tuesday.

The Justice Department publicly announced the findings, after which several manufacturers agreed to a $1 billion settlement.

In the Volkswagen case, the WVU research team was hired by nonprofit pollution control advocate International Council on Clean Transportation to measure emissions on three cars: a 2012 VW Jetta, a 2013 VW Passat and a BMW X5 SUV.

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A message from America's Natural Gas Alliance

Clean is Powerful. Natural gas helps Georgia Power's plant generate electricity with 50% fewer emissions. Think about it.

Learn more at www.thinkaboutit.org.

Judge denies Peabody Energy's request to strike protest song

By Ben Neary

CHEYENNE, Wyo. (AP) — A federal judge in Wyoming says it's tough luck that the world's largest private coal company doesn't dig a 1970s-era protest song.

U.S. Magistrate Kelly Rankin in Cheyenne rejected a request by Peabody Energy Corp. to strike lyrics from singer-songwriter John Prine's "Paradise" from a federal lawsuit against the company. Prine's 1971 song criticized Peabody's mining activities in Kentucky.

Environmental activists Thomas Asprey and Leslie Glustrom, of Boulder, Colorado, claim in their lawsuit that the company violated their civil rights by having them arrested outside a 2013 shareholders meeting in Gillette. The company denies their claims.

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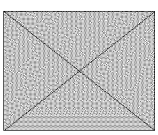

Week in Review – House Panel Moves To Lift Export Ban

Congress Gears up for Papal Visit.

Click here to read the brief

Pipe replacement aids in GHG emissions reduction: Study

A study led by Stanford University researchers concluded cities with programs to replace older natural gas pipelines have 90 percent fewer leaks and are reducing methane emissions, Platts reports.

More

Climate activists hope for papal boost

Activists and lawmakers pushing the fight against climate change –- including Tom Steyer and Rep. Raul Grijalva, D-Ariz. -- hope it gains momentum from Pope Francis' speech to Congress Thursday, The Hill reports

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Quake study getting up and running in Texas

The multimillion dollar TexNet Seismic Monitoring Program, authorized and funded by Texas lawmakers to examine any links between earthquakes and disposal wells in the state, is gearing up its operations, Rigzone reports.

More

Declining use of coal could help China hit its climate goals earlier

The decline in China's coal demand and coal industry could help the country meet its climate change emission reduction pledges earlier than the government has promised, The New York Times reports.

More

More big corporations to go all-renewable

Firms including Proctor & Gamble, Starbucks, Walmart and Goldman Sachs are expected to join the global RE100 coalition Wednesday and pledge to power their operations entirely through renewable energy, The New York Times reports.

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NY gel fracking project to get October hearing

A community in New York has set an October public hearing to examine the Snyder Farm Group project, which is proposing to get around the state ban on hydraulic fracturing by using a gel instead of water in the natural gas drilling process, the Ithaca Times reports.

More

Oil gains on stockpile drop

An American Petroleum Institute report of a 3.7 million barrel drop in U.S. crude stockpiles last week helped boost oil prices early Wednesday. U.S. benchmark crude rose 50 cents to $46.86 a barrel in electronic trading on the Nymex, while in London Brent jumped 55 cents to $49.63, Reuters reports.

More

Further trimming at Total as oil prices drag

French oil giant Total SA said Wednesday it will cut costs again in the face of continuing low oil and gas prices but plans to maintain its dividend, Reuters reports.

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California net metering cap worries San Diego solar firms

Rooftop solar firms in San Diego are concerned that the California Public Utilities Commission won't come up with a new tariff structure in time for them to avoid hitting the grid's 5 percent cap on solar generating that's in place under the current system, The San Diego Union-Tribune reports.

More

Weatherford ditches fundraising plans after stock plunge

Oil field services firm Weatherford has abandoned a plan to raise $1 billion through debt and stock offerings after a drastic fall in its share price, FuelFix reports.

More

Climate 'doubters': AP Stylebook reference fosters debate

AP's decision use the phrase "climate change doubters" to refer to those questioning the link between human activity and global warming – announced in a blogpost Tuesday – has generated an instant social media debate, National Journal reports.

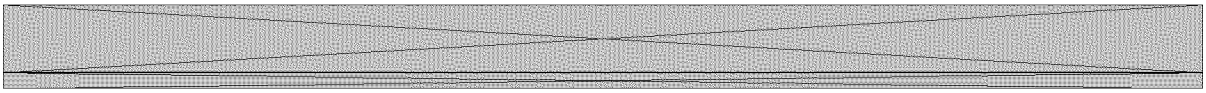
More

Upcoming Events

- Sep. 23, Dallas: The Environmental Protection Agency to hold a hearing on its proposal to cut methane emissions from new and modified oil and gas systems. 11:00 am , 1500 Marilla Street Dallas, Texas 75201
- Sep. 23, Denver: The Environmental Protection Agency to hold a hearing on its proposed rule to cut methane emissions at new and modified oil and natural gas sites.

11:00 am , 1595 Wynkoop Street, Denver, CO 80202.

- Sep. 23, Washington: The Senate Homeland Security and Governmental Affairs Committee to hold a hearing to examine the use of agency regulatory guidances in rulemaking. 11:00 am , Dirksen 342.
- Sep. 23, Washington: President Barack Obama to hold a bilateral meeting with Pope Francis. 10:15 am , White House.



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Sent: Wed 9/23/2015 11:48:37 AM
Subject: Just What Poison Has Volkswagen Been Spewing?
MAIL_CONVERSATION_TOPIC: Just What Poison Has Volkswagen Been Spewing?
Created: Fri 3/18/2016 6:18:13 PM

As the scope of Volkswagen's diesel scandal spreads today, with the German automaker revealing that 11 million VWs worldwide have the same software the company relied on to manipulate emissions tests in the United States, and the Wall Street Journal reporting this morning that the VW investigation could spread to the entire auto industry, [...]

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To: McCabe, Janet[McCabe.Janet@epa.gov]; Purchia, Liz[Purchia.Liz@epa.gov]; Reynolds, Thomas[Reynolds.Thomas@epa.gov]; Millett, John[Millett.John@epa.gov]
From: Grundler, Christopher
Sent: Wed 9/23/2015 11:54:34 AM
Subject: New narrative

New narrative - US acted, Brussels didn't.

From USA Today

VW: Euro regulators didn't act on diesel report

http://usat.ly/1FeLhcu

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

To: Kaul, Meetu[Kaul.Meetu@epa.gov]
From: Treser, Tanja
Sent: Wed 9/23/2015 11:59:12 AM
Subject: Media request/ Volkswagen

Dear Mr. Kaul,

As a chief reporter with Europes biggest weekly BILD am Sonntag, I have a question in addition to your Notice of Violation (sept. 18 2015).
Did EPA communicate with the Volkswagen board in Germany on the topic or did you only communicate with Mr. Geanacopoulos and Stuart Johnson of VW of America?
Could you also tell me, if the VW Passat models had a SCR Cat?
How many cars did you really test?
And finally, did you test any Mercedes cars meanwhile?

I look forward to hearing from you.

Best regards

Tanja Treser

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To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Soheila Kimberley
Sent: Wed 9/23/2015 12:00:17 PM
Subject: FIA, ACO, Porsche & Honda confirmed

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PETER WRIGHT, Technical Advisor, FIA

THEY WILL BE JOINING

Ulrich Baretzky, Head of Engine Technology, *Audi Sport*

John Iley, Technical Consultant

Bernard Niclot, Technical Director, *FIA*

Gilles Simon, Engineering Consultant

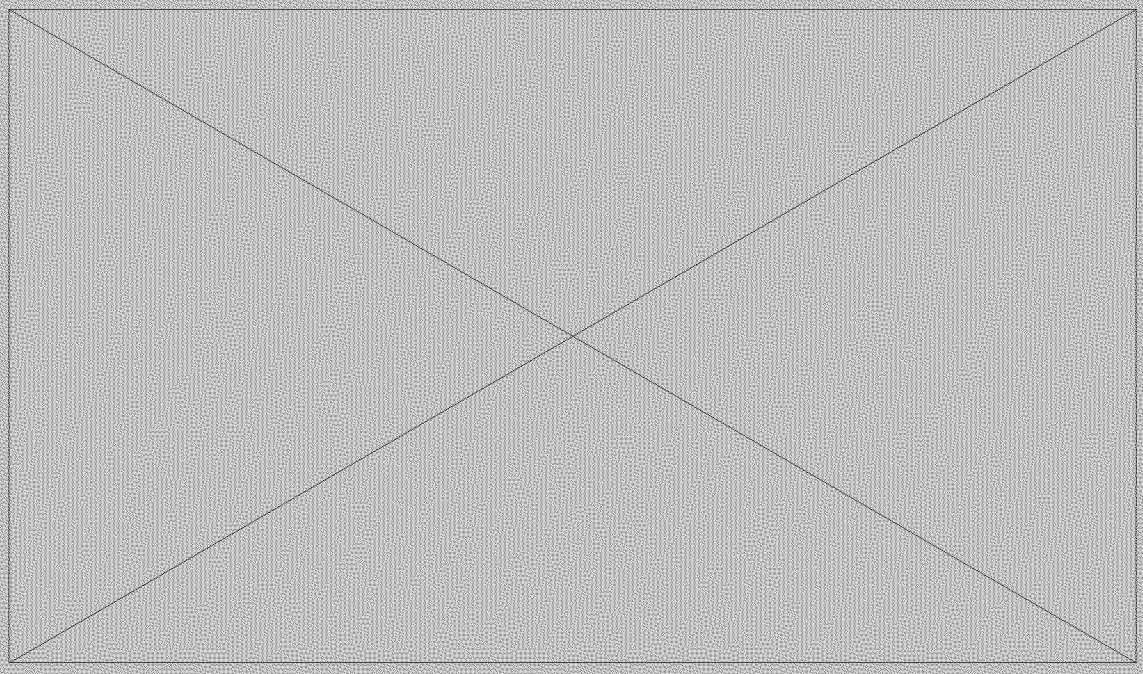
Pascal Va *ort GmbH*

Russ O'Blenes, Se am, *GM Powertrain*

Dialma *omobilia*

Reiner Mangold, Head of Sustainable Product Development, Audi

Willem Toet, Aerodynamics Consultant



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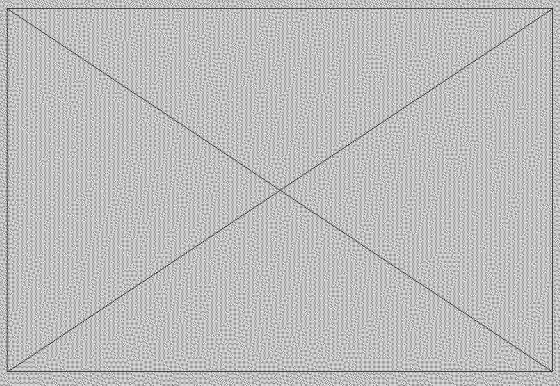
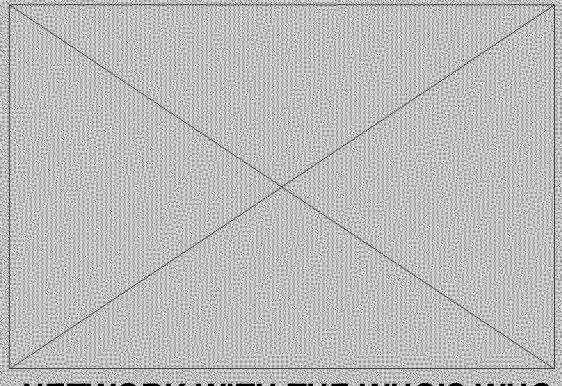


TAKE PART

Once again the format of the World Motorsport Symposium will take place in the style of a motorsport cabinet meeting making proceedings far more interactive.



NETWORK WITH THE WHO'S WHO

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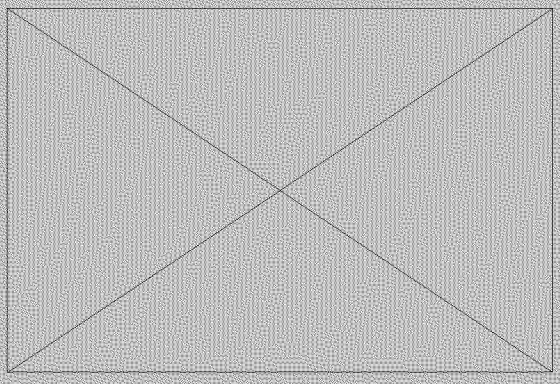

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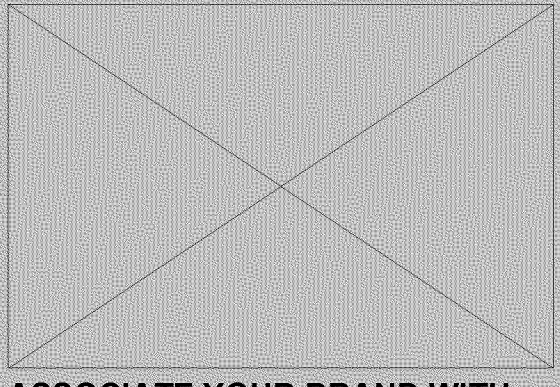
(Ulrich Baretzky visits EOS Ltd at their stand)



ASSOCIATE YOUR BRAND WITH THE DAVOS OF MOTORSPORT

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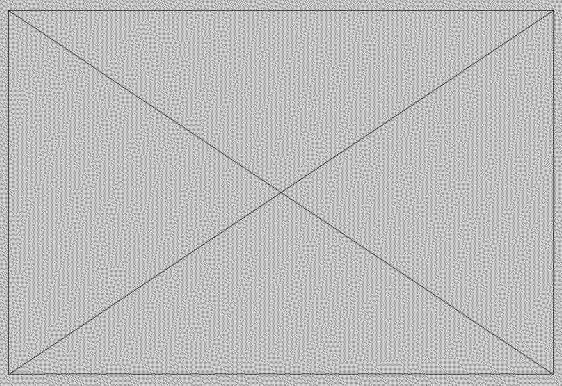
(Pascal Vasselon, technical director, Toyota Motorsport visits Sol Barnett of First Sensors at this stand)

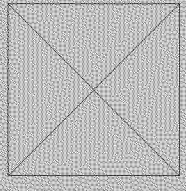
MEET THE CHAIRMEN

John Iley, Technical Consultant



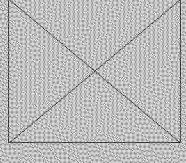
Ulrich Baretzky, Head of Engine Technology**,**

Audi Sport



Birmingham City University

The two day event will take place at Birmingham City University, in the Thinktank Event suite.
Venue details



Hotel Du Vin, Birmingham

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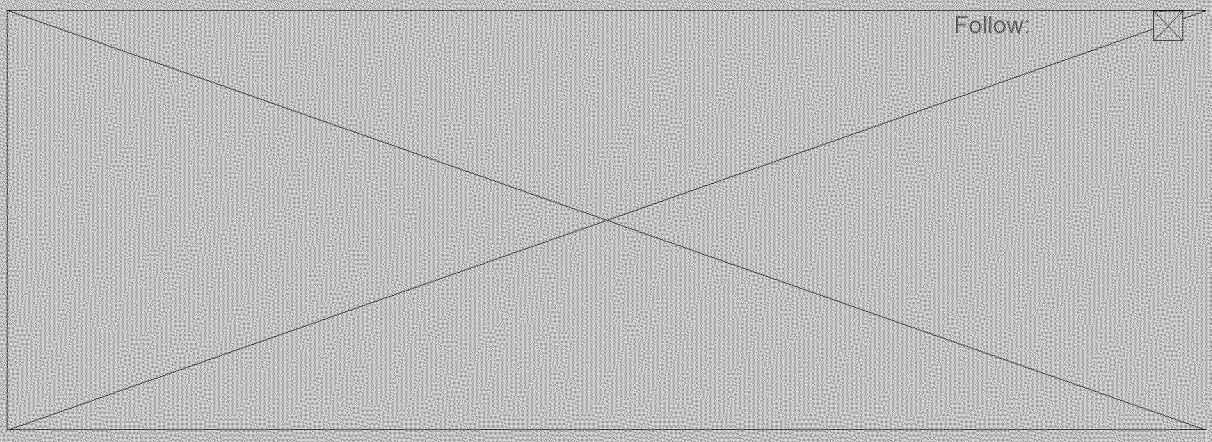

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841 High Road
London, N12 8PT
United Kingdom

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Soheila Kimberley
Sent: Wed 9/23/2015 12:00:17 PM
Subject: FIA, ACO, Porsche & Honda confirmed

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THE DAVOS OF MOTORSPORT ENGINEERING

NETWORK WITH ELITE MOTORSPORT ENGINEERS

WE'RE DELIGHTED TO CONFIRM
VINCENT BEAUMESNIL, Sporting Director, ACO
ALEX HITZINGER, Technical Director, Porsche LMP1
STEPHEN ERIKSEN, Vice President & COO, Honda Performance Development Inc
PETER WRIGHT, Technical Advisor, FIA

THEY WILL BE JOINING

Ulrich Baretzky, Head of Engine Technology, *Audi Sport*

John Iley, Technical Consultant

Bernard Niclot, Technical Director, *FIA*

Gilles Simon, Engineering Consultant

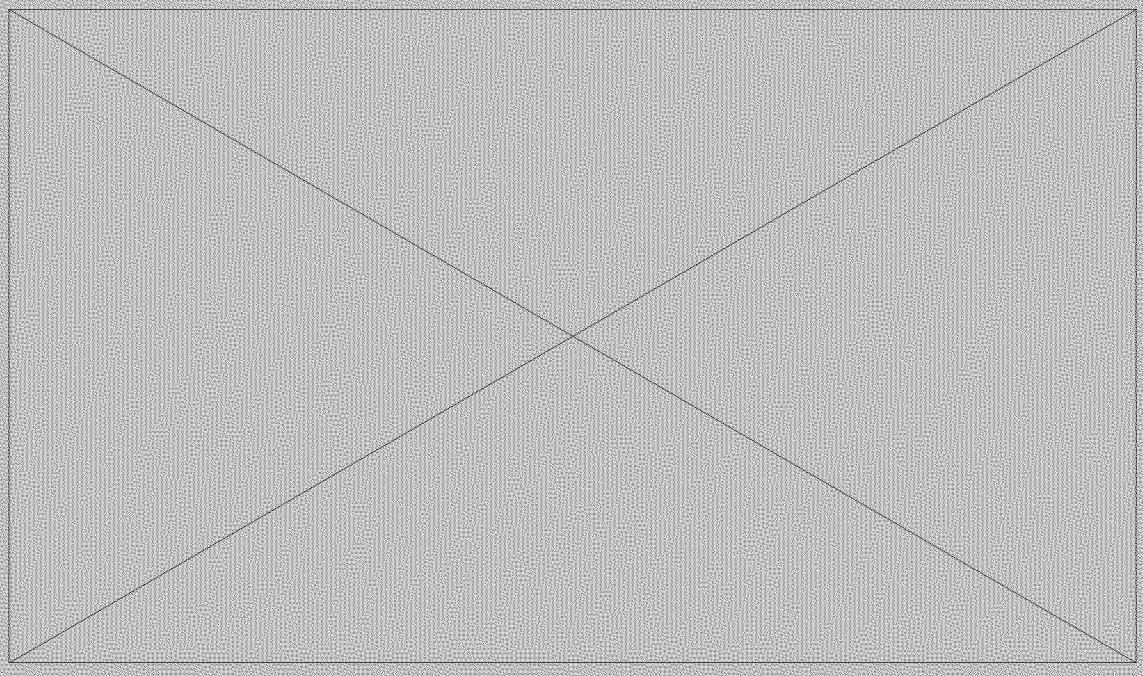
Pascal Va *ort GmbH*

Russ O'Blenes, Se am, *GM Powertrain*

Dialma *omobilia*

Reiner Mangold, Head of Sustainable Product Development, Audi

Willem Toet, Aerodynamics Consultant



THE MOST PRESTIGIOUS INTERNATIONAL EVENT ORGANISED FOR THE WHO'S WHO OF MOTORSPORT ENGINEERING AT ALL LEVELS TO GET TOGETHER AND FREELY DISCUSS ISSUES SPECIFIC TO THEM AS WELL AS BEING A PLACE WHERE NEW IDEAS ARE AIRED.
THE DEBATE #WMS15

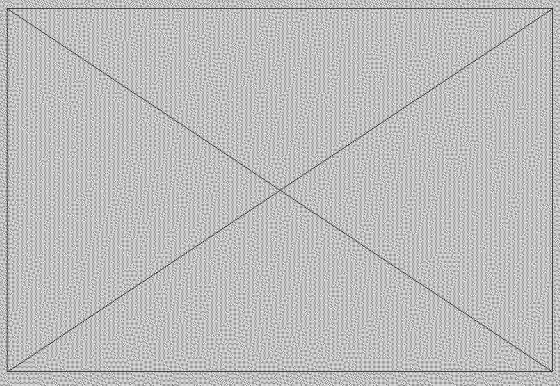
The Road to 2030

What is Motorsport's role in helping define the future?

Increased hybridisation
Electric vehicles
Fuel cells
Energy storage
Batteries

These are just some of the issues that define future transportation challenges in which motorsport could play a positive role as the developer of such technologies, or is it BACK TO THE FUTURE with a return to noisier, bigger gas-guzzling engines

MORE INFORMATION



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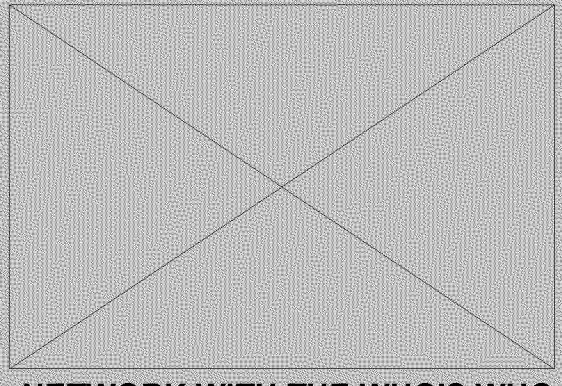

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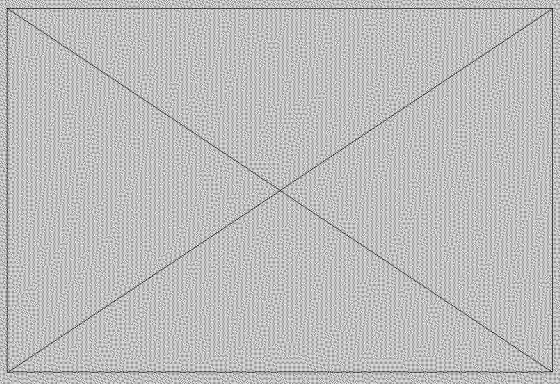

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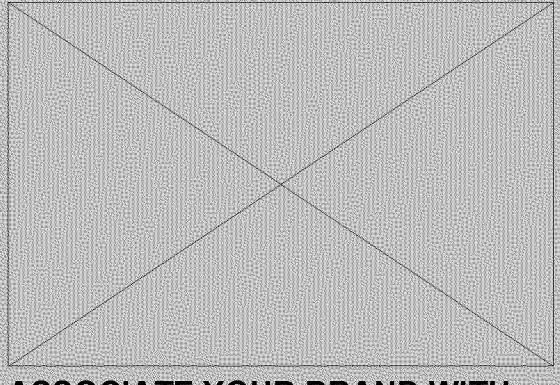

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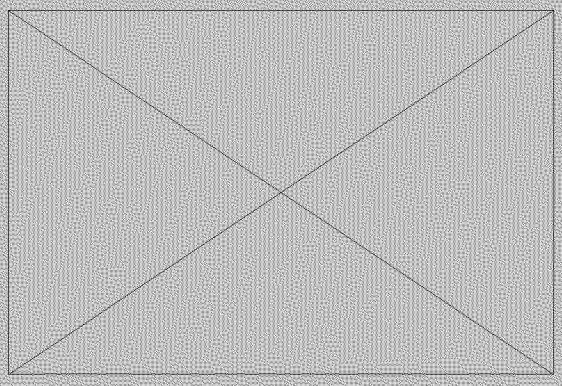

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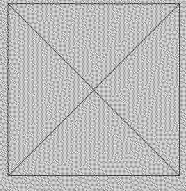

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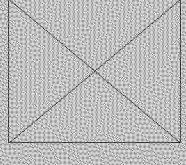

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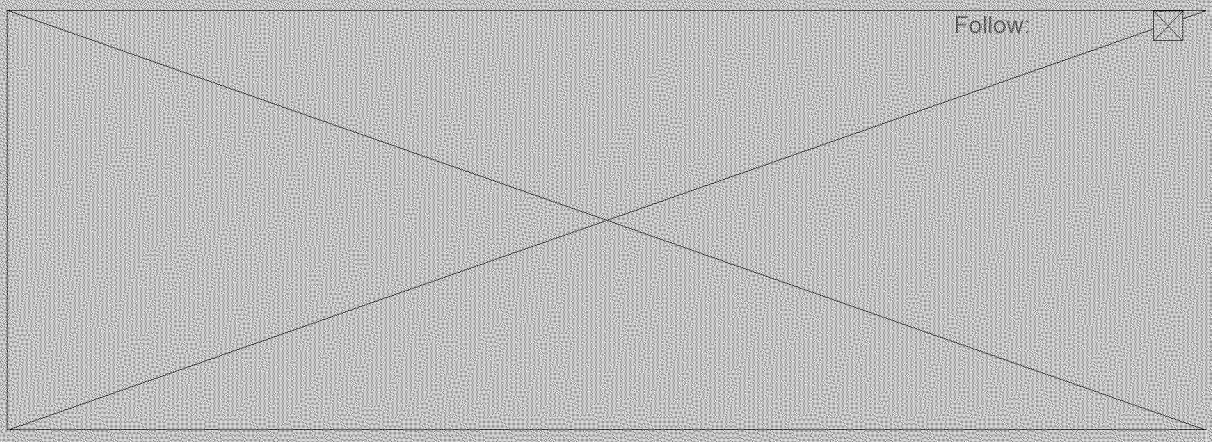

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841 High Road
London, N12 8PT
United Kingdom

To: Grundler, Christopher[grundler.christopher@epa.gov]
Cc: McCabe, Janet[McCabe.Janet@epa.gov]; Reynolds, Thomas[Reynolds.Thomas@epa.gov]; Purchia, Liz[Purchia.Liz@epa.gov]
From: Millett, John
Sent: Wed 9/23/2015 12:14:14 PM
Subject: Re: VW story on NPR

Heard it. We'll learn the CEO's fate today, too. Marketplace has led with VW for three days straight.

John Millett
202.510.1822

> On Sep 23, 2015, at 7:23 AM, Grundler, Christopher <grundler.christopher@epa.gov> wrote:
>
> Drew Kodjak is Diane's guest today
>
> Christopher Grundler, Director
> Office of Transportation and Air Quality
> U.S. EPA
> 202-564-1682 (DC)
> 734-214-4207 (Ann Arbor)
>
>> On Sep 23, 2015, at 7:21 AM, McCabe, Janet <McCabe.Janet@epa.gov> wrote:
>>
>> Quite a story on NPR this morning. Mayor of Paris says she wants to make Paris diesel free by 2020.
>>
>> Diane Rhiem (sp?) is going to focus on the story on her show today.
>>
>> Sent from my iPhone

From: Bunker, Byron
Location: conference call
Importance: Normal
Subject: Accepted: call with Byron Bunker on VW issues
Start Date/Time: Wed 9/23/2015 8:30:00 PM
End Date/Time: Wed 9/23/2015 9:30:00 PM

To: Millett, John[Millett.John@epa.gov]
From: Grundler, Christopher
Sent: Wed 9/23/2015 12:20:29 PM
Subject: Re: VW story on NPR

Non-Responsive

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
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>>> Sent from my iPhone

To: Bunker, Byron[bunker.byron@epa.gov]; Charmley, William[charmley.william@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]
From: Simon, Karl
Sent: Wed 9/23/2015 12:21:16 PM
Subject: Fw: EU Delays Heavy-Duty Vehicle CO2 Measure Up to Two Years (BNA)

Ex. 5

From: Thomas, Erica K (USEU) <ThomasEK@state.gov>
Sent: Wednesday, September 23, 2015 5:42 AM
To: Phillips, Anna; Blubaugh, Jim; Simon, Karl
Cc: McHone, Christopher H (USEU)
Subject: RE: EU Delays Heavy-Duty Vehicle CO2 Measure Up to Two Years (BNA)

Ex. 5

Erica

EU says 'premature' for Volkswagen scandal probe

AFP, 22 September 2015 - The EU on Tuesday said it was too early to launch a European investigation into whether Volkswagen has cheated in pollution measuring tests after shock revelations in the United States. "We are taking the matter very seriously," European Commission spokeswoman Lucia Caudet said in an email to AFP, adding that Brussels was in touch with Volkswagen and US authorities. "Investigations are ongoing within Volkswagen as well as in the US and in Germany. Therefore, it is premature to comment on whether any specific immediate surveillance measures are also necessary in Europe and whether vehicles sold by Volkswagen in Europe are also affected," she said. "We need to get to the bottom of this," she added. The European Commission, the EU's regulatory arm, is responsible for setting pollution limits on cars and defining testing procedures, but has no control over enforcement, which is left to national authorities.

This email is UNCLASSIFIED.

From: Phillips, Anna [mailto:Phillips.Anna@epa.gov]
Sent: Tuesday, September 22, 2015 10:46 PM
To: Blubaugh, Jim; Simon, Karl
Cc: Thomas, Erica K (USEU); McHone, Christopher H (USEU)
Subject: EU Delays Heavy-Duty Vehicle CO2 Measure Up to Two Years (BNA)

EU Delays Heavy-Duty Vehicle CO2 Measure Up to Two Years

Posted September 22, 2015, 12:37 P.M. ET

By Stephen Gardner

A European Union measure on carbon dioxide emissions from trucks and other heavy-duty vehicles, originally slated for publication this year, will not be proposed until 2016 or 2017, the European Commission confirmed to Bloomberg BNA today.

The commission, the EU's executive arm, had said in May 2014 that it would propose legislation that would require heavy-duty vehicle manufacturers to monitor and report fuel efficiency and carbon dioxide emissions data during 2015, as a preliminary step ahead of possible carbon dioxide emission limits for vehicles such as trucks and buses.

Unlike the United States, which put in place a greenhouse gas emissions standard for heavy-duty vehicles in 2011, the EU has no harmonized measure for truck carbon dioxide emissions, though it has emissions limits that must be met by passenger cars and light vans.

A new report from environmental advocacy group Transport & Environment said heavy-duty vehicle emissions represent 30 percent of greenhouse gas emissions from transport in the EU, and 5 percent of total EU emissions.

~~~~~~

Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

Office of International & Tribal Affairs

Washington, D.C. 20460

Tel: (+1) 202.564.6419 *Fax: (+1) 202.565.2427*
~~~~~~

e-mail: phillips.anna@epa.gov

http://redirect.state.sbu/?url=http://www2.epa.gov/international-cooperation

~~~
~~~

To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: Chapman, Apple
Sent: Wed 9/23/2015 12:30:48 PM
Subject: RE: Putting a Price on Volkswagen's Diesel Emission-Fraud Liability - Bloomberg Business

The VW media coverage has been non-stop here. The news hour had a big segment yesterday that was very well informed. Something every day on NPR. Looks like other diesel manufacturers are doing diagnostics on their fleet to verify that similar software does not exist in their cars (in advance of anyone asking).

Notice any blocked sites since you have been there?

Ms. Apple Chapman
Associate Director, Air Enforcement Division
U.S. Environmental Protection Agency
1200 Pennsylvania Ave. NW, Washington DC, 20004
202-564-5666 (office)
202-841-6076 (cell)

-----Original Message-----
From: Brooks, Phillip
Sent: Wednesday, September 23, 2015 2:16 AM
To: Chapman, Apple
Subject: Putting a Price on Volkswagen's Diesel Emission-Fraud Liability - Bloomberg Business

For perspective.

http://www.bloomberg.com/news/articles/2015-09-22/putting-a-price-on-volkswagen-s-diesel-emission-fraud-liability

Sent from my iPhone

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: McCabe, Janet
Sent: Wed 9/23/2015 12:35:06 PM
Subject: RE: It Took E.P.A. Pressure to Get VW to Admit Fault - NYTimes.com

Indeed--a keeper.

-----Original Message-----
From: Grundler, Christopher
Sent: Tuesday, September 22, 2015 9:18 PM
To: McCabe, Janet
Subject: It Took E.P.A. Pressure to Get VW to Admit Fault - NYTimes.com

Good to re-read. Good narrative for future questions

http://mobile.nytimes.com/2015/09/22/business/it-took-epa-pressure-to-get-vw-to-admit-fault.html?referrer=

Christopher Grundler, Director
Office of Transportation and Air Quality U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Automotive News
Sent: Wed 9/23/2015 12:35:53 PM
Subject: A.M. NEWSCAST: Rivals weigh in on VW diesel scandal; Winterkorn grilled | GMC plans Texas debut | A Fiat fit for Pope Francis | Self-parking a tough sell

September 23, 2015

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To: Wehrly, Linc[wehrly.linc@epa.gov]
From: Automotive News
Sent: Wed 9/23/2015 12:36:13 PM
Subject: A.M. NEWSCAST: Rivals weigh in on VW diesel scandal; Winterkorn grilled | GMC plans Texas debut | A Fiat fit for Pope Francis | Self-parking a tough sell

September 23, 2015

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Cc: Brooks, Phillip[Brooks.Phillip@epa.gov]; Werner, Jacqueline[Werner.Jacqueline@epa.gov]
To: Kelley, Rosemarie[Kelley.Rosemarie@epa.gov]
From: Belser, Evan
Sent: Wed 9/23/2015 12:36:24 PM
Subject: Fwd: WG: Volkswagen - defeat device

Rosemarie,

An enforcement agency from Germany is requesting phone call with us. Should we loop in OITA? I think it would be fine to have this call but of course we can't share more than what we're already making public.

Evan Belser
Chief, Mobile Source Enforcement Branch
US EPA

Begin forwarded message:

From: "Albus, Christoph" <christoph.albus@bmvi.bund.de>
Date: September 23, 2015 at 7:34:28 AM EDT
To: "'Belser.evan@epa.gov'" <Belser.evan@epa.gov>
Cc: "'Michael Olechiw (olechiw.michael@epa.gov)'" <olechiw.michael@epa.gov>, "Redmann, Stephan" <stephan.redmann@bmvi.bund.de>, "'Mark.Wummel@kba.de'" <Mark.Wummel@kba.de>, "'Paeslack, Sven'" <sven.paeslack@kba.de>
Subject: WG: Volkswagen - defeat device

Dear Mr. Belser

Regarding the Volkswagen issue Mr. Olechiw provided the information, that you are the responsible contact person at EPA. Together with my colleague Stephan Redman and colleagues from our type approval agency (KBA) we are very much interested in a phone conference with you. Would it be possible for you to have such a phone conference this Friday (25th).

Thanks in advance.

Best Regards

Christoph Albus

Von: Redmann, Stephan
Gesendet: Mittwoch, 23. September 2015 13:21
An: Albus, Christoph
Betreff: WG: Volkswagen - defeat device

Von: Olechiw, Michael [mailto:olechiw.michael@epa.gov]
Gesendet: Montag, 21. September 2015 14:39
An: Redmann, Stephan
Cc: 'Paeslack, Sven'
Betreff: RE: Volkswagen - defeat device

Hello Stephan!

I can imagine that this has caused quite the stir in Germany. You can reference the Notice of Violation that we sent to VW: http://www3.epa.gov/otaq/cert/documents/vw-nov-caa-09-18-15.pdf

This should help answer some of your questions. For now you may contact Evan Belser here at EPA. (Belser.evan@epa.gov, 001-202-564-6850)

If you would like to talk this morning, I am available after 3 PM your time.

Best Regards,

Mike

Michael R. Olechiw

Director - Light-duty Vehicles and Small Engines Center

USEPA/OTAQ/ASD

2000 Traverwood Drive

Ann Arbor MI 48105

Tel: +1-734-214-4297

Mobile: +1-734-546-8079

Fax: +1-734-214-4050

olechiw.michael@epa.gov

From: Redmann, Stephan [mailto:stephan.redmann@bmvi.bund.de]
Sent: Monday, September 21, 2015 4:31 AM
To: Olechiw, Michael
Cc: 'Paeslack, Sven'
Subject: Volkswagen - defeat device
Importance: High

Dear Michael,

how are you? You may imagine that the EPA case against Volkswagen regarding use of defeat devices is causing some turbulences here in Germany.

KBA – the German type approval authority – is currently investigating the case. Of course they are in direct contact with Volkswagen, but currently most of our information is still based on press announcements. Therefore I would like to ask you whether US EPA can provide us more information.

If you are not involved can you please provide us the right contact persons for an official request?

Best regards

Stephan

Federal Ministry of Transport and digital Infrastructure

Division LA27

Automotive Engineering (Environment)

Robert-Schuman-Platz 1

53175 Bonn, GERMANY

Tel.: +49 (0)228-300- 4371

Fax: +49 (0)228-300-807-4371

email: stephan.redmann@bmvi.bund.de

To: Werner, Jacqueline[Werner.Jacqueline@epa.gov]; Chapman, Apple[Chapman.Apple@epa.gov]; Brooks, Phillip[Brooks.Phillip@epa.gov]
Cc: Thompson, Christopher[Thompson.Christopher@epa.gov]
From: Albores, Richard
Sent: Wed 9/23/2015 12:41:59 PM
Subject: FW: VW, GMC, Ford

Hello AED –

I received this email, and thought I should pass it on to you all. Not sure how the sender got my name and address.

Thanks,

R

****

Richard L. Albores, Attorney-Advisor (Acting Director) * Federal Facilities Enforcement Office (2261A) *

U.S. Environmental Protection Agency * WJC South, Room 3224J (Enter through Room 3228) *

1200 Pennsylvania Avenue, N.W., Washington, DC 20460

Albores.richard@epa.gov * Main 202 564-2510 * Direct 202 564-7102 * Mobile 202 809-8029 *Fax 202 501-0069

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Report tips and complaints at: http://www.epa.gov/compliance/complaints/index.html

From Ex. 6 Ex. 6
Sent: Wednesday, September 23, 2015 8:31 AM
To: Albores, Richard
Cc Ex. 6
Subject: VW, GMC, Ford

Mr Albores:

It is my understanding that there is other car companies clearly violating EPA standards and only VW has been caught. It is quite obvious that For and GMC are doing the same in front of the naked eye. If you pay attention to GMC and Ford Diesel equipped heavy duty trucks the all have a design at the end of the muffler that provide for some fresh air to be pulled and directed to the tip of it where you would normally install the Mono-Nitrogen oxides (NOx) sensor. Common sense tells you that this "fresh" air will impact the emissions test positively, but, are these vehicles really being environmentally friendly?

Best Regards:

Ex. 6

Ex. 6 cell
home

To: Grundler, Christopher[grundler.christopher@epa.gov]; Simon, Karl[Simon.Karl@epa.gov]; Snapp, Lisa[snapp.lisa@epa.gov]; Charmley, William[charmley.william@epa.gov]; Birgfeld, Erin[Birgfeld.Erin@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]
From: Alson, Jeff
Sent: Wed 9/23/2015 12:51:36 PM
Subject: VW on MSNBC and Diane Rehm show

Last night on MSNBC, Chris Hayes, one of their top hosts who has done many reports on climate, suggested that VW might be the "greatest corporate fraud" in history.

And today, VW is the topic of the Diane Rehm show, on most NPR stations. Panelists incude Kodjak and Shepardson. Info from her website below.

A Criminal Probe Into Allegations Volkswagen Cheated On U.S. Emissions Tests

- □□□□□□□ Twitter
- □□□□□□□ FB
- □□□□□□□ Discuss

The main entrance gate at Volkswagen production plant on September 23, 2015 in Wolfsburg, Germany. ALEXANDER KOERNER/GETTY IMAGES

The Justice Department has launched a criminal probe of Volkswagen for allegedly manipulating U-S emissions tests: What's behind the charges and implications for carmakers worldwide.

Guests

- **Drew Kodjak** executive director, International Council on Clean Transportation
- **David Shepardson** Washington bureau chief, The Detroit News.
- **Ryan Calo** assistant professor of law, University of Washington
- **Steve Berman** attorney, Hagens Berman Sobol

To: Ex. 6
From: Belser, Evan
Sent: Wed 9/23/2015 12:56:44 PM
Subject: RE: VW

Ex. 6 Thanks for checking in. Yeah, this VW matter is big time. Lots of work ahead.

Non-Responsive

From: Ex. 6
Sent: Wednesday, September 23, 2015 8:43 AM
To: Belser, Evan
Subject: VW

Hi Evan,

I've been reading about this ongoing VW scandal and thinking of you and Mobile Sources. That's quite something. Makes Hyundai-Kia look small time. Hope things are going well with you generally. I had a nice summer, and am now one month into my clerkship at the EDNY. Enjoying it a lot so far--it has a good mix of courtroom tasks and legal writing.

Cheers,

Ex. 6

To: Kimber L. Sinacola[kimber.l.sinacola@gm.com]
From: Wright, DavidA
Sent: Wed 9/23/2015 1:00:15 PM
Subject: RE: Christy's response to my CROMERR question based on our discussion

Yeah, I would. But, if the agency allows the manufacturers to have their staff responsible for preparing the submittals attest that all of the information meets the regulatory and legal requirements under the Clean Air Act, when clearly those staffers have no authority or responsibility over the work performed to develop the application, then, it seems to me you would clearly not be at risk personally. However, you, or anyone that would sign I think would want to understand that it seems like the days of not holding individuals within corporations responsible may be coming to an end.

http://www.bloomberg.com/news/articles/2015-09-21/volkswagen-said-to-be-target-of-u-s-criminal-probe-on-emissions

From: Kimber L. Sinacola [mailto:kimber.l.sinacola@gm.com]
Sent: Wednesday, September 23, 2015 8:43 AM
To: Wright, DavidA
Subject: RE: Christy's response to my CROMERR question based on our discussion

I guess I should make sure and review the webpages carefully then! ☺

From: Wright, DavidA [mailto:Wright.DavidA@epa.gov]
Sent: Wednesday, September 23, 2015 8:30 AM
To: Kimber L. Sinacola
Subject: RE: Christy's response to my CROMERR question based on our discussion

That's my take, with the caveat, about all the legal ramifications that EPA is places on the individual signer, which as I understand it, are described on the webpages which the CROMERR signer reviews before electronically signing.

From: Kimber L. Sinacola [mailto:kimber.l.sinacola@gm.com]
Sent: Wednesday, September 23, 2015 7:45 AM

To: Wright, DavidA
Subject: RE: Christy's response to my CROMERR question based on our discussion

Thanks for checking on this. The answer is rather vague. My take is that there aren't really any rules about who can be the CROMERR signer – it's up to each manufacturer to decide?

From: Wright, DavidA [mailto:Wright.DavidA@epa.gov]
Sent: Tuesday, September 22, 2015 4:30 PM
To: Kimber L. Sinacola
Cc: Poirier, Christi; Ball, Joel
Subject: Christy's response to my CROMERR question based on our discussion

Kim – the following is Christi's response to my e-mail question regarding the CROMERR signer.

David,

I'm not a CROMERR expert so Judy or Sandra will probably have to expand on my response but I'll take a first cut. It is up to each company authorizing official (CAO) to identify their CROMERR Signers who will be responsible (legally and functionally) for submitting their Requests for Certificates. It is up to each company whether they choose to have the data submitter also be the CROMERR Signer or to have separate CROMERR Signers. The important thing to note is that whomever submits the Request for Certificate is legally responsible for the completeness and accuracy of all of the information used as the basis for a certificate request.

Also, we should get the finalized web-ready presentation from last week's manufacturer webinar that covers all the CROMERR requirements in the next day or two and I will send it to all the LD cert reps for reference.

Nothing in this message is intended to constitute an electronic signature unless a specific statement to the contrary is included in this message.

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To: Kaul, Meetu[Kaul.Meetu@epa.gov]; Conger, Nick[Conger.Nick@epa.gov]
Cc: Belser, Evan[Belser.Evan@epa.gov]
From: Senn, John
Sent: Wed 9/23/2015 1:02:47 PM
Subject: RE: Media request/ Volkswagen

thanks, Meetu--I have passed this along to the press office.

From: Kaul, Meetu
Sent: Wednesday, September 23, 2015 8:42 AM
To: Senn, John; Conger, Nick
Cc: Belser, Evan
Subject: FW: Media request/ Volkswagen

Forwarding press inquiry for a response.
Thanks

Ms.Meetu Kaul, Attorney-Advisor
United States Environmental Protection Agency
Office of Civil Enforcement - Air Enforcement Division
WJC South, Room 1117B
1200 Pennsylvania Ave., N.W. (MC 2242A)
Washington D.C. 20460 (Courier 20004)
Direct: 202-564-5472
Fax: 202-564-0069
Email: kaul.meetu@epa.gov

From: Treser, Tanja [mailto:tanja.treser@bams.de]
Sent: Wednesday, September 23, 2015 7:59 AM
To: Kaul, Meetu
Subject: Media request/ Volkswagen

Dear Mr. Kaul,

As a chief reporter with Europes biggest weekly BILD am Sonntag, I have a question in addition to your Notice of Violation (sept. 18 2015).
Did EPA communicate with the Volkswagen board in Germany on the topic or did you only communicate with Ex. 7 of VW of America?
Could you also tell me, if the VW Passat models had a SCR Cat?
How many cars did you really test?
And finally, did you test any Mercedes cars meanwhile?

I look forward to hearing from you.

Best regards

Tanja Treser

Bild am Sonntag
Chefreporterin Investigation

Axel-Springer-Straße 65
10888 Berlin
Germany

Tel: +49 30 2591-76539

BamS bei Twitter: @BILDamSonntag
BamS bei Facebook: facebook.com/BamS
BamS im Internet: www.bild.de<http://www.bild.de>

To: Kaul, Meetu[Kaul.Meetu@epa.gov]
From: Non-Responsive
Sent: Wed 9/23/2015 1:04:20 PM
Subject: Potential Penalties WRT VW Violations

Dear Mr. Meetu,

I own a 2015 VW Jetta TDI, and I'm very concerned with the recent activity related to VW TDI emissions. More specifically, I worry about the resale value of my car, and follow-on performance/MPG degrades after a proposed ECM reprogram.

Can I offer a suggestion please? I would like to suggest the EPA require VW to pay each VW TDI owner the cost of the TDI option, at a minimum. This cost could be part of the penalties and fines levied against VW as part of this action.

I bought my Jetta, like most people in thinking I was helping the environment with clean emissions, great fuel economy, and decent performance. Looks like all of these factors are compromised now, and hope the EPA thinks about the individual owners during this process.

Thanks for the time,

Sincerely,

Non-Responsive

To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: Ex. 6
Sent: Wed 9/23/2015 1:07:29 PM
Subject: Potential Penalties WRT VW Violations

Dear Mr. Brooks,

I own a 2015 VW Jetta TDI, and I'm very concerned with the recent activity related to VW TDI emissions. More specifically, I worry about the resale value of my car, and follow-on performance/MPG degrades after a proposed ECM reprogram.

Can I offer a suggestion please? I would like to suggest the EPA require VW to pay each VW TDI owner the cost of the TDI option, at a minimum. This cost could be part of the penalties and fines levied against VW as part of this action.

I bought my Jetta, like most people in thinking I was helping the environment with clean emissions, great fuel economy, and decent performance. Looks like all of these factors are compromised now, and hope the EPA thinks about the individual owners during this process.

Thanks for the time,

Sincerely,

Ex. 6

To: Belser, Evan[Belser.Evan@epa.gov]
From: Kaul, Meetu
Sent: Wed 9/23/2015 1:08:20 PM
Subject: FW: Potential Penalties WRT VW Violations

Should I still be forwarding these to you for response? Or directing to the OTAQ link, etc. myself?

Ms.Meetu Kaul, Attorney-Advisor

United States Environmental Protection Agency
Office of Civil Enforcement - Air Enforcement Division
WJC South, Room 1117B
1200 Pennsylvania Ave., N.W. (MC 2242A)
Washington D.C. 20460 (Courier 20004)
Direct: 202-564-5472
Fax: 202-564-0069
Email: kaul.meetu@epa.gov

From: Ex. 6
Sent: Wednesday, September 23, 2015 9:04 AM
To: Kaul, Meetu
Subject: Potential Penalties WRT VW Violations

Dear Mr. Meetu,

I own a 2015 VW Jetta TDI, and I'm very concerned with the recent activity related to VW TDI emissions. More specifically, I worry about the resale value of my car, and follow-on performance/MPG degrades after a proposed ECM reprogram.

Can I offer a suggestion please? I would like to suggest the EPA require VW to pay each VW TDI owner the cost of the TDI option, at a minimum. This cost could be part of the penalties and fines levied against VW as part of this action.

I bought my Jetta, like most people in thinking I was helping the environment with clean emissions, great fuel economy, and decent performance. Looks like all of these factors

are compromised now, and hope the EPA thinks about the individual owners during this process.

Thanks for the time,

Sincerely,

Ex. 6

To: Healy, Stephen[healy.stephen@epa.gov]
From: Greuel, Justin
Sent: Wed 9/23/2015 1:08:53 PM
Subject: FW: "Software Discussion"

Steve,

Even if someone from Linc's group can't make tomorrow's meeting, let's add this topic to our agenda for a preliminary discussion (unless you can think of some reason why this is unwise at this point).

Thanks,

Justin

From: Gumbs, Jason
Sent: Wednesday, September 23, 2015 8:54 AM
To: Greuel, Justin; DeBord, Steven; Hamady, Fakhri; Healy, Stephen; Ibarra, Michelle; Reyes-Morales, Nydia; Schaefer, Ron; Strickland, Melvis; Thomas, Rick
Subject: RE: "Software Discussion"

Justin,

Yes, it is in reference to VW.

From: Greuel, Justin
Sent: Wednesday, September 23, 2015 8:27 AM
To: Gumbs, Jason; DeBord, Steven; Hamady, Fakhri; Healy, Stephen; Ibarra, Michelle; Reyes-Morales, Nydia; Schaefer, Ron; Strickland, Melvis; Thomas, Rick
Subject: RE: "Software Discussion"

Jason,

Is your note in reference to the VW light-duty defeat device announcement from Friday? If so, you bring up a good point. Steve Healy also mentioned this to me and suggested inviting someone from the Light Duty Vehicle Center to sit in on our next certification team meeting and give us an overview of the situation. Steve is trying to arrange that for either this Thursday's meeting or next Thursday's meeting.

Justin

From: Gumbs, Jason
Sent: Tuesday, September 22, 2015 5:42 PM
To: Greuel, Justin; DeBord, Steven; Hamady, Fakhri; Healy, Stephen; Ibarra, Michelle; Reyes-

Morales, Nydia; Schaefer, Ron; Strickland, Melvis; Thomas, Rick
Subject: "Software Discussion"

Ex. 7

-----Original Appointment-----
From: Greuel, Justin
Sent: Tuesday, September 08, 2015 12:39 PM
To: Deadwyler, Richard; DeBord, Steven; Gumbs, Jason; Hamady, Fakhri; Healy, Stephen; Ibarra, Michelle; Oeler, Larry; Reyes-Morales, Nydia; Schaefer, Ron; Strickland, Melvis; Thomas, Rick
Subject: Draft FY16 DECC Budget
When: Wednesday, September 09, 2015 11:00 AM-12:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: AA-Room-Office-N62-ASDCDConfRoom/AA-OTAQ-OFFICE; DCRoomARN5528p20/DC-OAR-OTAQ-CD

Adding conference line for this meeting:

Call-In Number: 1-866-299-3188
Conference Code: **Non-Responsive**

Would like to provide a brief overview of my draft FY16 budget (both FTE and $'s). Please see the attached materials. I'd appreciate if someone in DC could open this up on a projector for during the meeting.

<< File: DECC FY16 Resource Summary.pptx >> << File: DECC FY16 Compliance Plan_Share.xlsx >>

To: OTAQ[OTAQ@epa.gov]; France, Jennifer[france.jennifer@epa.gov]
Cc: Kaul, Meetu[Kaul.Meetu@epa.gov]
From: Belser, Evan
Sent: Wed 9/23/2015 1:09:53 PM
Subject: RE: Potential Penalties WRT VW Violations

Passing along another VW consumer inquiry.

Meetu, feel free to pass along directly to Jennifer and the OTAQ general inbox.

From: Kaul, Meetu
Sent: Wednesday, September 23, 2015 9:08 AM
To: Belser, Evan
Subject: FW: Potential Penalties WRT VW Violations

Should I still be forwarding these to you for response? Or directing to the OTAQ link, etc. myself?

Ms.Meetu Kaul, Attorney-Advisor

United States Environmental Protection Agency
Office of Civil Enforcement - Air Enforcement Division
WJC South, Room 1117B
1200 Pennsylvania Ave., N.W. (MC 2242A)
Washington D.C. 20460 (Courier 20004)
Direct: 202-564-5472
Fax: 202-564-0069
Email: kaul.meetu@epa.gov

From: Dan Holeski [mailto:dholeski@hotmail.com]
Sent: Wednesday, September 23, 2015 9:04 AM
To: Kaul, Meetu
Subject: Potential Penalties WRT VW Violations

Dear Mr. Meetu,

I own a 2015 VW Jetta TDI, and I'm very concerned with the recent activity related to VW TDI emissions. More specifically, I worry about the resale value of my car, and follow-on performance/MPG degrades after a proposed ECM reprogram.

Can I offer a suggestion please? I would like to suggest the EPA require VW to pay each VW TDI owner the cost of the TDI option, at a minimum. This cost could be part of the penalties and fines levied against VW as part of this action.

I bought my Jetta, like most people in thinking I was helping the environment with clean emissions, great fuel economy, and decent performance. Looks like all of these factors are compromised now, and hope the EPA thinks about the individual owners during this process.

Thanks for the time,

Sincerely,

Daniel Holeski

Ex. 6

To: Engel, Bethany (ENRD)[Bethany.Engel@usdoj.gov]
From: Kaul, Meetu
Sent: Wed 9/23/2015 1:10:01 PM
Subject: RE: VW OTAQ visit

I will check. I think I heard mention of 10:00

Ms.Meetu Kaul, Attorney-Advisor

United States Environmental Protection Agency
Office of Civil Enforcement - Air Enforcement Division
WJC South, Room 1117B
1200 Pennsylvania Ave., N.W. (MC 2242A)
Washington D.C. 20460 (Courier 20004)
Direct: 202-564-5472
Fax: 202-564-0069
Email: kaul.meetu@epa.gov

From: Engel, Bethany (ENRD) [mailto:Bethany.Engel@usdoj.gov]
Sent: Wednesday, September 23, 2015 9:07 AM
To: Kaul, Meetu
Subject: VW OTAQ visit

Hi Meetu. What time do you think we'll start with OTAQ on Friday morning? I'm thinking

Ex. 5, 7

Thanks.

Bethany Engel

Trial Attorney

Environmental Enforcement Section

United States Department of Justice

PO Box 7611, Ben Franklin Station

Washington, DC 20044-7611

202.514.6892 (ph)

202.616.2427 (fax)

Overnight Deliveries

601 D Street NW, Room 6915

Washington, DC 20004

To: Belser, Evan[Belser.Evan@epa.gov]; OTAQ[OTAQ@epa.gov]
Cc: Kaul, Meetu[Kaul.Meetu@epa.gov]
From: France, Jennifer
Sent: Wed 9/23/2015 1:12:51 PM
Subject: RE: Potential Penalties WRT VW Violations

Thanks Evan! You all can just send them to the otaq@epa.gov mailbox – no need to cc my email. Thank you!

Jennifer

From: Belser, Evan
Sent: Wednesday, September 23, 2015 9:10 AM
To: OTAQ; France, Jennifer
Cc: Kaul, Meetu
Subject: RE: Potential Penalties WRT VW Violations

Passing along another VW consumer inquiry.

Meetu, feel free to pass along directly to Jennifer and the OTAQ general inbox.

From: Kaul, Meetu
Sent: Wednesday, September 23, 2015 9:08 AM
To: Belser, Evan
Subject: FW: Potential Penalties WRT VW Violations

Should I still be forwarding these to you for response? Or directing to the OTAQ link, etc. myself?

Ms.Meetu Kaul, Attorney-Advisor

United States Environmental Protection Agency
Office of Civil Enforcement - Air Enforcement Division

WJC South, Room 1117B
1200 Pennsylvania Ave., N.W. (MC 2242A)
Washington D.C. 20460 (Courier 20004)
Direct: 202-564-5472
Fax: 202-564-0069
Email: kaul.meetu@epa.gov

From: Ex. 6
Sent: Wednesday, September 23, 2015 9:04 AM
To: Kaul, Meetu
Subject: Potential Penalties WRT VW Violations

Dear Mr. Meetu,

I own a 2015 VW Jetta TDI, and I'm very concerned with the recent activity related to VW TDI emissions. More specifically, I worry about the resale value of my car, and follow-on performance/MPG degrades after a proposed ECM reprogram.

Can I offer a suggestion please? I would like to suggest the EPA require VW to pay each VW TDI owner the cost of the TDI option, at a minimum. This cost could be part of the penalties and fines levied against VW as part of this action.

I bought my Jetta, like most people in thinking I was helping the environment with clean emissions, great fuel economy, and decent performance. Looks like all of these factors are compromised now, and hope the EPA thinks about the individual owners during this process.

Thanks for the time,

Sincerely,

Ex. 6

To: OTAQ[OTAQ@epa.gov]
From: Kaul, Meetu
Sent: Wed 9/23/2015 1:13:55 PM
Subject: FW: VW Recall

Ms.Meetu Kaul, Attorney-Advisor

United States Environmental Protection Agency
Office of Civil Enforcement - Air Enforcement Division
WJC South, Room 1117B
1200 Pennsylvania Ave., N.W. (MC 2242A)
Washington D.C. 20460 (Courier 20004)
Direct: 202-564-5472
Fax: 202-564-0069
Email: kaul.meetu@epa.gov

From: Ex. 6
Sent: Tuesday, September 22, 2015 6:47 PM
To: Kaul, Meetu
Subject: VW Recall

I drive a 2012 VW TDI that is in my opinion not road worthy and should be illegal to drive due to VW's management's decision to cheat regulators repeatedly. This vehicle could not have been sold to the market otherwise.

The VW practices are anti-competitive (other manufacturers lost market share as they couldn't pass emissions), endanger health, suppress research, and force other US companies to loose jobs. They have used the government resources to cheat others into spending countless dollars into clean technology. Because of their deceptive strategy they were able to improve market share on the backs of the tax payers - as there were incentives to buy these vehicles.

I believe that this behaviour is as bad as it gets. Please keep in mind all of the above and understand that the VW would not be the company it is today had they not cheated.

Would you please do the right thing and do what you can to help prosecute VW to the fullest extent of the law.

Ex. 6

Concerned Citizen

To: Kaul, Meetu[Kaul.Meetu@epa.gov]
From: EPAMAILR521/USEPA/US
Sent: Wed 9/23/2015 1:14:00 PM
Subject: EPA Information Request – Acknowledgement of Receipt

Thank you for contacting the Office of Transportation and Air Quality (OTAQ). We are processing your inquiry; you should receive a response within 5 business days.

The following information may help you reach a more specific direct contact for information you are seeking.

Frequently asked questions - OTAQ has a "Frequent Questions" site where you can search for answers on transportation and air quality issues at: http://www.epa.gov/otaq/about/faq.htm.

Importing a vehicle to the U.S. - See our Imports site for information about imports at: www.epa.gov/otaq/imports or call the Imports Hotline at 734-214-4100.

Car or light-truck safety issues - Call the Department of Transportation Hotline at 1-800-424-9393.

Recycling or disposal of antifreeze, batteries, oil, or tires - See EPA's Office of Resource Conservation and Recovery web site for information about recycling and disposing of wastes at: www.epa.gov/wastes.

Finding a specific document - Most of our documents are on our Web site at: www.epa.gov/otaq. If you cannot find the document on our site, you can get many publications, free of charge, through the National Service Center for Environmental Publications by calling: 1-800-490-9198. If you are looking for a specific document that you can't find, please contact the NVFEL library at 734-214-4311 or email AALibrary@epa.gov.

For tracking purposes, please ensure the following line is included when replying.
FW: VW Recall

Cc: Cohen, Janet[cohen.janet@epa.gov]; Wehrly, Linc[wehrly.linc@epa.gov]
To: Grundler, Christopher[grundler.christopher@epa.gov]; Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Cook, Leila[cook.leila@epa.gov]
From: Bunker, Byron
Sent: Wed 9/23/2015 1:14:03 PM
Subject: VW update

Linc reminded me that vehicle procurement from individuals can take several weeks starting with a mailing to owners. **Ex. 7**

He also reminded me that we are stopping new procurements and getting ready to give cars back in case there is a shutdown. We can't have owners unable to get their cars because they are locked up in a shuttered NVFEL.

Sent from my iPhone

To: Kaul, Meetu[Kaul.Meetu@epa.gov]
From: Ex. 7
Sent: Wed 9/23/2015 1:19:50 PM
Subject: RE: VW OTAQ visit

OK. Even if it's a bit earlier we should be able to squeeze in an early morning appt. Thanks.

Ex. 7

Trial Attorney

Environmental Enforcement Section

United States Department of Justice

PO Box 7611, Ben Franklin Station

Washington, DC 20044-7611

Ex. 7

202.616.2427 (fax)

Overnight Deliveries

601 D Street NW, Room 6915

Washington, DC 20004

From: Kaul, Meetu [mailto:Kaul.Meetu@epa.gov]
Sent: Wednesday, September 23, 2015 9:10 AM
To: Ex. 7
Subject: RE: VW OTAQ visit

I will check. I think I heard mention of 10:00

Ms.Meetu Kaul, Attorney-Advisor

United States Environmental Protection Agency

Office of Civil Enforcement - Air Enforcement Division
WJC South, Room 1117B
1200 Pennsylvania Ave., N.W. (MC 2242A)
Washington D.C. 20460 (Courier 20004)
Direct: 202-564-5472
Fax: 202-564-0069
Email: kaul.meetu@epa.gov

From: Ex. 7
Sent: Wednesday, September 23, 2015 9:07 AM
To: Kaul, Meetu
Subject: VW OTAQ visit

Hi Meetu. What time do you think we'll start with OTAQ on Friday morning? I'm thinking about setting up a breakfast meeting or two Ex. 7 Thanks.

Ex. 7

Trial Attorney

Environmental Enforcement Section

United States Department of Justice

PO Box 7611, Ben Franklin Station

Washington, DC 20044-7611

Ex. 7

202.616.2427 (fax)

Overnight Deliveries

601 D Street NW, Room 6915

Washington, DC 20004

To: Belser, Evan[Belser.Evan@epa.gov]
From: Ex. 6
Sent: Wed 9/23/2015 1:21:30 PM
Subject: Re: VW

Thanks, Evan. Good luck with the case. Non-Responsive

Non-Responsive

On Wed, Sep 23, 2015 at 8:56 AM, Belser, Evan <Belser.Evan@epa.gov> wrote:

Ex. 6 Thanks for checking in. Yeah, this VW matter is big time. Lots of work ahead.

Non-Responsive

From: Ex. 6 Ex. 6
Sent: Wednesday, September 23, 2015 8:43 AM
To: Belser, Evan
Subject: VW

Hi Evan,

I've been reading about this ongoing VW scandal and thinking of you and Mobile Sources. That's quite something. Non-Responsive with you generally. I ha

Non-Responsive

Cheers,

Ex. 6

To: Chapman, Apple[Chapman.Apple@epa.gov]
From: Brooks, Phillip
Sent: Wed 9/23/2015 1:25:41 PM
Subject: Re: Putting a Price on Volkswagen's Diesel Emission-Fraud Liability - Bloomberg Business

VW coverage here too. Have not done much on web, so no blockage noticed. Beijing is huge. So much if it is new. Some great architecture. I will send a picture of a cubist inspired building. Many buildings have features that appear to have little functional value, only an aesthetic purpose. Streets are mostly wide boulevards with park like common spaces or lined with beautiful weeping willows. No noisy two cycle engine scooters. Instead, a constant stream of electric motor bicycles and of course pedal bicycles. The cars tell a story of affluence not limited to a few. Not clear to me percentage wise how common car ownership is, but those with cars are mostly driving late model cars. Jet lag setting in. Hope to be in sync tomorrow.

Sent from my iPhone

> On Sep 23, 2015, at 8:30 PM, Chapman, Apple <Chapman.Apple@epa.gov> wrote:
>
> The VW media coverage has been non-stop here. The news hour had a big segment yesterday that was very well informed. Something every day on NPR. Looks like other diesel manufacturers are doing diagnostics on their fleet to verify that similar software does not exist in their cars (in advance of anyone asking).
>
> Notice any blocked sites since you have been there?
>
> Ms. Apple Chapman
> Associate Director, Air Enforcement Division
> U.S. Environmental Protection Agency
> 1200 Pennsylvania Ave. NW, Washington DC, 20004
> 202-564-5666 (office)
> 202-841-6076 (cell)
>
> -----Original Message-----
> From: Brooks, Phillip
> Sent: Wednesday, September 23, 2015 2:16 AM
> To: Chapman, Apple
> Subject: Putting a Price on Volkswagen's Diesel Emission-Fraud Liability - Bloomberg Business
>
> For perspective.
>
>
> http://www.bloomberg.com/news/articles/2015-09-22/putting-a-price-on-volkswagen-s-diesel-emission-fraud-liability
>
>
> Sent from my iPhone

To: Senn, John[Senn.John@epa.gov]; Werner, Jacqueline[Werner.Jacqueline@epa.gov]
Cc: Kaul, Meetu[Kaul.Meetu@epa.gov]
From: Belser, Evan
Sent: Wed 9/23/2015 1:32:42 PM
Subject: RE: (VW) Mint; re Bosch

The EPA provides no comment on this ongoing investigation.

Evan

-----Original Message-----
From: Senn, John
Sent: Wednesday, September 23, 2015 9:30 AM
To: Belser, Evan; Werner, Jacqueline
Cc: Kaul, Meetu
Subject: FW: (VW) Mint; re Bosch

Anything we want to say about this? OTAQ punted to us.

From: Valentine, Julia
Sent: Wednesday, September 23, 2015 9:17 AM
To: Hengst, Benjamin; Sutton, Tia; Millett, John; Senn, John
Cc: Conger, Nick
Subject: (VW) Mint; re Bosch

Varun Sood
Mint www,livemint.com<http://livemint.com/>

I'm Varun Sood, writer with Mint, a business daily from India and I'm based out of Bangalore.

I'm writing to you with regards to a piece I'm writing and will appreciate if I can comments from EPA.

I'm told that Bosch India engineers provided and managed the engine management software and system for Volkswagen's diesel engine cars sold in the US. It is this software that has been faulted by the US Environmental Protection Agency, which eventually allowed over 500,000 Volkswagen-made cars to pass emissions tests.

Is the above information correct? Finally, will the US EPA now also ask Bosch to explain its stance on this "defeat" mechanism installed in the engine management system of Volkswagen cars?

I look forward to EPA's comments.

Bests

--
Varun Sood
+91 9900107695<tel:+91%209900107695>
Mint

Sent from USEPA iPhone

Ex. 5, 7

From: Valentine, Julia
Sent: Wednesday, September 23, 2015 9:17 AM
To: Hengst, Benjamin; Sutton, Tia; Millett, John; Senn, John
Cc: Conger, Nick
Subject: (VW) Mint; re Bosch

Varun Sood
Mint www,livemint.com<http://livemint.com/>

I'm Varun Sood, writer with Mint, a business daily from India and I'm based out of Bangalore.

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Bests

--
Varun Sood

+91 9900107695<tel:+91%209900107695>
Mint

Sent from USEPA iPhone

To: OTAQ[OTAQ@epa.gov]
From: Kaul, Meetu
Sent: Wed 9/23/2015 1:41:19 PM
Subject: FW: Potential Penalties WRT VW Violations

Ms.Meetu Kaul, Attorney-Advisor

United States Environmental Protection Agency
Office of Civil Enforcement - Air Enforcement Division
WJC South, Room 1117B
1200 Pennsylvania Ave., N.W. (MC 2242A)
Washington D.C. 20460 (Courier 20004)
Direct: 202-564-5472
Fax: 202-564-0069
Email: kaul.meetu@epa.gov

From: Ex. 6
Sent: Wednesday, September 23, 2015 9:04 AM
To: Kaul, Meetu
Subject: Potential Penalties WRT VW Violations

Dear Mr. Meetu,

I own a 2015 VW Jetta TDI, and I'm very concerned with the recent activity related to VW TDI emissions. More specifically, I worry about the resale value of my car, and follow-on performance/MPG degrades after a proposed ECM reprogram.

Can I offer a suggestion please? I would like to suggest the EPA require VW to pay each VW TDI owner the cost of the TDI option, at a minimum. This cost could be part of the penalties and fines levied against VW as part of this action.

I bought my Jetta, like most people in thinking I was helping the environment with clean emissions, great fuel economy, and decent performance. Looks like all of these factors are compromised now, and hope the EPA thinks about the individual owners during this

process.

Thanks for the time,

Sincerely,

Ex. 6

Manassas, VA 20111

To: Kaul, Meetu[Kaul.Meetu@epa.gov]
From: EPAMAILR521/USEPA/US
Sent: Wed 9/23/2015 1:41:26 PM
Subject: EPA Information Request – Acknowledgement of Receipt

Thank you for contacting the Office of Transportation and Air Quality (OTAQ). We are processing your inquiry; you should receive a response within 5 business days.

The following information may help you reach a more specific direct contact for information you are seeking.

Frequently asked questions - OTAQ has a "Frequent Questions" site where you can search for answers on transportation and air quality issues at: http://www.epa.gov/otaq/about/faq.htm.

Importing a vehicle to the U.S. - See our Imports site for information about imports at: www.epa.gov/otaq/imports or call the Imports Hotline at 734-214-4100.

Car or light-truck safety issues - Call the Department of Transportation Hotline at 1-800-424-9393.

Recycling or disposal of antifreeze, batteries, oil, or tires - See EPA's Office of Resource Conservation and Recovery web site for information about recycling and disposing of wastes at: www.epa.gov/wastes.

Finding a specific document - Most of our documents are on our Web site at: www.epa.gov/otaq. If you cannot find the document on our site, you can get many publications, free of charge, through the National Service Center for Environmental Publications by calling: 1-800-490-9198. If you are looking for a specific document that you can't find, please contact the NVFEL library at 734-214-4311 or email AALibrary@epa.gov.

For tracking purposes, please ensure the following line is included when replying.
FW: Potential Penalties WRT VW Violations

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

SEP 18 2015

OFFICE OF
ENFORCEMENT AND
COMPLIANCE ASSURANCE

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Volkswagen AG
Audi AG
Volkswagen Group of America, Inc.
Thru:

David Geanacopoulos
Executive Vice President Public Affairs and General Counsel
Volkswagen Group of America, Inc.
2200 Ferdinand Porsche Drive
Herndon, VA 20171

Stuart Johnson
General Manager
Engineering and Environmental Office
Volkswagen Group of America, Inc.
3800 Hamlin Road
Auburn Hills, MI 48326

Re: Notice of Violation

Dear Mr. Geanacopoulos and Mr. Johnson:

The United States Environmental Protection Agency (EPA) has investigated and continues to investigate Volkswagen AG, Audi AG, and Volkswagen Group of America (collectively, VW) for compliance with the Clean Air Act (CAA), 42 U.S.C. §§ 7401–7671q, and its implementing regulations. As detailed in this Notice of Violation (NOV), the EPA has determined that VW manufactured and installed defeat devices in certain model year 2009 through 2015 diesel light-duty vehicles equipped with 2.0 liter engines. These defeat devices bypass, defeat, or render inoperative elements of the vehicles' emission control system that exist to comply with CAA emission standards. Therefore, VW violated section 203(a)(3)(B) of the CAA, 42 U.S.C. § 7522(a)(3)(B). Additionally, the EPA has determined that, due to the existence of the defeat

VW FOIA, EPA 06/20/2017 2017-FFP_025823

devices in these vehicles, these vehicles do not conform in all material respects to the vehicle specifications described in the applications for the certificates of conformity that purportedly cover them. Therefore, VW also violated section 203(a)(1) of the CAA, 42 U.S.C. § 7522(a)(1), by selling, offering for sale, introducing into commerce, delivering for introduction into commerce, or importing these vehicles, or for causing any of the foregoing acts.

Law Governing Alleged Violations

This NOV arises under Part A of Title II of the CAA, 42 U.S.C. §§ 7521–7554, and the regulations promulgated thereunder. In creating the CAA, Congress found, in part, that "the increasing use of motor vehicles . . . has resulted in mounting dangers to the public health and welfare." CAA § 101(a)(2), 42 U.S.C. § 7401(a)(2). Congress' purpose in creating the CAA, in part, was "to protect and enhance the quality of the Nation's air resources so as to promote the public health and welfare and the productive capacity of its population," and "to initiate and accelerate a national research and development program to achieve the prevention and control of air pollution." CAA § 101(b)(1)–(2), 42 U.S.C. § 7401(b)(1)–(2). The CAA and the regulations promulgated thereunder aim to protect human health and the environment by reducing emissions of nitrogen oxides (NOx) and other pollutants from mobile sources of air pollution. Nitrogen oxides are a family of highly reactive gases that play a major role in the atmospheric reactions with volatile organic compounds (VOCs) that produce ozone (smog) on hot summer days. Breathing ozone can trigger a variety of health problems including chest pain, coughing, throat irritation, and congestion. Breathing ozone can also worsen bronchitis, emphysema, and asthma. Children are at greatest risk of experiencing negative health impacts from exposure to ozone.

The EPA's allegations here concern light-duty motor vehicles for which 40 C.F.R. Part 86 sets emission standards and test procedures and section 203 of the CAA, 42 U.S.C. § 7522, sets compliance provisions. Light-duty vehicles must satisfy emission standards for certain air pollutants, including NOx. 40 C.F.R. § 86.1811-04. The EPA administers a certification program to ensure that every vehicle introduced into United States commerce satisfies applicable emission standards. Under this program, the EPA issues certificates of conformity (COCs), and thereby approves the introduction of vehicles into United States commerce.

To obtain a COC, a light-duty vehicle manufacturer must submit a COC application to the EPA for each test group of vehicles that it intends to enter into United States commerce. 40 C.F.R. § 86.1843-01. The COC application must include, among other things, a list of all auxiliary emission control devices (AECDs) installed on the vehicles. 40 C.F.R. § 86.1844-01(d)(11). An AECD is "any element of design which senses temperature, vehicle speed, engine RPM, transmission gear, manifold vacuum, or any other parameter for the purpose of activating, modulating, delaying, or deactivating the operation of any part of the emission control system." 40 C.F.R. § 86.1803-01. The COC application must also include "a justification for each AECD, the parameters they sense and control, a detailed justification of each AECD that results in a reduction in effectiveness of the emission control system, and [a] rationale for why it is not a defeat device." 40 C.F.R. § 86.1844-01(d)(11).

A defeat device is an AECD "that reduces the effectiveness of the emission control system under conditions which may reasonably be expected to be encountered in normal vehicle operation and

use, unless: (1) Such conditions are substantially included in the Federal emission test procedure; (2) The need for the AECD is justified in terms of protecting the vehicle against damage or accident; (3) The AECD does not go beyond the requirements of engine starting; or (4) The AECD applies only for emergency vehicles . . . ." 40 C.F.R. § 86.1803-01.

Motor vehicles equipped with defeat devices, such as those at issue here, cannot be certified. EPA, *Advisory Circular Number 24: Prohibition on use of Emission Control Defeat Device* (Dec. 11, 1972); *see also* 40 C.F.R. §§ 86-1809-01, 86-1809-10, 86-1809-12. Electronic control systems which may receive inputs from multiple sensors and control multiple actuators that affect the emission control system's performance are AECDs. EPA, *Advisory Circular Number 24-2: Prohibition of Emission Control Defeat Devices – Optional Objective Criteria* (Dec. 6, 1978). "Such elements of design could be control system logic (i.e., computer software), and/or calibrations, and/or hardware items." *Id.*

"Vehicles are covered by a certificate of conformity only if they are in all material respects as described in the manufacturer's application for certification . . . ." 40 C.F.R. § 86.1848-10(c)(6). Similarly, a COC issued by EPA, including those issued to VW, state expressly, "[t]his certificate covers only those new motor vehicles or vehicle engines which conform, in all material respects, to the design specifications" described in the application for that COC. *See also* 40 C.F.R. §§ 86.1844-01 (listing required content for COC applications), 86.1848-01(b) (authorizing the EPA to issue COCs on any terms that are necessary or appropriate to assure that new motor vehicles satisfy the requirements of the CAA and its regulations).

The CAA makes it a violation "for any person to manufacture or sell, or offer to sell, or install, any part or component intended for use with, or as part of, any motor vehicle or motor vehicle engine, where a principal effect of the part or component is to bypass, defeat, or render inoperative any device or element of design installed on or in a motor vehicle or motor vehicle engine in compliance with regulations under this subchapter, and where the person knows or should know that such part or component is being offered for sale or installed for such use or put to such use." CAA § 203(a)(3)(B), 42 U.S.C. § 7522(a)(3)(B); 40 C.F.R. § 86.1854-12(a)(3)(ii). Additionally, manufacturers are prohibited from selling, offering for sale, introducing into commerce, delivering for introduction into commerce, or importing, any new motor vehicle unless that vehicle is covered by an EPA-issued COC. CAA § 203(a)(1), 42 U.S.C. § 7522(a)(1); 40 C.F.R. § 86.1854-12(a)(1). It is also a violation to cause any of the foregoing acts. CAA § 203(a), 42 U.S.C. § 7522(a); 40 C.F.R. § 86-1854-12(a).

Alleged Violations

Each VW vehicle identified by the table below has AECDs that were not described in the application for the COC that purportedly covers the vehicle. Specifically, VW manufactured and installed software in the electronic control module (ECM) of these vehicles that sensed when the vehicle was being tested for compliance with EPA emission standards. For ease of reference, the EPA is calling this the "switch." The "switch" senses whether the vehicle is being tested or not based on various inputs including the position of the steering wheel, vehicle speed, the duration of the engine's operation, and barometric pressure. These inputs precisely track the parameters of the federal test procedure used for emission testing for EPA certification purposes. During EPA

emission testing, the vehicles' ECM ran software which produced compliant emission results under an ECM calibration that VW referred to as the "dyno calibration" (referring to the equipment used in emissions testing, called a dynamometer). At all other times during normal vehicle operation, the "switch" was activated and the vehicle ECM software ran a separate "road calibration" which reduced the effectiveness of the emission control system (specifically the selective catalytic reduction or the lean NOx trap). As a result, emissions of NOx increased by a factor of 10 to 40 times above the EPA compliant levels, depending on the type of drive cycle (e.g., city, highway).

The California Air Resources Board (CARB) and the EPA were alerted to emissions problems with these vehicles in May 2014 when the West Virginia University's (WVU) Center for Alternative Fuels, Engines & Emissions published results of a study commissioned by the International Council on Clean Transportation that found significantly higher in-use emissions from two light duty diesel vehicles (a 2012 Jetta and a 2013 Passat). Over the course of the year following the publication of the WVU study, VW continued to assert to CARB and the EPA that the increased emissions from these vehicles could be attributed to various technical issues and unexpected in-use conditions. VW issued a voluntary recall in December 2014 to address the issue. CARB, in coordination with the EPA, conducted follow up testing of these vehicles both in the laboratory and during normal road operation to confirm the efficacy of the recall. When the testing showed only a limited benefit to the recall, CARB broadened the testing to pinpoint the exact technical nature of the vehicles' poor performance, and to investigate why the vehicles' onboard diagnostic system was not detecting the increased emissions. None of the potential technical issues suggested by VW explained the higher test results consistently confirmed during CARB's testing. It became clear that CARB and the EPA would not approve certificates of conformity for VW's 2016 model year diesel vehicles until VW could adequately explain the anomalous emissions and ensure the agencies that the 2016 model year vehicles would not have similar issues. Only then did VW admit it had designed and installed a defeat device in these vehicles in the form of a sophisticated software algorithm that detected when a vehicle was undergoing emissions testing.

VW knew or should have known that its "road calibration" and "switch" together bypass, defeat, or render inoperative elements of the vehicle design related to compliance with the CAA emission standards. This is apparent given the design of these defeat devices. As described above, the software was designed to track the parameters of the federal test procedure and cause emission control systems to underperform when the software determined that the vehicle was not undergoing the federal test procedure.

VW's "road calibration" and "switch" are AECDs[1] that were neither described nor justified in the applicable COC applications, and are illegal defeat devices. Therefore each vehicle identified by the table below does not conform in a material respect to the vehicle specifications described in the COC application. As such, VW violated section 203(a)(1) of the CAA, 42 U.S.C. § 7522(a)(1), each time it sold, offered for sale, introduced into commerce, delivered for introduction into commerce, or imported (or caused any of the foregoing with respect to) one of the hundreds of thousands of new motor vehicles within these test groups. Additionally, VW

[1] There may be numerous engine maps associated with VW's "road calibration" that are AECDs, and that may also be defeat devices. For ease of description, the EPA is referring to these maps collectively as the "road calibration."

VW FOIA, EPA 06/20/2017 2017-FFP_025826

violated section 203(a)(3)(B) of the CAA, 42 U.S.C. § 7522(a)(3)(B), each time it manufactured and installed into these vehicles an ECM equipped with the "switch" and "road calibration."

The vehicles are identified by the table below. All vehicles are equipped with 2.0 liter diesel engines.

Model Year	EPA Test Group	Make and Model(s)
2009	9VWXV02.035N	VW Jetta, VW Jetta Sportwagen
2009	9VWXV02.0U5N	VW Jetta, VW Jetta Sportwagen
2010	AVWXV02.0U5N	VW Golf, VW Jetta, VW Jetta Sportwagen, Audi A3
2011	BVWXV02.0U5N	VW Golf, VW Jetta, VW Jetta Sportwagen, Audi A3
2012	CVWXV02.0U5N	VW Beetle, VW Beetle Convertible, VW Golf, VW Jetta, VW Jetta Sportwagen, Audi A3
2012	CVWXV02.0U4S	VW Passat
2013	DVWXV02.0U5N	VW Beetle, VW Beetle Convertible, VW Golf, VW Jetta, VW Jetta Sportwagen, Audi A3
2013	DVWXV02.0U4S	VW Passat
2014	EVWXV02.0U5N	VW Beetle, VW Beetle Convertible, VW Golf, VW Jetta, VW Jetta Sportwagen, Audi A3
2014	EVWXV02.0U4S	VW Passat
2015	FVGAV02.0VAL	VW Beetle, VW Beetle Convertible, VW Golf, VW Golf Sportwagen, VW Jetta, VW Passat, Audi A3

Enforcement

The EPA's investigation into this matter is continuing. The above table represents specific violations that the EPA believes, at this point, are sufficiently supported by evidence to warrant the allegations in this NOV. The EPA may find additional violations as the investigation continues.

The EPA is authorized to refer this matter to the United States Department of Justice for initiation of appropriate enforcement action. Among other things, persons who violate section 203(a)(3)(B) of the CAA, 42 U.S.C. § 7522(a)(3)(B), are subject to a civil penalty of up to $3,750 for each violation that occurred on or after January 13, 2009;[1] CAA § 205(a), 42 U.S.C. § 7524(a); 40 C.F.R. § 19.4. In addition, any manufacturer who, on or after January 13, 2009, sold, offered for sale, introduced into commerce, delivered for introduction into commerce, imported, or caused any of the foregoing acts with respect to any new motor vehicle that was not covered by an EPA-issued COC is subject, among other things, to a civil penalty of up to $37,500 for each violation.[2] CAA § 205(a), 42 U.S.C. § 7524(a); 40 C.F.R. § 19.4. The EPA may seek, and district courts may order, equitable remedies to further address these alleged violations. CAA § 204(a), 42 U.S.C. § 7523(a).

[1] $2,750 for violations occurring prior to January 13, 2009.
[2] $32,500 for violations occurring prior to January 13, 2009.

VW FOIA, EPA 06/20/2017 2017-FFP_025827

The EPA is available to discuss this matter with you. Please contact Meetu Kaul, the EPA attorney assigned to this matter, to discuss this NOV. Ms. Kaul can be reached as follows:

Meetu Kaul
U.S. EPA, Air Enforcement Division
1200 Pennsylvania Avenue, NW
William Jefferson Clinton Federal Building
Washington, DC 20460
(202) 564-5472
kaul.meetu@epa.gov

Sincerely,

Phillip A. Brooks
Director
Air Enforcement Division
Office of Civil Enforcement

Copy:
Todd Sax, California Air Resources Board
Walter Benjamin Fisherow, United States Department of Justice
Stuart Drake, Kirkland & Ellis LLP

VW FOIA, EPA 06/20/2017 2017-FFP_025828

From: Stewart, Gwen
Required Attendees: Benjamin Hengst; Bradish, Tracey; Bunker, Byron; Charmley, William; Dupree, Sheena; Gwen Stewart; Haugen, David; Jacqueline Jones; Jonell Iffland; Kimberly Derksen; Leila Cook; Sherry Waite; Simon, Karl; Cohen, Janet; Wehrly, Linc; Benjamin Hengst (Hengst.Benjamin@epa.gov)
Optional Attendees: Cook, Leila; Patulski, Meg; Snapp, Lisa; Olechiw, Michael; Ed Nam (nam.ed@epa.gov); Kathryn Sargeant (sargeant.kathryn@epa.gov); Kapichak, Rudolph; Sosnowski, Dave; Dickinson, David; Blubaugh, Jim

Non-Responsive

Importance: Normal
Subject: FYI FOR CHRIS: VW Cross Divisional Coordination and Communications
Start Date/Time: Wed 9/23/2015 5:00:00 PM
End Date/Time: Wed 9/23/2015 6:00:00 PM

MEETING REQUEST:

Gwen and Pat,
Lee asked me to work on setting up a meeting for the Division Directors and IO (Ben/Lee/Tracey) to hear about where we are on VW, discuss the magnitude and to provide context for providing additional support to additional communications materials and Q&A.

In addition to the SLT, please invite me and Linc Wehrly and indicate that the division directors may bring others that should be there.

Lee says the Chris should NOT be an invitee since we can't schedule around him this time. Also, Byron is out on travel tomorrow. He is relatively available by phone though.

The title of the meeting is: VW cross-divisional coordination and communications. It should happen tomorrow if at all possible. Thanks, please call me if you have any questions.

- J. -

From: Grundler, Christopher
Required Attendees: Benjamin Hengst; Bradish, Tracey; Bunker, Byron; Charmley, William; Dupree, Sheena; Gwen Stewart; Haugen, David; Jacqueline Jones; Jonell Iffland; Kimberly Derksen; Leila Cook; Sherry Waite; Simon, Karl; Cohen, Janet; Wehrly, Linc
Location: RM. 6524 DC/RM. C-174 DOD AA - By telephone: Non-Responsive Access Code: Non-Responsive
Importance: Normal
Subject: FYI FOR CHRIS: VW Cross Divisional Coordination and Communications
Start Date/Time: Wed 9/23/2015 5:00:00 PM
End Date/Time: Wed 9/23/2015 6:00:00 PM

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- J. -

To: Belser, Evan[Belser.Evan@epa.gov]
Cc: Brooks, Phillip[Brooks.Phillip@epa.gov]; Werner, Jacqueline[Werner.Jacqueline@epa.gov]
From: Kelley, Rosemarie
Sent: Wed 9/23/2015 1:57:21 PM
Subject: Re: WG: Volkswagen - defeat device

Yes. Please reach out to Anna Phillips in oita. Thx.

Rosemarie

On Sep 23, 2015, at 8:36 AM, Belser, Evan <Belser.Evan@epa.gov> wrote:

> Rosemarie,
>
> An enforcement agency from Germany is requesting phone call with us. Should we loop in OITA? I think it would be fine to have this call but of course we can't share more than what we're already making public.
>
> Evan Belser
> Chief, Mobile Source Enforcement Branch
> US EPA
>
> Begin forwarded message:
>
> **From:** "Albus, Christoph" <christoph.albus@bmvi.bund.de>
> **Date:** September 23, 2015 at 7:34:28 AM EDT
> **To:** "'Belser.evan@epa.gov'" <Belser.evan@epa.gov>
> **Cc:** "'Michael Olechiw (olechiw.michael@epa.gov)'" <olechiw.michael@epa.gov>, "Redmann, Stephan" <stephan.redmann@bmvi.bund.de>, "'Mark.Wummel@kba.de'" <Mark.Wummel@kba.de>, "'Paeslack, Sven'" <sven.paeslack@kba.de>
> **Subject: WG: Volkswagen - defeat device**
>
> Dear Mr. Belser
>
> Regarding the Volkswagen issue Mr. Olechiw provided the information, that you are the responsible contact person at EPA. Together with my colleague Stephan Redman and colleagues from our type approval agency (KBA) we are very much interested in a phone conference with you. Would it be possible for you to have such a phone conference this Friday (25th).
>
> Thanks in advance.

Best Regards

Christoph Albus

Von: Redmann, Stephan
Gesendet: Mittwoch, 23. September 2015 13:21
An: Albus, Christoph
Betreff: WG: Volkswagen - defeat device

Von: Olechiw, Michael [mailto:olechiw.michael@epa.gov]
Gesendet: Montag, 21. September 2015 14:39
An: Redmann, Stephan
Cc: 'Paeslack, Sven'
Betreff: RE: Volkswagen - defeat device

Hello Stephan!

I can imagine that this has caused quite the stir in Germany. You can reference the Notice of Violation that we sent to VW: http://www3.epa.gov/otaq/cert/documents/vw-nov-caa-09-18-15.pdf

This should help answer some of your questions. For now you may contact Evan Belser here at EPA. (Belser.evan@epa.gov, 001-202-564-6850)

If you would like to talk this morning, I am available after 3 PM your time.

Best Regards,

Mike

Michael R. Olechiw

Director - Light-duty Vehicles and Small Engines Center

USEPA/OTAQ/ASD

2000 Traverwood Drive

Ann Arbor MI 48105

Tel: +1-734-214-4297

Mobile: +1-734-546-8079

Fax: +1-734-214-4050

olechiw.michael@epa.gov

From: Redmann, Stephan [mailto:stephan.redmann@bmvi.bund.de]
Sent: Monday, September 21, 2015 4:31 AM
To: Olechiw, Michael
Cc: 'Paeslack, Sven'
Subject: Volkswagen - defeat device
Importance: High

Dear Michael,

how are you? You may imagine that the EPA case against Volkswagen regarding use of defeat devices is causing some turbulences here in Germany.

KBA – the German type approval authority – is currently investigating the case. Of course they are in direct contact with Volkswagen, but currently most of our information is still based on press announcements. Therefore I would like to ask you

whether US EPA can provide us more information.

If you are not involved can you please provide us the right contact persons for an official request?

Best regards

Stephan

Federal Ministry of Transport and digital Infrastructure

Division LA27

Automotive Engineering (Environment)

Robert-Schuman-Platz 1

53175 Bonn, GERMANY

Tel.: +49 (0)228-300- 4371

Fax: +49 (0)228-300-807-4371

email: stephan.redmann@bmvi.bund.de

To: Albores, Richard[Albores.Richard@epa.gov]
Cc: Chapman, Apple[Chapman.Apple@epa.gov]; Brooks, Phillip[Brooks.Phillip@epa.gov]; Thompson, Christopher[Thompson.Christopher@epa.gov]
From: Werner, Jacqueline
Sent: Wed 9/23/2015 2:30:49 PM
Subject: Re: VW, GMC, Ford

Thanks for the tip/info Richard.

Jacqueline

Sent from my iPhone
Jacqueline Robles Werner
Associate Director
Air Enforcement Division
W: 202-564-1036

On Sep 23, 2015, at 8:42 AM, Albores, Richard <Albores.Richard@epa.gov> wrote:

> Hello AED –
>
> I received this email, and thought I should pass it on to you all. Not sure how the sender got my name and address.
>
> Thanks,
>
> R
>
> **********
>
> Richard L. Albores, Attorney-Advisor (Acting Director) * Federal Facilities Enforcement Office (2261A) *
>
> U.S. Environmental Protection Agency * WJC South, Room 3224J (Enter through Room 3228) *
>
> 1200 Pennsylvania Avenue, N.W., Washington, DC 20460

Albores.richard@epa.gov * Main 202 564-2510 * Direct 202 564-7102 * Ex. 6 *Fax 202 501-0069

Visit FedCenter: http://www.fedcenter.gov Help eliminate environmental violations.

Report tips and complaints at: http://www.epa.gov/compliance/complaints/index.html

From: J Ex. 6
Sent: Wednesday, September 23, 2015 8:31 AM
To: Albores, Richard
Cc: Jenny Martinez
Subject: VW, GMC, Ford

Mr Albores:

It is my understanding that there is other car companies clearly violating EPA standards and only VW has been caught. It is quite obvious that For and GMC are doing the same in front of the naked eye. If you pay attention to GMC and Ford Diesel equipped heavy duty trucks the all have a design at the end of the muffler that provide for some fresh air to be pulled and directed to the tip of it where you would normally install the Mono-Nitrogen oxides (NOx) sensor. Common sense tells you that this "fresh" air will impact the emissions test positively, but, are these vehicles really being environmentally friendly?

Best Regards:

Ex. 6

Required Attendees: Werner, Jacqueline; karen.dworkin@usdoj.gov; Brian Lusignan; Kelley, Rosemarie; Ben Fisherow (Walter.Benjamin.Fisherow@usdoj.gov); Michael J. Myers
Optional Attendees: Lemuel Srolovic
Location: Non-Responsive
Importance: Normal
Subject: EPA-NY Coordination Discussion re VW
Start Date/Time: Fri 9/25/2015 2:30:00 PM
End Date/Time: Fri 9/25/2015 3:00:00 PM

Evan Belser
Chief, Mobile Source Enforcement Branch, Air Enforcement Division
National Coordinator for Administrative Litigation, Office of Civil Enforcement
Office of Enforcement and Compliance Assurance
United States Environmental Protection Agency
202-564-6850

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From: Belser, Evan
Required Attendees: Brian Lusignan; Michael J. Myers; Kelley, Rosemarie; Werner, Jacqueline; Ben Fisherow (Walter.Benjamin.Fisherow@usdoj.gov); karen.dworkin@usdoj.gov
Location: **Non-Responsive**
Importance: Normal
Subject: EPA-NY Coordination Discussion re VW
Start Date/Time: Fri 9/25/2015 3:00:00 PM
End Date/Time: Fri 9/25/2015 3:30:00 PM

Evan Belser
Chief, Mobile Source Enforcement Branch, Air Enforcement Division
National Coordinator for Administrative Litigation, Office of Civil Enforcement
Office of Enforcement and Compliance Assurance
United States Environmental Protection Agency
202-564-6850

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To: Bunker, Byron[bunker.byron@epa.gov]; Wehrly, Linc[wehrly.linc@epa.gov]
From: Ex. 7 (EEO)
Sent: Wed 9/23/2015 2:47:24 PM
Subject: RE: 2015 My Inventory Update

Hello Byron and Linc,

I want to stress here that there is no intentional action to deceive you on these 2015 MY volumes. These vehicles are in the hands of dealers, so from the company perspective they are sold – they have been wholesaled to the dealer network. Ex. 4 - CBI

Ex. 4 - CBI

Ex. 4 - CBI

Once again I apologize. I don't always have every number and sales inventory volumes available to me. Ex. 4 - CBI

Ex. 4 - CBI

Ex. 4 - CBI I think you know this is the nature of a large business with way too many people involved in an issue.

The numbers below are accurate. The vehicles are not in ports but with dealers. Ex. 4 - CBI

Ex. 4 - CBI

I take my personal integrity and my reputation very seriously and hope you know I am giving you honest answers with the information that is available to me.

Hope this helps. Byron, I know you are traveling but when you have time please give me a call.

Thank you,

Ex. 7

From: Ex. 7 (EEO)
Sent: Tuesday, September 22, 2015 4:46 PM
To: bunker.byron@epa.gov; wehrly.linc@epa.gov
Subject: 2015 My Inventory

Hello Byron and Linc,

I requested actual 2015 MY numbers after our conversation:

Volkswagen:

Ex. 4 - CBI

Audi:

Ex. 4 - CBI

Ex. 4 - CBI

My apologies. I sent your message about credibility back to my management.

Ex. 7

To: Belser, Evan[Belser.Evan@epa.gov]
Cc: Maciej.SZYMANSKI@ec.europa.eu[Maciej.SZYMANSKI@ec.europa.eu]; Joanna.SZYCHOWSKA@ec.europa.eu[Joanna.SZYCHOWSKA@ec.europa.eu]; pierre.bonnel@jrc.ec.europa.eu[pierre.bonnel@jrc.ec.europa.eu]; martin.weiss@jrc.ec.europa.eu[martin.weiss@jrc.ec.europa.eu]; Olechiw, Michael[olechiw.michael@epa.gov]; Barbara.BONVISSUTO@ec.europa.eu[Barbara.BONVISSUTO@ec.europa.eu]
From: Nikolaus.Steininger@ec.europa.eu
Sent: Wed 9/23/2015 2:57:29 PM
Subject: RE: Recall of Volkswagen diesel vehicles by EPA

Dear Evan,

As you can imagine we have very intense discussions on the VW case on all levels at our end. One question, which pops up all the time is the motivation of VW for having the defeat device installed at the first place.

Basically some of the faulty vehicles have a SCR system installed and then the motivation is obviously saving urea, allowing for larger travel distances between refill intervals, basically for customer convenience. By the way, does EPA or CARB regulation require a minimum travel distance for which a full tank must provide urea (e.g. for assuming a poor urea supply infrastructure)? If so, VW might have a big problem to render the vehicles compliant even with a recall.

But other vehicles have a LNT installed. In such case the motivation for the defeat device would be a reduced fuel consumption, but this fuel consumption would not show on the regulatory test cycle, on which the defeat device by definition would not be active. VW would therefore not benefit from reduced fuel consumption/CO2 emission values for the US fleet target. It is true that the real driving fuel consumption would be slightly better with the defeat device on board, but is this a strong enough motivation to take such high risk (in particular in the US market with relatively low fuel prices)?

I would be very grateful if you could come back with your thoughts on this.

Regards,

Klaus

Nikolaus STEININGER
Policy officer

European Commission
DG GROWTH
C.4 Automotive and Mobility Industries

http://ec.europa.eu/growth/sectors/automotive/index_en.htm

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nikolaus.steininger@ec.europa.eu

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From: STEININGER Nikolaus (GROW)
Sent: Monday, September 21, 2015 5:59 PM
To: 'Belser.evan@epa.gov'
Cc: SZYMANSKI Maciej (GROW); SZYCHOWSKA Joanna (GROW); BONNEL Pierre (JRC-ISPRA); WEISS Martin (JRC-ISPRA); 'Olechiw, Michael'
Subject: RE: Recall of Volkswagen diesel vehicles by EPA

Hi Evan,

Thanks a lot for your time on the phone. Let's stay in touch.

Regards,

Klaus

Nikolaus STEININGER
Policy officer

European Commission
DG GROWTH
C.4 Automotive and Mobility Industries

http://ec.europa.eu/growth/sectors/automotive/index_en.htm

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- should not be considered as professional or legal advice

From: Olechiw, Michael [mailto:olechiw.michael@epa.gov]
Sent: Monday, September 21, 2015 2:37 PM
To: STEININGER Nikolaus (GROW)
Cc: SZYMANSKI Maciej (GROW); SZYCHOWSKA Joanna (GROW); BONNEL Pierre (JRC-ISPRA); WEISS Martin (JRC-ISPRA)
Subject: RE: Recall of Volkswagen diesel vehicles by EPA

Hello Klaus,

You can reference the Notice of Violation that we sent to VW:
http://www3.epa.gov/otaq/cert/documents/vw-nov-caa-09-18-15.pdf

This should help answer some of your questions. For now you may contact Evan Belser here at EPA. (Belser.evan@epa.gov, 001-202-564-6850)

If you would like to talk this morning, I am available after 3 PM your time.

Best Regards,

Mike

Michael R. Olechiw

Director - Light-duty Vehicles and Small Engines Center

USEPA/OTAQ/ASD

2000 Traverwood Drive

Ann Arbor MI 48105

Tel: +1-734-214-4297

Mobile: +1-734-546-8079

Fax: +1-734-214-4050

olechiw.michael@epa.gov

From: Nikolaus.Steininger@ec.europa.eu [mailto:Nikolaus.Steininger@ec.europa.eu]
Sent: Sunday, September 20, 2015 9:24 AM
To: Olechiw, Michael
Cc: Maciej.SZYMANSKI@ec.europa.eu; Joanna.SZYCHOWSKA@ec.europa.eu; pierre.bonnel@jrc.ec.europa.eu; martin.weiss@jrc.ec.europa.eu
Subject: Recall of Volkswagen diesel vehicles by EPA

Dear Michael,

The recent recall of Volkswagen diesel vehicles by EPA is now all over the European media and it may have some implications for the ongoing development of real driving emission (RDE) legislation, mainly addressing NOx emissions of diesel vehicles, at our end. Therefore I would be very grateful if we could establish a contact on the working level on this topic. I am not sure whether you are the right person; if not maybe you could direct me to the appropriate expert at EPA (and/or CARB).

It would be particularly useful to know whether EPA's action is driven by the fact that VW diesel vehicles emit much more NOx "on the road" (i.e. measured with PEMS?) than on the test cycle - this is actually known since a long time and the reason of being for our RDE work (the degree of the RDE exceedance may of course vary from vehicle to vehicle and manufacturer to manufacturer). In such case I would be interested in the legal basis for requesting the recall, because to my knowledge the US limits (as the EU ones in the current Euro 6 implementing legislation, which we are about to change) are defined on a combination of test cycles only (?).

Or did VW vehicles picked from the road not fulfil the US emission limits on the set of regulatory test cycles (in the lab) if certain minor conditions, like position of the steering wheel etc., were modified? The media talk about "defeat devices" implemented by VW and indentified by EPA (which would also be illegal in the EU, but unfortunately we have no really robust definition right now...) - but the meaning of this term in the given context is not clear from the media reports (which is not surprising...).

I would be very grateful if you came back to me in this matter as soon as possible.

Regards,

Klaus

From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Wed 9/23/2015 3:09:13 PM
Subject: Volkswagen Test Rigging Follows a Long Auto Industry Pattern
MAIL_CONVERSATION_TOPIC: Volkswagen Test Rigging Follows a Long Auto Industry Pattern
Created: Fri 3/18/2016 6:18:13 PM

Ever since governments began regulating cars, automakers have been finding ways to cheat to improve data on emissions, gas mileage and safety.

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From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Wed 9/23/2015 3:09:55 PM
Subject: Volkswagen scandal opens door to Fiat takeover
MAIL_CONVERSATION_TOPIC: Volkswagen scandal opens door to Fiat takeover
Created: Fri 3/18/2016 6:18:12 PM

Fiat Chrysler Automobiles has vocally sought a merger partner. Volkswagen is suddenly reeling. Don't be surprised if Fiat CEO Sergio Marchionne makes a move.

View article...

To: Ex. 6 – Administrator Email Address McCabe, Janet[McCabe.Janet@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]; Purchia, Liz[Purchia.Liz@epa.gov]; Giles-AA, Cynthia[Giles-AA.Cynthia@epa.gov]; Fritz, Matthew[Fritz.Matthew@epa.gov]; Meiburg, Stan[Meiburg.Stan@epa.gov]
From: Reynolds, Thomas
Sent: Wed 9/23/2015 3:11:59 PM
Subject: vw resignation

ABC News @ABC 2m2 minutes ago

JUST IN: Volkswagen CEO announces resignation after company reveals 11M cars have software designed to trick emissions-testing equipment.

Tom Reynolds

Associate Administrator for External Affairs

Environmental Protection Agency

202-566-0717 – direct

202-568-0750 – cell

Reynolds.thomas@epa.gov

To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: Chapman, Apple
Sent: Wed 9/23/2015 3:15:07 PM
Subject: VW CEO JUST RESIGNED

Apple Chapman
OECA
Air Enforcement Division
Sent from my iPhone
202-841-6076

To: Grundler, Christopher[grundler.christopher@epa.gov]; Birgfeld, Erin[Birgfeld.Erin@epa.gov]
From: Ex. 4 - CBI
Sent: Wed 9/23/2015 3:21:46 PM
Subject: FW: Breaking News: Volkswagen chief Martin Winterkorn resigns amid emissions scandal

Ex. 4 - CBI (Contractor)

U.S. Environmental Protection Agency

National Vehicle and Fuel Emissions Laboratory Library

2000 Traverwood Drive

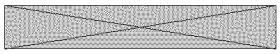
Ann Arbor, MI 48105

Ex. 4 - CBI

From: NYTimes.com News Alert [mailto:nytdirect@nytimes.com]
Sent: Wednesday, September 23, 2015 11:20 AM
To: Ex. 4 - CBI
Subject: Breaking News: Volkswagen chief Martin Winterkorn resigns amid emissions scandal

Add nytdirect@nytimes.com to your address book.

September 23, 2015



NYTimes.com »

Breaking News Alert

BREAKING NEWS

Volkswagen chief Martin Winterkorn resigns amid emissions scandal

Wednesday, September 23, 2015 11:17 AM EDT

Martin Winterkorn resigned as chief executive of Volkswagen on Wednesday, taking responsibility for an emissions cheating scandal that has gravely damaged the carmaker's reputation and may spread to the German economy.

"As C.E.O. I accept responsibility for the irregularities that have been found in diesel engines," Mr. Winterkorn, who had headed the company since 2007, said in a statement. But he continued to insist he personally committed no misconduct. "I am not aware of any wrong doing on my part."

In Germany there was growing concern Wednesday that the scandal could damage the country's economy, which revolves around the auto industry. Volkswagen employs 274,000 people in Germany at 29 factories, and is already struggling with high labor costs. That figure does not count tens of thousands of people employed by Volkswagen suppliers.

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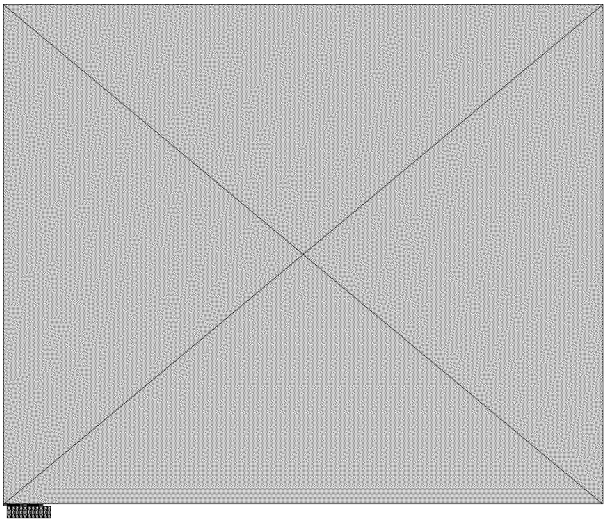

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To: Nikolaus.Steininger@ec.europa.eu[Nikolaus.Steininger@ec.europa.eu]
Cc: Maciej.SZYMANSKI@ec.europa.eu[Maciej.SZYMANSKI@ec.europa.eu]; Joanna.SZYCHOWSKA@ec.europa.eu[Joanna.SZYCHOWSKA@ec.europa.eu]; pierre.bonnel@jrc.ec.europa.eu[pierre.bonnel@jrc.ec.europa.eu]; martin.weiss@jrc.ec.europa.eu[martin.weiss@jrc.ec.europa.eu]; Olechiw, Michael[olechiw.michael@epa.gov]; Barbara.BONVISSUTO@ec.europa.eu[Barbara.BONVISSUTO@ec.europa.eu]
Bcc: Werner, Jacqueline[Werner.Jacqueline@epa.gov]; Kelley, Rosemarie[Kelley.Rosemarie@epa.gov]; Orehowsky, Gregory[Orehowsky.Gregory@epa.gov]; Kaul, Meetu[Kaul.Meetu@epa.gov]
From: Belser, Evan
Sent: Wed 9/23/2015 3:23:07 PM
Subject: RE: Recall of Volkswagen diesel vehicles by EPA

Hello Klaus, and thank you for you note. Unfortunately I am not at liberty to discuss case facts that are not already public. Answering would also require speculation on my part which would not be appropriate. As I'm sure you can appreciate, this is a matter of federal law enforcement and we have on ongoing investigation. The answer to "why" VW did this will be part of our investigation.

Best Regards,

Evan

Evan Belser

Chief, Mobile Source Enforcement Branch, Air Enforcement Division

National Coordinator for Administrative Litigation, Office of Civil Enforcement

Office of Enforcement and Compliance Assurance

United States Environmental Protection Agency

202-564-6850

From: Nikolaus.Steininger@ec.europa.eu [mailto:Nikolaus.Steininger@ec.europa.eu]
Sent: Wednesday, September 23, 2015 10:57 AM
To: Belser, Evan
Cc: Maciej.SZYMANSKI@ec.europa.eu; Joanna.SZYCHOWSKA@ec.europa.eu; pierre.bonnel@jrc.ec.europa.eu; martin.weiss@jrc.ec.europa.eu; Olechiw, Michael; Barbara.BONVISSUTO@ec.europa.eu
Subject: RE: Recall of Volkswagen diesel vehicles by EPA

Dear Evan,

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Basically some of the faulty vehicles have a SCR system installed and then the motivation is obviously saving urea, allowing for larger travel distances between refill intervals, basically for customer convenience. By the way, does EPA or CARB regulation require a minimum travel distance for which a full tank must provide urea (e.g. for assuming a poor urea supply infrastructure)? If so, VW might have a big problem to render the vehicles compliant even with a recall.

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I would be very grateful if you could come back with your thoughts on this.

Regards,

Klaus

Nikolaus STEININGER
Policy officer

European Commission
DG GROWTH
C.4 Automotive and Mobility Industries

http://ec.europa.eu/growth/sectors/automotive/index_en.htm

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From: STEININGER Nikolaus (GROW)
Sent: Monday, September 21, 2015 5:59 PM
To: 'Belser.evan@epa.gov'
Cc: SZYMANSKI Maciej (GROW); SZYCHOWSKA Joanna (GROW); BONNEL Pierre (JRC-ISPRA); WEISS Martin (JRC-ISPRA); 'Olechiw, Michael'
Subject: RE: Recall of Volkswagen diesel vehicles by EPA

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Regards,

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Policy officer

European Commission
DG GROWTH
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http://ec.europa.eu/growth/sectors/automotive/index_en.htm

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From: Olechiw, Michael [mailto:olechiw.michael@epa.gov]
Sent: Monday, September 21, 2015 2:37 PM
To: STEININGER Nikolaus (GROW)
Cc: SZYMANSKI Maciej (GROW); SZYCHOWSKA Joanna (GROW); BONNEL Pierre (JRC-ISPRA); WEISS Martin (JRC-ISPRA)
Subject: RE: Recall of Volkswagen diesel vehicles by EPA

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http://www3.epa.gov/otaq/cert/documents/vw-nov-caa-09-18-15.pdf

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If you would like to talk this morning, I am available after 3 PM your time.

Best Regards,

Mike

Michael R. Olechiw

Director - Light-duty Vehicles and Small Engines Center

USEPA/OTAQ/ASD

2000 Traverwood Drive

Ann Arbor MI 48105

Tel: +1-734-214-4297

Mobile: +1-734-546-8079

Fax: +1-734-214-4050

olechiw.michael@epa.gov

From: Nikolaus.Steininger@ec.europa.eu [mailto:Nikolaus.Steininger@ec.europa.eu]
Sent: Sunday, September 20, 2015 9:24 AM
To: Olechiw, Michael
Cc: Maciej.SZYMANSKI@ec.europa.eu; Joanna.SZYCHOWSKA@ec.europa.eu; pierre.bonnel@jrc.ec.europa.eu; martin.weiss@jrc.ec.europa.eu
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I would be very grateful if you came back to me in this matter as soon as possible.

Regards,

Klaus

To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: EnergyGuardian
Sent: Wed 9/23/2015 3:27:21 PM
Subject: BREAKING NEWS: Volkswagen CEO steps down amid US emissions-rigging scandal

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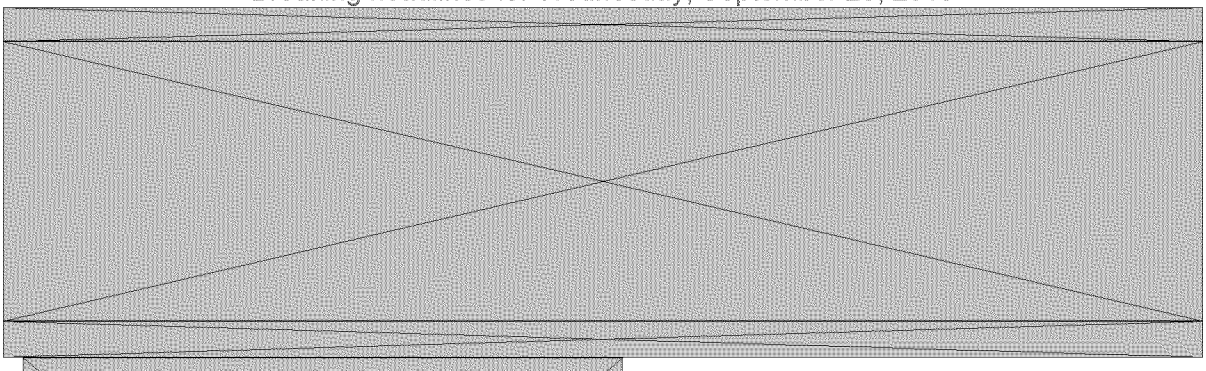
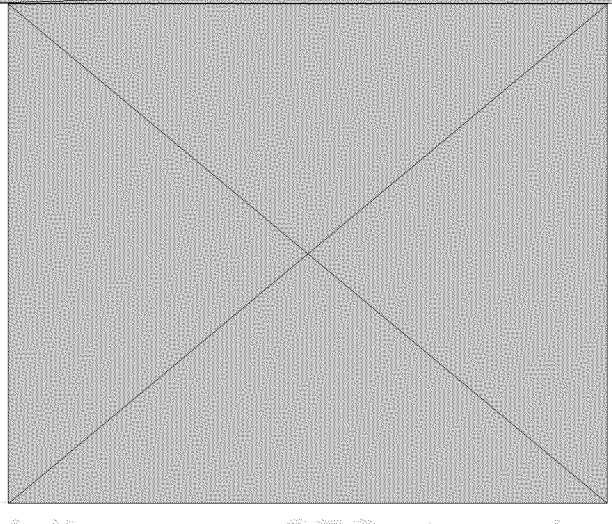
Breaking headlines for Wednesday, September 23, 2015





Volkswagen CEO steps down amid US emissions-rigging scandal

By Geir Moulson and Pan Pylas

BERLIN (AP) — Volkswagen CEO Martin Winterkorn stepped down Wednesday over a scandal in which the German carmaker admitted to rigging its diesel cars' emissions to pass U.S. tests.

In a statement, Winterkorn said he took responsibility for the "irregularities" found in diesel engines but that he was "not aware of any wrongdoing on my part."

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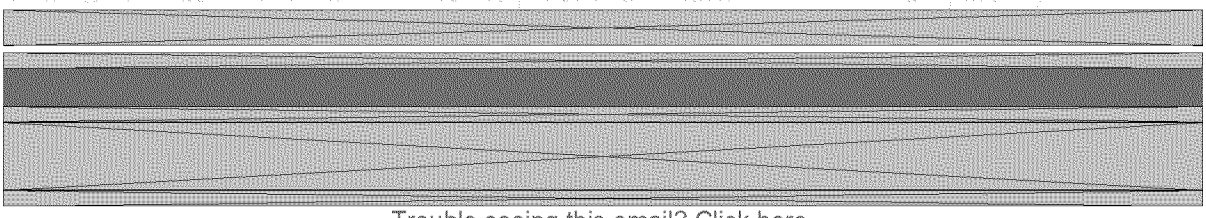
No replacement for the post of CEO was announced.

"Volkswagen needs a fresh start ... also in terms of personnel," he said. "I am clearing the way for this fresh start with my resignation."

Winterkorn said VW must continue the process of "clarification and transparency."



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To: Wehrly, Linc[wehrly.linc@epa.gov]
From: EnergyGuardian
Sent: Wed 9/23/2015 3:27:34 PM
Subject: BREAKING NEWS: Volkswagen CEO steps down amid US emissions-rigging scandal

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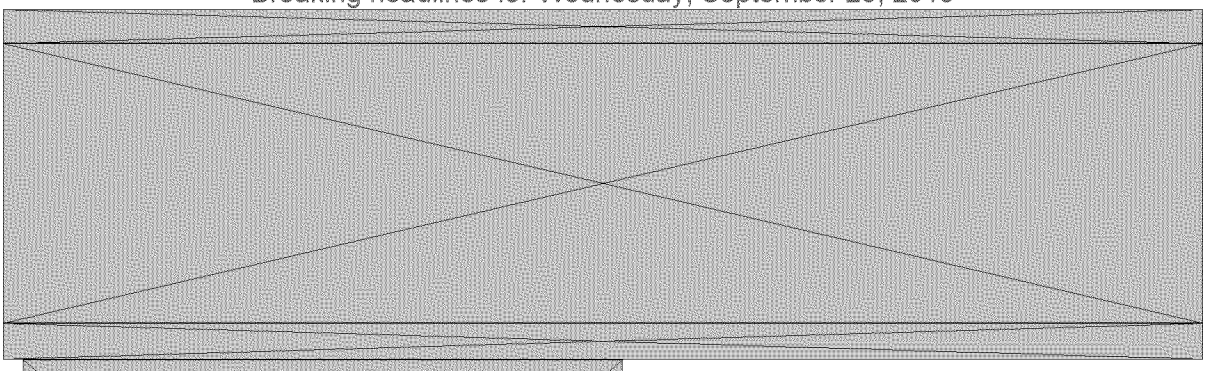
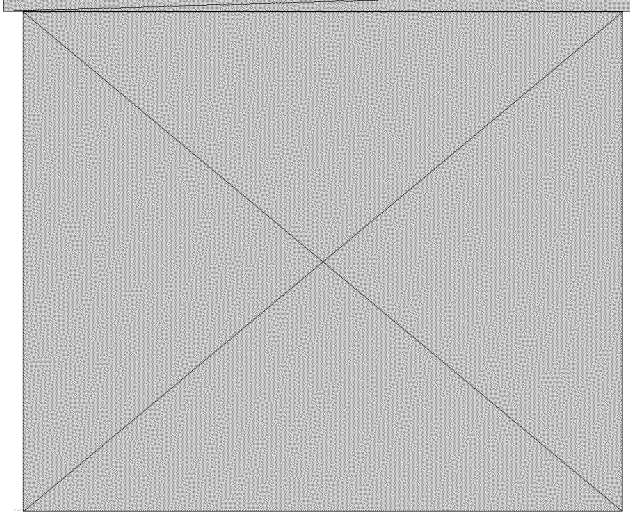
Breaking headlines for Wednesday, September 23, 2015





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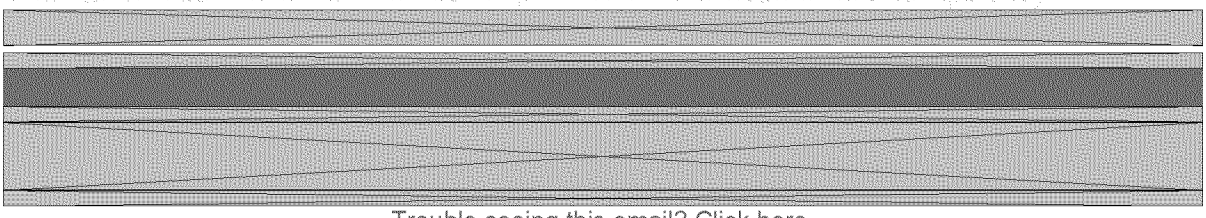

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To: OTAQ[OTAQ@epa.gov]
From: Kaul, Meetu
Sent: Wed 9/23/2015 3:27:36 PM
Subject: FW: VW attorney

Ms.Meetu Kaul, Attorney-Advisor

United States Environmental Protection Agency
Office of Civil Enforcement - Air Enforcement Division
WJC South, Room 1117B
1200 Pennsylvania Ave., N.W. (MC 2242A)
Washington D.C. 20460 (Courier 20004)
Direct: 202-564-5472
Fax: 202-564-0069
Email: kaul.meetu@epa.gov

From: Valentine, Julia
Sent: Wednesday, September 23, 2015 11:20 AM
To: Jody Godoy
Cc: Kaul, Meetu
Subject: Re: VW attorney

Checking on that for you, Jody.

Sent from USEPA iPhone

On Sep 23, 2015, at 11:17 AM, Jody Godoy <jody.godoy@law360.com> wrote:

Hi Julia,

I'm writing on the VW Clean Air Act violations and I wanted to see if you or one of your colleagues could help me understand something.

I was wondering why Stuart Drake of Kirkland & Ellis was cc'd on the notice of violation to Volkswagen on Friday.

Please email me or give me a call at (646) 350-1379.

Thanks,

--

Jody Godoy

Reporter

Legal News & Data

860 Broadway, 6th Floor

New York, NY 10003

(646) 350-1379

To: Kaul, Meetu[Kaul.Meetu@epa.gov]
From: EPAMAILR521/USEPA/US
Sent: Wed 9/23/2015 3:27:42 PM
Subject: EPA Information Request – Acknowledgement of Receipt

Thank you for contacting the Office of Transportation and Air Quality (OTAQ). We are processing your inquiry; you should receive a response within 5 business days.

The following information may help you reach a more specific direct contact for information you are seeking.

Frequently asked questions - OTAQ has a "Frequent Questions" site where you can search for answers on transportation and air quality issues at: http://www.epa.gov/otaq/about/faq.htm.

Importing a vehicle to the U.S. - See our Imports site for information about imports at: www.epa.gov/otaq/imports or call the Imports Hotline at 734-214-4100.

Car or light-truck safety issues - Call the Department of Transportation Hotline at 1-800-424-9393.

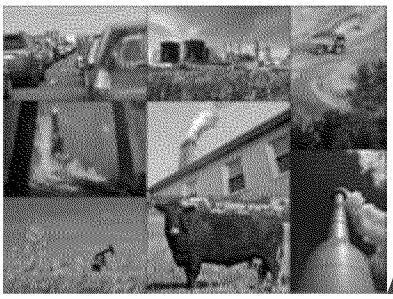
Recycling or disposal of antifreeze, batteries, oil, or tires - See EPA's Office of Resource Conservation and Recovery web site for information about recycling and disposing of wastes at: www.epa.gov/wastes.

Finding a specific document - Most of our documents are on our Web site at: www.epa.gov/otaq. If you cannot find the document on our site, you can get many publications, free of charge, through the National Service Center for Environmental Publications by calling: 1-800-490-9198. If you are looking for a specific document that you can't find, please contact the NVFEL library at 734-214-4311 or email AALibrary@epa.gov.

For tracking purposes, please ensure the following line is included when replying.
FW: VW attorney

To: Allnutt, David[Allnutt.David@epa.gov]; Anderson, Lea[anderson.lea@epa.gov]; Anderson, Steve[Anderson.Steve@epa.gov]; Aranda, Amber[aranda.amber@epa.gov]; Averback, Jonathan[Averback.Jonathan@epa.gov]; Belser, Evan[Belser.Evan@epa.gov]; Bianco, Karen[Bianco.Karen@epa.gov]; Bogoshian, Matthew[Bogoshian.Matt@epa.gov]; Branning, Amy[Branning.Amy@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Chapman, Apple[Chapman.Apple@epa.gov]; Choi, Jake[Choi.Jake@epa.gov]; Cozad, David[Cozad.David@epa.gov]; Crum, Lynda[Crum.Lynda@epa.gov]; Crystal, Roy[crystal.roy@epa.gov]; Davis, Julian[davis.julian@epa.gov]; Dickinson, David[Dickinson.David@epa.gov]; Dierker, Carl[Dierker.Carl@epa.gov]; Dolph, Becky[Dolph.Becky@epa.gov]; Doster, Brian[Doster.Brian@epa.gov]; Dubey, Susmita[dubey.susmita@epa.gov]; Dubois, Roland[Dubois.Roland@epa.gov]; Frey, Bert[frey.bertram@epa.gov]; Froikin, Sara[Froikin.Sara@epa.gov]; Giles-AA, Cynthia[Giles-AA.Cynthia@epa.gov]; Graham, Cheryl[Graham.Cheryl@epa.gov]; Harrison, Ben[Harrison.Ben@epa.gov]; Hoffman, Howard[hoffman.howard@epa.gov]; Hogan, Stephanie[Hogan.Stephanie@epa.gov]; Holmes, Carol[Holmes.Carol@epa.gov]; Igoe, Sheila[Igoe.Sheila@epa.gov]; Jordan, Scott[Jordan.Scott@epa.gov]; Kaplan, Robert[kaplan.robert@epa.gov]; Kataoka, Mark[Kataoka.Mark@epa.gov]; Klepp, Robert[Klepp.Robert@epa.gov]; Knapp, Kristien[Knapp.Kristien@epa.gov]; Lee, Michael[lee.michaelg@epa.gov]; Lovett, Lauren[Lovett.Lauren@epa.gov]; Mackey, Cyndy[Mackey.Cyndy@epa.gov]; Manners, Mary[manners.mary@epa.gov]; Marks, Matthew[Marks.Matthew@epa.gov]; Matthews, Julie[Matthews.Juliane@epa.gov]; McConkey, Diane[Mcconkey.Diane@epa.gov]; Mclean, Kevin[Mclean.Kevin@epa.gov]; Moore, Bruce[Moore.Bruce@epa.gov]; Morgan, Jeanette[Morgan.Jeanette@epa.gov]; Moyer, Robert[Moyer.Robert@epa.gov]; Muller, Sheldon[Muller.Sheldon@epa.gov]; Niebling, William[Niebling.William@epa.gov]; Nguyen, Quoc[Nguyen.Quoc@epa.gov]; Adair, Jocelyn[Adair.Jocelyn@epa.gov]; Odendahl, Steve[Odendahl.Steve@epa.gov]; Okoye, Winifred[Okoye.Winifred@epa.gov]; Orlin, David[Orlin.David@epa.gov]; Pastorkovich, Anne-Marie[Pastorkovich.Anne-Marie@epa.gov]; Roberts, Martha[Roberts.Martha@epa.gov]; Rodman, Sonja[Rodman.Sonja@epa.gov]; Rowland, John[Rowland.John@epa.gov]; Schaaf, Eric[Schaaf.Eric@epa.gov]; Schmidt, Lorie[Schmidt.Lorie@epa.gov]; Senn, John[Senn.John@epa.gov]; Shenkman, Ethan[Shenkman.Ethan@epa.gov]; Silverman, Steven[silverman.steven@epa.gov]; Smith, Kristi[Smith.Kristi@epa.gov]; Snyder, Doug[Snyder.Doug@epa.gov]; Srinivasan, Gautam[Srinivasan.Gautam@epa.gov]; Stahle, Susan[Stahle.Susan@epa.gov]; Starfield, Lawrence[Starfield.Lawrence@epa.gov]; Stern, Allyn[Stern.Allyn@epa.gov]; Tate, Ragan[Tate.Ragan@epa.gov]; Thrift, Mike[thrift.mike@epa.gov]; Tierney, Jan[tierney.jan@epa.gov]; Ting, Kaytrue[Ting.Kaytrue@epa.gov]; Tsirigotis, Peter[Tsirigotis.Peter@epa.gov]; Versace, Paul[Versace.Paul@epa.gov]; Vetter, Rick[Vetter.Rick@epa.gov]; Walker, Mike[Walker.Mike@epa.gov]; Ward, W. Robert[Ward.Robert@epa.gov]; Werner, Jacqueline[Werner.Jacqueline@epa.gov]; Wilcox, Geoffrey[wilcox.geoffrey@epa.gov]; Williams, Brent[Williams.Brent@epa.gov]; Williams, Melina[Williams.Melina@epa.gov]; Williamson, Timothy[Williamson.Tim@epa.gov]; Zenick, Elliott[Zenick.Elliott@epa.gov]; Wills, Jennifer[Wills.Jennifer@epa.gov]; Conger, Nick[Conger.Nick@epa.gov]; Blake, Wendy[Blake.Wendy@epa.gov]; Schramm, Daniel[Schramm.Daniel@epa.gov]; Vergeront, Julie[Vergeront.Julie@epa.gov]; Tozzi, Lauren[Tozzi.Lauren@epa.gov]; Coursen, David[Coursen.David@epa.gov]; Pilchen, Zach[Pilchen.Zach@epa.gov]; Skinner-Thompson, Jonathan[Skinner-Thompson.Jonathan@epa.gov]; Vijayan, Abi[Vijayan.Abi@epa.gov]; Roder, Aileen[Roder.Aileen@epa.gov]; Walker, Denise[Walker.Denise@epa.gov]; Caballero, Kathryn[Caballero.Kathryn@epa.gov]; Thompson, Christopher[Thompson.Christopher@epa.gov]; Williams, Christopher[Williams.Christopher@epa.gov]; Matthew, Dayna[Matthew.Dayna@epa.gov]; Reid, Lauren[Reid.Lauren@epa.gov]; Sweet, Andrew[Sweet.Andrew@epa.gov]; Hammons, Jeffrey[Hammons.Jeffrey@epa.gov]; Morris, Rachel[Morris.Rachel@epa.gov]; Nguyen, DucH[Nguyen.DucH@epa.gov]; Jordan, Deborah[Jordan.Deborah@epa.gov]; Charlton, Tom[Charlton.Tom@epa.gov]; Kulschinsky, Edward[Kulschinsky.Edward@epa.gov]; Portmess, Jessica[Portmess.Jessica@epa.gov]; kaminer, joan[Kaminer.Joan@epa.gov]
From: Turley, Jennifer
Sent: Wed 9/23/2015 3:40:43 PM

Subject: Air & Radiation Law News for September 23, 2015



Air & Radiation Law News

for September 23, 2015

Bloomberg BNA **Daily Environment Report™**

Air Pollution

11M Cars Affected Globally as VW Scandal Widens

Volkswagen AG said 11 million vehicles were equipped with diesel engines at the center of a widening scandal over faked pollution controls that will cost the company at least 6.5 billion euros ($7.3 billion)....

Air Pollution

McCarthy: VW Appears to Be 'Outlier' in Industry

Volkswagen AG, which admitted that millions of its vehicles were programmed to cheat on federal air pollution tests, appears to be a "real outlier" in the auto industry, but federal regulators will investigate whether other manufacturers...

Air Pollution

Seventy Mayors Support Strong Ozone Standards

A coalition of 70 mayors urged the Obama administration to "stay true to the science" in deciding where to set national standards on ground-level ozone. The mayors, in a Sept. 21 letter to President Barack Obama, pledged to work with...

Air Pollution

Sierra Club Sues EPA Over State Ozone Plans

The Sierra Club asked a federal district court to set a deadline for the Environmental Protection Agency to take required action on state plans for implementation of the 2008 ozone standards (Sierra Club v. McCarthy, N.D. Cal., No. 3:15-cv-4328,...

Air Pollution

VW Probed by States, Canada Over Pollution Cheating

The probes of Volkswagen AG's technology to cheat air pollution tests has widened to include New York and Connecticut, among other U.S. states, adding to investigations of the German automaker by federal investigators and a growing...

Budget

Temporary Spending Bill Has No Environmental Riders

A temporary spending bill introduced into the Senate Sept. 22 contains none of the dozens of environmental policy riders that had been included in prior iterations of federal spending bills from earlier this year. However, Democrats are expected...

Climate Change

Fossil-Fuel Divestment Movement Exceeds $2.6 Trillion

Portfolio managers have pledged to steer $2.6 trillion in investments away from fossil fuels in an effort to prevent catastrophic climate change....

Climate Change

India Could Double Carbon Intensity Goal, Advocates Say

India is expected to ratchet up its offer to cut the carbon intensity of its economy as well as a commitment to renewable energy when it formally submits a pledge to the upcoming global climate talks in Paris, United Nations officials and environmental...

Climate Change

Pope Expected to Make Forceful Case for Climate Action

Pope Francis is expected to forcefully make the moral case for action on climate change when he addresses Congress this week in what some advocates see as a golden opportunity to galvanize support for an international climate agreement. ...

Climate Regulation

API Reiterates Concerns on Eve of Methane Hearings

Inefficient and duplicative federal regulatory initiatives will cripple job opportunities in the fossil fuel industry and won't reduce greenhouse gas emissions as effectively as private-sector solutions, American Petroleum Institute...

Elections

Bush Targets EPA Rules in Regulatory Plan

Republican presidential candidate Jeb Bush vowed to repeal or overhaul Environmental Protection Agency rules setting carbon dioxide emissions limits on power plants, defining Clean Water Act jurisdiction and regulating coal ash as part...

Elections

Trump 'Not a Believer' in Man-Made Climate Change

Businessman Donald Trump, the front-runner for the Republican presidential nomination, disputes the near unanimity of the scientific community and says he does not accept that human activity significantly contributes to climate change....

Energy

FERC Member Concerned About Rate Hikes From Power Plan

Tony Clark, a commissioner with the Federal Energy Regulatory Commission, said he has fewer concerns about the impact of the Clean Power Plan on the reliability of the electricity grid than he does about the plan leading to higher rates....

Energy

Senate Democrats Release Wide-Ranging Energy Bill

Tax subsidies for the fossil fuel industry would be repealed and new clean energy tax incentives would be created under a wide-ranging energy bill released Sept. 22 by Senate Minority Harry Reid (D-Nev.) and a coalition of other Senate Democrats....

Fuel Efficiency

EU Delays Heavy-Duty Vehicle Emissions Measure

A European Union measure on carbon dioxide emissions from trucks and other heavy-duty vehicles, originally slated for publication in 2015, will not be proposed until 2016 or 2017, the European Commission confirmed to Bloomberg BNA Sept....

International Climate

Figueres: Climate Pledges Won't Surpass 80% of Emissions

India, Brazil and other developing nations still have not made offers ahead of talks toward a global climate agreement, but their pledges won't fundamentally alter the need for far greater future action, the United Nations' top climate...

International Climate

Green Climate Fund Details Delayed Until October

Details of the progress of the United Nation’s plan to create a $100 billion climate fund will be discussed on Oct. 9 at an International Monetary Fund meeting in Lima, a German Cabinet minister said....

Natural Gas

Manufacturing Group Calls for More FERC Gas Rate Reviews

An organization representing large manufacturers called for the Federal Energy Regulatory Commission to initiate more frequent reviews of interstate natural gas pipelines' rates, contending that many pipelines are overcharging...

Regulatory Policy

Federal Agencies to Expedite Infrastructure Reviews

The Obama administration released new guidance and other tools to expedite environmental reviews for certain infrastructure projects, just days before the House is slated to take up legislation to streamline permitting of federally funded...

Renewable Energy

China Dam Operator Weighs Wind Investments

China Three Gorges Corp., the world's biggest dam operator, won deals to design two separate offshore wind farms that could require investment of as much as 14.7 billion yuan ($2.3 billion). The facilities include a 600-megawatt wind...

Sustainability

Federal Purchasers Get Interim EPA Ecolabel Advice

Federal agencies, which make up one of the world's largest purchasing groups, received interim advice from the Environmental Protection Agency Sept. 22 to guide their purchases of environmentally preferable products and services....

Sustainability

Unilever, Virgin Lead Companies in Net-Zero Pledge

Unilever Plc, Virgin Group and three other companies from across the globe are pledging to zero out greenhouse gas emissions from their operations by 2050 in hopes of paving the way for other businesses to do the same....

Trade

Environmental Goods on U.S. APEC Agenda

Lowering tariffs on environmental goods is among U.S. priorities for the Asia-Pacific Economic Cooperation (APEC) summit Nov. 16-18, U.S. government officials said....

INSIDEEPA.COM
an online news service from the publishers of Inside EPA

Inside EPA's **Clean Air Report,** 09/24/2015

http://insideepa.com/newsletters/clean-air-report

Latest News

Novel Suit Over EPA Air Compliance Order Review Echoes CWA Dispute

A novel lawsuit seeking judicial review of an EPA Clean Air Act compliance order could provide an important test of whether courts can hear challenges to such orders prior to enforcement, echoing a dispute over pre-enforcement review of Clean Water Act (CWA) compliance orders that the Supreme Court eventually said judges can review.

Doubting State Progress, Advocates Urge EPA Inspections Of Iowa CAFOs

Environmentalists in Iowa are asking EPA to conduct independent inspections of manure spills in Iowa, casting doubt on a recent progress report from the state's Department of Natural Resources (DNR) that claims the state has met the targets in a 2013 agreement with EPA requiring inspections of concentrated animal feeding operations (CAFOs).

News Briefs

EPA, Refiners Fight Bid To Amend 'Tier 3' Rule Suit

EPA and refiners are fighting ethanol proponents' push for the U.S. Court of Appeals for the District of Columbia Circuit to amend its ruling that rejected a challenge to the agency's "Tier 3" fuel and vehicle emissions rule that ethanol proponents argue includes a test that makes it impossible to bring higher blends of the fuel to market.

EPA's McCarthy Sees Volkswagen Case As 'Outlier'

EPA is investigating whether other manufacturers of diesel passenger vehicles may have followed Volkswagen's lead in installing unlawful emissions control "defeat devices" that increased emissions of nitrogen oxide (NOx) while reducing greenhouse gases, but Administrator Gina McCarthy says she

expects the German auto giant to be an “outlier.”

Senate Backs Bill To Force EPA Settlement 'Transparency'

Senators by unanimous consent have approved legislation that would set new public disclosure requirements to increase “transparency” when EPA and other agencies agree to new rulemaking deadlines in judicial settlements, a rare bipartisan move to address what critics say are “sue and settle” pacts between EPA and advocates.

Greenwire

ENERGY POLICY:

Senate Dems outline sweeping package promoting clean energy

Geof Koss and Hannah Northey, E&E reporters

Published: Tuesday, September 22, 2015

Senate Democrats today laid out a comprehensive package of clean energy provisions that will serve as their caucus' starting point in negotiations with Republicans on a range of issues in the coming months.

The "American Energy Innovation Act" is intended to send "a clear signal that a top priority for Senate Democrats is to invest in our clean energy future," Minority Leader Harry Reid (D-Nev.) said during a news conference this morning.

The bill, assembled by Senate Energy ranking member Maria Cantwell (D-Wash.) with the help of Democrats on the Finance and Environment and Public Works committees, contains a smorgasbord of provisions to curb carbon emissions and boost clean energy sources.

The measure sets U.S. climate policy as reducing carbon emissions by 2 percent annually through 2025, while simultaneously pressing major foreign emitters to cut their own carbon emissions.

In a nod to current political realities, the bill does not establish a price on carbon but is intended to set complementary policies for achieving the goals. "Our approach is to set concrete targets" that will be met through innovation, Cantwell said.

Pressed on the omission of a carbon price, Cantwell noted that the bill would be different if Democrats were in the majority but said she's focused on making incremental progress on curbing emissions where possible in the meantime.

The 437-page bill contains provisions from across the caucus, with a major emphasis on overhauling the tax code.

It would create a "performance-based incentive that would be neutral and flexible between clean electricity technologies," according to a summary. Finance ranking member Ron Wyden (D-Ore.), a former Energy Committee chairman, has long called for such an incentive, which would allow developers to choose between a production tax credit and an investment tax credit scaled to the amount of carbon dioxide emitted per kilowatt-hour.

"Power plants that emit at least 25 percent less carbon than the current nationwide average begin qualifying for a small incentive, which increases for power plants that are progressively cleaner," states the summary. "Zero emission facilities qualify for the maximum credits -- a 2.3 cents per KWh hour PTC or a 30 percent ITC. The PTC is available for the 10 years after a facility is placed in service."

The bill would also allow power plants operating before Jan. 1, 2018, to claim the full 30 percent of the ITC for adding energy storage or carbon capture technology. Sen. Martin Heinrich (D-N.M.) said the tax treatment for energy storage in the bill could support widespread change on the U.S. electric grid, allowing for a more distributed system that supports consumer choice.

"I think we're going to see what happened with silicon-based photovoltaics in terms of precipitous drops in cost, we're going to see those same incremental but significant changes in both the energy density of storage and the costs of storage," he said. "When that happens, that's a game changer for how you manage the grid as a whole."

Heinrich is part of a larger group of senators on the left who included language in the bill to support the research and deployment of energy storage, increase energy efficiency, remove barriers for distributed generation, and increase federal authority to protect the grid from cyberthreats.

The Senate Democratic measure, for example, includes a proposal Heinrich floated to allow residents tapping into communal solar projects to offset power from traditional power plants and more easily connect to the grid. That language never made it into the bipartisan bill that passed the Senate Energy and Natural Resources Committee.

Another focus is a proposal from Sen. Al Franken (D-Minn.) to create a federal standard for energy efficiency, which authors of the legislation touted as a way to save consumers $150 billion during the next 15 years. That provision would require utilities to achieve 20 percent energy savings by 2030, at which point the Department of Energy would revise the standard.

The bill also includes language Vermont Sen. Bernie Sanders (I) floated to boost support for solar projects in low-income communities. Sanders, who is running for the 2016 Democratic presidential nomination, wants the government to provide $200 million in Energy Department loans and grants to help low-income families pay for rooftop solar projects (*Greenwire*, July 7).

Other sections mirror the interests of New York Sen. Charles Schumer, the incoming Democratic Senate leader after Reid retires, to probe the link between electricity prices and capacity markets in regional electricity markets in the Midwest, Northeast, Texas and California. Schumer has for years complained about the effects of market constructs on the East Coast and threatened to tie regulators' hands (*E&E Daily*, Nov. 13, 2014).

The measure additionally would provide "transition relief" by extending the renewable PTC and ITC through 2017, with the Section 48C advanced energy manufacturing credit reauthorized with a $5 billion allocation.

The bill also would create a similar technology-neutral, 10-year incentive for renewable transportation fuels that is based on the life-cycle carbon emissions of a fuel.

But at least one Democrat -- Sen. Joe Manchin from coal-heavy West Virginia -- is opposed to the legislation, and Heinrich acknowledged the bill faces tough odds in a Republican-controlled Congress.

"While [the bill] is going to have a tough row to hoe with this leadership, the American people are waking up to what kind of energy future they want to see," Heinrich said. "And ideas that are currently tough to get a majority for are going to gain traction."

The legislation also would cancel a host of tax breaks for the largest oil and gas companies, while allowing the incentives to continue "based on the size and level of integration of oil and gas companies."

That's a political nonstarter in a GOP Congress but provides Democrats with ammunition to bludgeon Republicans in an election year. "This is going to be a huge issue in the election," said Schumer, noting concern among younger voters about climate change.

The bill contains other provisions that Republicans will strongly oppose, including the repeal of offshore drilling royalty relief, "use it or lose it" provisions for offshore lease holders, and the cancellation of state offshore royalty sharing authorized under a 2006 law.

The Democrats' bill, in the works for months, comes as Republicans have set their sights on repealing the long-standing federal ban on crude oil exports. It also follows the Senate Energy Committee's July passage of a bipartisan energy package negotiated by Cantwell and Energy Chairwoman Lisa Murkowski (R-Alaska).

Key lawmakers from both parties, including Reid, have said they're willing to discuss a deal to allow crude exports if help for cleaner sources is part of the mix (*E&E Daily*, Sept. 18).

Cantwell sidestepped a question about such a deal but signaled that Democrats will be looking for opportunities to advance their energy preferences in the days ahead.

"We passed a bipartisan bill out of the committee, and we always expected when that bill came to the Senate floor there would be a whole lot of other ideas on both sides of the aisle that would be considered," she said. "So these are our ideas. We'd love to get them implemented, and if we don't get them implemented now, we'll look to the future. But clearly that will be part of the discussion."

POLITICS:

Pope likely to cause bipartisan squirming on Hill

Jean Chemnick, E&E reporter

Published: Tuesday, September 22, 2015

Pope Francis famously said, "A good Catholic meddles in politics."

During his visit to the United States this week, he's going to practice what he preaches.

The pontiff is scheduled to arrive at Andrews Air Force Base near Washington, D.C., this afternoon to start five days of discussing issues in ways that will likely make both Republicans and Democrats squirm.

"My sense is that everyone is excited that he's coming, but everyone will have moments of affirmation and discomfort," said John Carr, director of the Initiative on Catholic Social Thought and Public Life at Georgetown University.

While Democrats greet Francis as an ally on social justice, immigration and climate change -- issues the pontiff has identified himself with personally -- Republicans are moving to align themselves with long-established church stances on abortion and homosexuality.

President Obama and Vice President Joe Biden are expected to greet the 78-year-old pope, who's flying from a visit to Cuba. Francis' role in U.S. moves to normalize relations with Cuba will be on the agenda

during a White House visit tomorrow that should also touch on global warming and refugee issues and immigration, among other issues.

Before the pontiff wraps up his U.S. stay with a celebration of traditional families in Philadelphia, he plans to celebrate a Spanish-language Mass, visit a food bank and prison, and urge world leaders at a United Nations' summit to act boldly at December's climate negotiations in Paris.

It is not clear how heavily Francis will tout his encyclical on climate change and environmental justice, which he released in June with much fanfare from environmentalists and congressional Democrats (*Greenwire*, June 18).

The 183-page papal letter not only affirms the human cause of climate change but condemns unregulated capitalism as "the dung of the devil" and demands that wealthy countries take ambitious steps to mitigate the risk of warming, especially to protect the world's poor.

Environmentalists hope the pope will use Thursday's first-ever address by the head of the Roman Catholic Church to a joint session of Congress to drive home the need for urgent action on warming. But doing so would likely offend Republicans as much as it delights Democrats.

Most GOP lawmakers still dispute that human emissions are contributing to warming, and even those who acknowledge man-made climate change stop short of calling for drastic action. A group of 11 Republicans made headlines last week by appearing to endorse the science behind man-made warming, but their resolution specified that any policies to address the problem should be "economically viable." They called for "private and public solutions" that do not require economic sacrifice.

Francis' encyclical, by contrast, is laced with passionate calls for self-sacrifice. He even pans solutions to warming like cap and trade because he says they perpetuate a culture of commoditization of resources.

"The idea of infinite or unlimited growth, which proves so attractive to economists, financiers and experts in technology ... is based on the lie that there is an infinite supply of the earth's goods, and this leads to the planet being squeezed dry at every limit," he writes.

Political scramble

At least one Republican Catholic has said he will not attend the pope's address because of what Francis may say. Rep. Paul Gosar (R-Ariz.) in a post on the conservative Townhall.com website last week derided the pope for using his position as head of the church to "guilt people into leftist policies" (*Greenwire*, Sept. 18).

"But when the Pope chooses to act and talk like a leftist politician, then he can expect to be treated like one," Gosar wrote. Gosar says he expects some other Republicans to boycott but has not said which ones.

The Arizona Republican proposed that Francis confine his remarks to "standard Christian theology" and to defending Christians around the world, including those under threat from Islamic extremists in the Middle East.

And Republican leaders moved to align themselves with the pope on social issues by scheduling votes on a bill that would ban abortion after 20 weeks of pregnancy. The Senate this morning voted 54-42 to proceed with the bill, falling short of the 60 votes needed for its advance.

Francis is expected to address abortion during his visit to the World Meeting of Families in Philadelphia on Sunday, and his encyclical censures the procedure as part of the "throw-away culture" that also leads

to environmental degradation and the waste of resources.

But most of the issues the pope will raise during his remarks to Congress and other appearances skew left. Immigration reform is likely to be a topic when Francis addresses Congress, and again when the former Argentinian bishop says Mass in Spanish tomorrow afternoon at the Basilica of the National Shrine of the Immaculate Conception to canonize Junípero Serra, a controversial early missionary to California.

Iraq and Syria will be topics throughout his visit to D.C., but he is also expected to talk prison reform, racism and income inequality. Those messages will be underlined by visits to Philadelphia's largest correctional facility and a New York food bank later in the week. And Francis' anti-capitalist views make it unlikely he'll propose the kinds of free-enterprise solutions to those problems preferred by Republicans.

The constituency that seems to be celebrating Francis' visit the most, however, are environmentalists.

The League of Conservation Voters ran ads ahead of his visit touting the pope's climate encyclical. And Thursday morning, as many as 250,000 people are expected to go to the National Mall to watch a telecast of the pope's address and to be entertained by Moby and other performers who are planning a green theme.

That event by faith group Moral Action on Climate could draw a quarter of the people who visit the nation's capital over the next three days, an organizer said. It competes for a few minutes of the pope's post-address time with another event on the Capitol's West Lawn that will be hosted by House Speaker John Boehner (R-Ohio) for the ticketed guests of members of Congress. Organizers of the climate rally hope Francis will say a few words from the Capitol steps about the need for aggressive action to address warming -- a message they also expect him to take to the United Nations on Friday.

The pope's visit also provided the backdrop for the University of Notre Dame's pledge yesterday stop supporting coal-fired generation.

Gosar aside, most members of Congress say they are happy to welcome Francis to the Capitol. But while Democrats say they're excited to hear the pope's environmental and social justice message, Republicans emphasize that the pope's authority is moral and not political.

Sen. Mike Rounds (R-S.D.), a Catholic, told CNN this week: "We'll thank him for what he brings to the table, and, at the same time, we'll glean from him what we think will be helpful."

Boehner, who has campaigned for two decades to bring a pope to the Capitol, would not comment on what this one might say. His office said Boehner's Catholic faith was a factor in his choice to run for Congress and still informs his decisions as speaker.

Sen. Sheldon Whitehouse (D-R.I.), meanwhile, devoted his weekly climate address last night to the pope's encyclical, and House Minority Leader Nancy Pelosi (D-Calif.) called the visit "thrilling." Pelosi has often been criticized for holding pro-abortion-rights positions that are at odds with the abortion teachings of her Catholic faith.

But is climate change a fundamental church teaching?

Rick Hinshaw, director of communications for the conservative Catholic League, said his group was more concerned that media coverage would misconstrue the pope's teachings than whether the pontiff would say anything that would anger conservative Catholics.

"In a political society, those are always subject to exploitation or co-opting by people with a political agenda," he said. "It's just something that we'll be watching for."

The pope's "charitable" statements toward people who have "same-sex" attraction have been taken out of context, Hinshaw said, and do not reflect a relaxing of church teachings.

And he said that while stewardship of the Earth is a fundamental and long-established tenet of the Catholic Church, that does not mean a Catholic is obligated to agree with the pope when it comes to climate change.

"It is possible to agree with that and to disagree perhaps with the pope's specific prescriptions for how we address that," he said.

Sister Simone Campbell, executive director of Network, a Catholic social action lobby group, said she didn't expect the pope to mention specific policies in his remarks. But she said she expected him to raise climate change as a moral issue that Congress should respond to.

She called it "ironic" that conservative Catholics would try to pre-empt the message by casting it as political.

"I have been highly criticized by the political right for not being faithful to the teachings of the Holy Father when Pope Benedict and Pope John Paul II had a greater focus on the issue of abortion and of gay marriage," said Campbell, who started her "Nuns on the Bus" campaign in 2012 against the federal budget proposal put forward by Rep. Paul Ryan (R-Wis.).

"When the message is inconvenient to them, they forget what they have been saying," she continued. "And the fact is that it's a complex message, because if we respect the dignity of all of creation, then the pope's message about economic justice, environmental justice and that personal justice -- it's all one continuous stream."

FEDERAL AGENCIES:

Lawmakers call for more transparency on conference spending

Kevin Bogardus, E&E reporter

Published: Tuesday, September 22, 2015

A House Republican and Democrat have introduced legislation that would require federal agencies to disclose more about their conference spending.

Last week, Reps. Ron Kind (D-Wis.) and Erik Paulsen (R-Minn.) offered H.R. 3548, the "Transparency Requirements for Agency Conferences and Events Act," or TRACE Act.

The legislation would have agencies disclose detailed information about upcoming conferences they're hosting or sending employees to.

Specifically, the bill would require agencies 30 days before a conference begins to submit an itemized statement of costs associated with the conference, the keynote speakers' names, a list of attendees, the location and itinerary, and a summary of the conference's purposes and goals.

The lawmakers argue the new requirements are needed to ensure that taxpayer dollars aren't misspent on lavish events.

"This bill will ensure federal workers get the training and information needed to do their jobs effectively, while putting oversight in place to guarantee that federal agencies aren't wasting time or taxpayer money," Kind said in a statement.

"We have seen federal agencies that have acted in a way that waste taxpayer money by holding excessive conferences with extravagant gifts, luxuries and perks," Paulsen said on the House floor Friday. "We all remember the lavish Las Vegas GSA conference that cost $823,000 for 300 employees, including tens of thousands of dollars spent on gifts. The IRS spent a whopping $50 million dollars -- taxpayer dollars -- on conferences alone during a three-year period."

That Las Vegas conference held in 2010 became a major scandal for the General Services Administration. Earlier this year, an agency official involved in the planning of the event was sentenced to three months in prison for fraud (*Greenwire*, July 2).

The conference also led to a governmentwide crackdown on conference spending, which some federal employees has said has hindered them in doing their jobs (*Greenwire*, Feb. 9).

FEDERAL AGENCIES:

Senate clears bill to boost settlement transparency

Robin Bravender, E&E reporter

Published: Tuesday, September 22, 2015

The Senate yesterday approved a bipartisan bill aimed at making federal agencies' legal settlements more transparent.

The "Truth in Settlements Act" from Sens. Elizabeth Warren (D-Mass.) and James Lankford (R-Okla.) passed by unanimous consent. Their bill, S. 1109, aims to provide the public with more information about major settlements between government agencies and corporations.

"Too often, the American people learn only what the agencies want them to learn about these agreements," Warren said on the Senate floor in April when the bill was introduced. "That is not good enough. These hidden details can make a huge difference. Below the surface, settlements that seem tough and fair don't always look so impressive."

Her legislation, she added, "will help the public hold federal agencies accountable for settlements they make with corporate wrongdoers."

The bill would force federal agencies to post basic information about major settlements and provide copies of those agreements on their websites. The measure would also require agencies to publicly explain why withheld information is deemed confidential.

The Senate also approved an amendment to the measure from Sen. David Vitter (R-La.) that he says would limit "sue-and-settle" tactics.

Republican lawmakers have accused the Obama administration of strategically entering into settlements with environmentalists to issue regulations under court-ordered timelines and cut industry out of the process.

Vitter's amendment would require agencies to disclose the terms of any settlement in which the

government agrees to pay more than $200,000 in attorney's fees to a private party. It would also require public disclosure of the details of any settlement requiring the government to take regulatory actions and would force agencies to issue annual reports with details including the total number of settlements requiring regulatory changes.

"Sue and settle is one of the most despicable ways that far-left environmental groups and the Obama Administration have cheated the American public out of the rulemaking system, leaning on private property rights and costing families and businesses a lot of money," Vitter said in a statement. "My amendment promotes transparency within the federal government so that expensive regulations are not the result of backroom deals with the president and his supporters."

Companion legislation was introduced in the House by Rep. Matt Cartwright (D-Pa.) in June. That bipartisan bill, H.R. 2648, was referred to the Oversight and Government Reform and Financial Services committees, but neither panel has acted on it.

INFRASTRUCTURE:

White House expands initiative to streamline permitting

Sean Reilly, E&E reporter

Published: Tuesday, September 22, 2015

The Obama administration is expanding use of an online "dashboard" intended to prod agencies to streamline the permitting of big-ticket infrastructure endeavors, including those in transportation, renewable energy and stormwater management, White House officials said today.

Beginning next month, the 11 federal agencies that play a major role in the review and funding process will have to identify projects to be added to the dashboard, according to a memo released this morning by Office of Management and Budget Director Shaun Donovan and Christina Goldfuss, managing director of the Council on Environmental Quality.

While those agencies strive to fulfill those responsibilities "in a timely manner that delivers the best outcomes," Donovan and Goldfuss wrote, "opportunities exist to further improve the efficiency and quality of review, which would cut review timelines while also improving environmental and community outcomes."

The dashboard, launched four years ago in part to give the public a clearer window into the permitting process, is currently tracking 25 projects. Under standards spelled out in the memo, other undertakings will have to be added if they are likely to cost more than $200 million, require at least two environmental or permitting reviews, and involve two or more government jurisdictions.

While agency officials will have some discretion, "the bias should be toward adding the project to the dashboard" if there is any uncertainty, Donovan and Goldfuss wrote.

Agencies covered by the memo include the Departments of Agriculture, Defense, Energy, the Interior and Transportation, and U.S. EPA.

For each project added to the dashboard, they will also have to provide a schedule that details when the application was received, when a decision was made and -- where applicable -- when the review was halted without a decision.

As a rule, agencies are also supposed to report any pause in the review process lasting at least 30 days. Another new feature will be an "outcome classification system" giving agency officials the chance to show how their reviews reduced the proposed project's effects on water, air and other resources.

AIR POLLUTION:

Mayors urge Obama to set lower ozone limit

Amanda Reilly, E&E reporter

Published: Tuesday, September 22, 2015

Seventy mayors from 24 states yesterday called on President Obama to set a more stringent ozone standard as U.S. EPA nears a deadline to choose a final new limit.

In a letter led by Grand Rapids, Mich., Mayor George Heartwell and Salt Lake City Mayor Ralph Becker, the officials said a tighter national limit is needed to protect people from adverse health effects tied to ozone pollution.

Ground-level ozone is a key component of smog that's formed when nitrogen oxides and volatile organic compounds react in the presence of sunlight.

Last November, EPA proposed to lower the current limit of 75 parts per billion to between 65 and 70 ppb. But the agency faces intense pressure from industry, GOP critics and several other local officials to retain the existing standard (*Greenwire*, Sept. 1).

EPA is under a court-ordered deadline of Oct. 1 to set a final limit. The White House Office of Management and Budget is reviewing the agency's decision and is in the midst of stakeholder meetings.

In their letter, the 70 mayors argued that a limit at the lower end of EPA's proposed range would be most protective for the public. They cited studies done by public health organizations, including the American Lung Association.

"As mayors, we are on the front lines of protecting the safety and well-being of our constituents and this long-overdue update will reap tremendous benefits for our communities," the letter said.

In contrast to industry contentions that a new standard would be too burdensome, the mayors also said EPA's analysis showed that a new standard would save money in the form of lower health care costs.

"It's simple -- strong smog pollution protections will save lives and prevent asthma attacks so we stand united in calling for action," Heartwell said in a statement.

Obama last week told a business group that while there were "legitimate" cost issues with a new standard, the benefits to public health would outweigh those costs. He also said the administration was constrained by the language in the Clean Air Act, which dictates that EPA set a standard that adequately protects the public (*E&ENews PM*, Sept. 18).

CAMPAIGN 2015:

Conway steps up pro-coal rhetoric in Ky. gubernatorial race

Jennifer Yachnin, E&E reporter

Published: Tuesday, September 22, 2015

Kentucky Attorney General Jack Conway trumpets his support for the state's coal industry in a new television spot as he competes in a three-way race to succeed term-limited Gov. Steve Beshear (D).

Conway's 30-second spot comes on the heels of an attack ad from GOP gubernatorial nominee Matt Bevin that hit the Democrat over his past support for a federal carbon cap-and-trade program (*E&ENews PM*, Sept. 21).

The new ad features footage of Conway mingling with coal miners and touts lawsuits the Democrat has filed against U.S. EPA over the Clean Power Plan.

"Jack Conway: He stood up against Barack Obama to protect Kentucky jobs. He took on the EPA and said, 'Kentucky comes first,'" a narrator states.

The ad goes on to tout praise for Conway from former Republican National Committee Chairman Mike Duncan, who led the RNC from 2007 to 2009 and now heads the American Coalition for Clean Coal Electricity.

"That's why the former chairman of the Republican Party praised Jack Conway for rising above partisan politics to lead," the narrator states, referring to a statement Duncan made in 2014 about a multistate lawsuit Conway joined against EPA.

The ad goes on to cite a statement Kentucky Coal Association President Bill Bissett made last month in which he praised both Bevin and Conway for supporting the industry.

"The Kentucky Coal Association praised Conway as 'very pro-coal,'" a narrator states before Conway addresses the camera directly.

"Coal puts food on the table for our families. I'll stand up to anybody to keep people working here," Conway concluded.

Conway and Bevin are locked in a three-way race with independent Drew Curtis for the right to succeed Beshear.

COAL:

Murray sues Bloomberg over financial reporting

Manuel Quiñones, E&E reporter

Published: Tuesday, September 22, 2015

Murray Energy Corp. is suing Bloomberg LP for revealing confidential information about the coal company's finances, according to a complaint filed yesterday in federal court.

At issue is a story about Murray in the online news outlet Bloomberg Business titled, "Murray Energy's Bonds Collapse After Coal Miner Said to Lower Outlook."

The story begins, "Murray Energy Corp., which just completed its first purchase of overseas assets, is struggling to convince creditors it can withstand the coal slump at home in the U.S."

Murray, in its complaint, accused Bloomberg reporters of using leaked information that was meant to stay private and confidential. The coal company said people with access to the information signed a "binding confidentiality agreement."

Murray has not been shy about suing journalists or media organizations when the company believes coverage of its actions or CEO Robert Murray goes beyond journalistic standards (*Greenwire*, May 13, 2014).

But this case is more about the information Bloomberg released than the story's wording. Murray spokesman and attorney Gary Broadbent had warned Bloomberg about the story.

"Murray Energy Corporation objects, in the strongest terms, to the publication of its Confidential Information contained in your e-mails to me today," Broadbent wrote on Aug. 14.

The complaint -- originally filed in the Belmont County, Ohio, Common Pleas Court and transferred to U.S. District Court for the Southern District of Ohio -- says Murray is unaware of the leakers' identity.

"Plaintiffs have been severely damaged both by Bloomberg's conspiracy to breach the Confidentiality Agreement which enabled Bloomberg to acquire the Trade Secret Information and by Bloomberg's subsequent improper publication of the confidential and nonpublic Trade Secret Information," said the complaint.

A Bloomberg LP spokeswoman declined to comment.

Murray has been among the most active opponents of the Obama administration's regulatory agenda in the courts. One lawsuit accuses U.S. EPA of failing to take account of the economic impacts of rulemakings.

In recent days, Murray also sued the United Mine Workers of America, accusing the union of violating a 2011 wage agreement (*Greenwire*, Sept. 21). The union disputes the allegations.

COAL:

Northern Cheyenne votes against key railroad route

Published: Tuesday, September 22, 2015

Citing multiple cultural and environmental concerns, the Northern Cheyenne Tribal Council voted unanimously to oppose a controversial railroad considered key to developing Otter Creek coal in Montana.

BNSF Railway Co., Arch Coal Inc. and candy bar magnate Forrest Mars have proposed the $403 million Tongue River Railroad as a means of opening southeast Montana to large-scale coal surface mining.

The council voted 9-0 against the line. Northern Cheyenne Tribal Council member Conrad Fisher said the vote was solely to oppose the railroad and that the issue of surface mining would be taken up at a later date.

"We're talking about the effects that would burden and stress the local resources that we have and the

cultural and environmental effects that it would have," Fisher said. "Understand that those are all integrated. We need to see them as part of the fabric of our native heritage. I don't want to say there's one more important than the other. They're integrated."

BNSF Railway has pledged that it would protect any cultural site identified in a study conducted by the federal Surface Transportation Board.

Coal mined at the end of the line in Otter Creek Valley would be exported to the Asia-Pacific region (Tom Lutey, *Billings Gazette*, Sept. 21). **-- AW**

PEOPLE:

Former shell exec goes green

Published: Tuesday, September 22, 2015

Former Royal Dutch Shell PLC executive Juan José Aranguren has done an energy 180 of sorts since leaving the company in June after 37 years.

He now advocates for clean energy, saying developing wind farms would be more profitable than the country's work on a mega shale gas deposit on Vaca Muerta.

"The time spent investing in the development of wind energy for Argentina would be significantly shorter than fracking in Vaca Muerta, which requires a high level of investment. There is a real need in diversifying the grid, instead of just talking about it," he said.

Since leaving Shell, Aranguren has been working with Argentina's conservative opposition alliance Cambiemos (Let's Change), which includes the leader of the green party, a former member of Greenpeace.

Aranguren has said he is not affiliated with any one political party. But he has also been a staunch advocate of ridding the country of oil and gas subsidies, which he said take away state money that could be used on education and welfare.

In advocating for green energy the past few months, Aranguren has said it would benefit Argentineans to diversify the country's energy supply and also to mitigate climate change.

"There are two fundamental concerns that the axis of energy politics should have. Firstly, energy security -- not energy sovereignty, but energy which is varied, accessible and available at a reasonable price," he said. "Secondly, environmental impact is our responsibility. We're not just listening to the pope or worrying about whether the world will come to some kind of compromise before the end of the year in Paris," where U.N. climate talks will be held (Marina Aizen, London *Guardian*, Sept. 22). **-- AW**

EPA:

Agency's $334M in IT investments at risk -- IG

Robin Bravender, E&E reporter

Published: Tuesday, September 22, 2015

U.S. EPA is putting taxpayer cash at risk by failing to properly manage $334 million in information technology investments, according to a new watchdog report.

The analysis, released today by EPA's Office of Inspector General, found that EPA needs to improve its process for recording its IT investments and issue a formal policy for analyzing some IT investments that aren't considered major.

The watchdog office found that one significant EPA investment valued at $15 million hadn't been recorded in EPA's registry of IT systems until the IG's office identified it. The report also found that EPA didn't have a policy to support its analysis of non-major IT investments valued between $250,000 and $5 million.

"The EPA management of its $334 million in IT investments is noncompliant with its current policy," the report says. "Thus, the EPA is at risk of not managing taxpayer dollars properly."

The OIG recommended that the agency update its policies to require certain investments to be recorded in EPA's systems inventory. The report also urges the agency to require formal evaluations of all non-major IT investments.

EPA agreed with the report's recommendations and set out a timeline to update its policies, the report says.

AIR POLLUTION:

Volkswagen ups number of cars affected by deception to 11M

Published: Tuesday, September 22, 2015

Volkswagen officials said this morning that 11 million of its diesel cars sold around the world contained defeat devices meant to help them cheat on emissions tests.

The company said it would allocate about $7.3 billion to repair affected vehicles.

The admission increases the number of vehicles known to contain the devices. Last week, Volkswagen said only that 500,000 vehicles sold in the United States contained defeat devices.

The company's shares declined by 20 percent today after falling by similar levels yesterday (Jack Ewing, *New York Times*, Sept. 22).

Some observers said they believe a broader investigation of automakers' use of defeat devices could uncover them at other car companies.

"We need to ask the question, is this happening in other countries and is this happening at other manufacturers?" said John German of the International Council on Clean Transportation, which first detected the devices in Volkswagen vehicles during research into their operation. "Some part of our reaction is not even understanding what has happened exactly."

The Justice Department, the House Energy and Commerce Committee, and South Korea's environmental ministry have all pledged to investigate the matter (Walters/Ruddick/Farrell, London *Guardian*, Sept. 21).

Federal records showed that the U.S. government paid as much as $51 million in green car subsidies for the affected vehicles in model year 2009, the only year the vehicles were eligible.

Buyers of about 39,500 Jetta and Jetta SportWagen vehicles that year were eligible for a $1,300 tax credit.

"The government has been effective to help advance clean technologies, but it is a waste of taxpayer dollars when they aren't actually helping to clean the environment," said Luke Tonachel, director of the clean vehicles and fuels project at the Natural Resources Defense Council (Jerry Hirsch, *Los Angeles Times*, Sept. 21). **-- SP**

ELECTRIC VEHICLES:

Apple revs up car project -- report

Published: Tuesday, September 22, 2015

Apple Inc. has set a 2019 "ship date" and tripled the number of engineers working on its secret "Titan" project, the supposed code name for an effort to build its own car, according to unidentified sources.

Apple, which has never officially confirmed it plans to build a car, declined to comment yesterday on reports that the company could have an electric car designed by that deadline (Daisuke Wakabayashi, *Wall Street Journal*, Sept. 21).

Among the clues that Apple is thinking about the auto industry is its hiring of automotive and battery design engineers, a confirmed meeting at an automotive testing facility east of San Francisco and an Apple attorney sitting down with California Department of Motor Vehicles officials to discuss self-driving cars.

Apple could either be weighing a jump into the race against Google Inc. and Uber to make the first self-driving vehicle, building its own electric vehicle or developing software to install in other manufacturers' vehicles, according to analysts.

"We believe the auto industry represents a significant opportunity for Apple, but we also expect Apple to be deliberate as always in its product development and testing," Piper Jaffray analyst Gene Munster said in a Sept. 1 report (Brandon Bailey, AP/*Detroit News*, Sept. 21). **-- DTB**

AIR POLLUTION:

Regs led to 76% drop in Calif. cancer risk -- study

Published: Tuesday, September 22, 2015

California air regulations have resulted in a 76 percent decline in cancer risk from toxic air pollution over more than two decades, state regulators said.

The California Air Resources Board took credit for the improvement, arguing that California's strict rules limiting air discharges from a variety of sources turned around what was once a trend of worsening emissions.

Scientists calculated the cancer risk decline by measuring airborne levels of seven toxic substances that are most responsible for higher cancer risks, like particulate matter in diesel exhaust, benzene, perchloroethylene and others.

The findings, which were published in the journal *Environmental Science & Technology*, were "real-world proof that the regulations are having the kind of impact that we had hoped for," said Álvaro Alvarado, a toxicologist at the Air Resources Board and one of the study's authors.

Alvarado said he expects the reductions to continue as California continues to implement new regulations (Tony Barboza, *Los Angeles Times*, Sept. 21). **-- SP**

CHINA:

President's visit will hinge on clean tech

Published: Tuesday, September 22, 2015

Environmentally friendly technologies will likely take center stage as Chinese President Xi Jinping starts his visit to the United States today.

Today, a group of U.S. governors will meet with six Chinese counterparts to discuss issues including improving building energy efficiency, updating electrical grids and making renewable energy more commercially viable. The governors will likely meet with Xi later today privately.

Beijing's Tsinghua University also will sign an agreement with the University of Washington to collaborate on clean technology research, and Bill Gates' TerraPower Inc. will make an agreement with China National Nuclear Corp. to work on next-generation nuclear technology.

"These are the largest economies in the world, and we're the biggest emitters of greenhouse gases, so improving cooperation and collaboration is really a necessity," said Brian Young, Washington state's director of economic development for the clean technology sector. "Second, it's a huge business opportunity. Both sides recognize the opportunity for job creation."

"They see this as a huge business opportunity for the future, especially in solar and wind," said Mikkal Herberg, research director for the energy security program at the National Bureau of Asian Research. "They want to be a global leader in renewable energy technology. They want to be a leader in nuclear energy."

In November, Xi and President Obama announced an agreement to work together on climate change, with China making its first commitment to cap greenhouse emissions by 2030 or sooner (*ClimateWire*, Nov. 12, 2014). The deal represented a high point in relations that have been strained by Chinese hacking attacks on the United States and aggressive moves by China in the South China Sea.

After spending time in Seattle, Xi will travel to Washington, D.C., on Friday for a state dinner with Obama (Johnson/Le, AP/*San Francisco Chronicle*, Sept. 22). **-- BTP**

AN E&E PUBLISHING SERVICE

CLIMATEWIRE — Wed., September 23, 2015

READ FULL EDITION

1.NEGOTIATIONS:

As Pope Francis touched down on U.S. soil yesterday, Washington also prepared for key visits between President

Big players in climate talks converge in the U.S. as new pledges are made

Obama and the leaders of China and India, all focused heavily on climate change and the negotiation of a new international agreement.

TODAY'S STORIES

2.BUSINESS:
Companies still 'struggling' to apply climate change data to describe risk

3.POLICY:
Scientists brace for federal budget cuts to climate research

4.FINANCE:
Fossil fuel divestment movement expands rapidly

5.CARBON CAPTURE:
Major Texas project to move forward despite loss of stimulus money

6.RELIGION:
How long will it take for the pope's message to land in the pews?

7.POLITICS:
Carbon tax experts confront GOP argument about impacts on poor

8.NATIONS:
India moves to reduce its stake in world's largest coal company

9.BUSINESS:
Palm oil company pledge to halt deforestation boosts calls for government reform

10.TECHNOLOGY:
U.N. tool aims to slash carbon footprints with offsets

11.FOSSIL FUELS:
Company acquires mines for free in struggling Appalachian coal country

12.EDUCATION:
University of Notre Dame pledges to phase out coal, slash emissions

13.NATIONS:
China's laggard economy slows coal use, may help global climate

14.REGIONS:
Wash. moves to regulate facilities producing majority of state's GHGs

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ENERGYWIRE — Wed., September 23, 2015

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1.TECHNOLOGY:

Net metering vs. storage creates clash between some allies

SAN DIEGO -- Tesla Motors Inc. and SolarCity Corp. consider themselves partners. On the issue of energy storage, however, they're in an uncomfortable marriage.

TOP STORIES

2.ELECTRICITY:
NRG's stock swamped by red arrows after unveiling GreenCo

3.LAW:
Industry, states say BLM's record doesn't support fracking rule
4.WORKER SAFETY:
NIOSH sets 10-year plan to prevent oil and gas deaths
5.GAS EXPORTS:
As markets shift, 'some will win and some will fail' -- analyst

ELECTRICITY

6.ELECTRICITY:
Longwood power plant to expand without prior hubbub

OIL AND GAS

7.WORKFORCE:
In largest sanction yet, Labor's oil and gas investigation results in $18.3M Halliburton payout
8.BUSINESS:
Is this the end of oil and gas mega-projects?
9.EARTHQUAKES:
Kan. regulators seek to extend wastewater disposal restrictions
10.FINANCE:
Weatherford trying to raise $1B as Halliburton readies sales
11.GAS EXPORTS:
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Report shows $1.5T in projects face delays

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To: Bunker, Byron[bunker.byron@epa.gov]; Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Kaul, Meetu[Kaul.Meetu@epa.gov]
From: Sutton, Tia
Sent: Wed 9/23/2015 3:43:06 PM
Subject: RE: (VW) VW attorney

Sounds good- I will let Julia know. Thanks!

From: Bunker, Byron
Sent: Wednesday, September 23, 2015 11:42 AM
To: Sutton, Tia; Hengst, Benjamin; Kaul, Meetu
Subject: RE: (VW) VW attorney

Ex. 5

****

Byron Bunker

Director Compliance Division

Office of Transportation and Air Quality

Environmental Protection Agency

2000 Traverwood Drive

Ann Arbor, MI 48105

Bunker.Byron@epa.gov

Phone: (734) 214-4155

Mobile: (734) 353-9623

****

From: Sutton, Tia
Sent: Wednesday, September 23, 2015 11:30 AM
To: Hengst, Benjamin; Bunker, Byron; Kaul, Meetu
Subject: FW: (VW) VW attorney

Ex. 5

From: Valentine, Julia
Sent: Wednesday, September 23, 2015 11:19 AM
To: Senn, John; Millett, John; Hengst, Benjamin; Sutton, Tia
Subject: (VW) VW attorney

Sent from USEPA iPhone

Begin forwarded message:

From: Jody Godoy <jody.godoy@law360.com>
Date: September 23, 2015 at 11:16:36 AM EDT
To: valentine.julia@epa.gov
Cc: kaul.meetu@epa.gov
Subject: VW attorney

Hi Julia,

I'm writing on the VW Clean Air Act violations and I wanted to see if you or one of your colleagues could help me understand something.

I was wondering why Stuart Drake of Kirkland & Ellis was cc'd on the notice of violation to Volkswagen on Friday.

Please email me or give me a call at (646) 350-1379.

Thanks,

--

Jody Godoy

Reporter

Legal News & Data

860 Broadway, 6th Floor

New York, NY 10003

(646) 350-1379

Ex. 5, 7

From: Valentine, Julia
Sent: Wednesday, September 23, 2015 11:19 AM
To: Senn, John; Millett, John; Hengst, Benjamin; Sutton, Tia
Subject: (VW) VW attorney

Sent from USEPA iPhone

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--

Jody Godoy

Reporter

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To: .WASH WI-2 Weber, Michael[wi-2@wash.auswaertiges-amt.de]; WASH VERK-1 Zass, Stephan Klaus[verk-1@wash.auswaertiges-amt.de]
Cc: Blubaugh, Jim[Blubaugh.Jim@epa.gov]; Kelley, Rosemarie[Kelley.Rosemarie@epa.gov]; Belser, Evan[Belser.Evan@epa.gov]; Senn, John[Senn.John@epa.gov]; Walsh, Juliana[Walshju@state.gov]; ZinsmeisterEL@state.gov[ZinsmeisterEL@state.gov]
From: Phillips, Anna
Sent: Wed 9/23/2015 3:50:00 PM
Subject: Re: EPA charges against VW -- Questions from German Embassy

Michael, here are the answers to the questions that you sent on Monday. I'm also copying Stephan for his information:

What is the judicial/legal process that will now follow (and how is the interplay between EPA and DOJ)?

EPA will be working closely with the U.S. Department of Justice throughout this investigation, and determinations regarding potential penalties and other remedies will be assessed as part of the investigation EPA has opened in conjunction with DOJ. As a matter of agency policy, EPA does not discuss the details of ongoing investigations.

Apart from a federal law suit, is there a possibility that Volkswagen will also face further court action by individual states (or even class action litigation)?

Individual states may have a cause of action pursuant to the Clean Air Act or state law. We note that the California Air Resources Board, which is centrally involved in this matter, has initiated an enforcement investigation of its own. Recent media reports have stated that class action law suits have been filed against VW.

We understand the clean air act is the basis for EPA's action. Could you provide us with an overview of similar actions against car makers over the last years which were based on violations of the clean air act?

We are not aware of any past case that is comparable on the facts and in its scope to the present case. However, EPA has brought a number of cases under the CAA to ensure a level playing field in the automobile manufacturing sector, and most of these cases can be viewed on our website at:

http://www2.epa.gov/enforcement/clean-air-act-vehicle-and-engine-enforcement-case-resolutions.

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Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

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~~~~~~

From: .WASH WI-2 Weber, Michael <wi-2@wash.auswaertiges-amt.de>
Sent: Monday, September 21, 2015 1:44 PM
To: Phillips, Anna
Subject: EPA charges against VW

Dear Anna,

Good seeing you this morning. As briefly discussed, here are our questions regarding the Volkswagen law suit:

1. What is the judicial/legal process that will now follow (and how is the interplay between EPA and DoJ)?

2. Apart from a federal law suit, is there a possibility that Volkswagen will also face further court action by individual states (or even class action litigation)?

3. We understand the clean air act is the basis for EPA's action. Could you provide us with an overview of similar actions against car makers over the last years which were based on violations of the clean air act?

Many thanks for your help in this time sensitive matter.
~~~~~~

Michael

Michael Weber

Energy Policy Advisor

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Fax: +1 (202) 298 4391

E-mail: wi-2@wash.diplo.de

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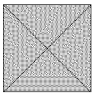


INVALID HTML

To: Grundler, Christopher[grundler.christopher@epa.gov]
Cc: Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Cook, Leila[cook.leila@epa.gov]
From: Bunker, Byron
Sent: Wed 9/23/2015 3:52:10 PM
Subject: VW CEO Winterkorn has resigned (Reuters)

http://www.reuters.com/article/2015/09/23/us-usa-volkswagen-idUSKCN0RL0II20150923

First couple of sentences from the story. Full story at link.

Volkswagen CEO Martin Winterkorn resigned on Wednesday, taking responsibility for the German carmaker's rigging of U.S. emissions tests in the biggest scandal in its 78-year history.

"Volkswagen needs a fresh start - also in terms of personnel. I am clearing the way for this fresh start with my resignation," Winterkorn said in a statement.

He said he was shocked by events of the past few days, above all that misconduct on such a massive scale was possible at the company.

****

Byron Bunker

Director Compliance Division

Office of Transportation and Air Quality

Environmental Protection Agency

2000 Traverwood Drive

Ann Arbor, MI 48105

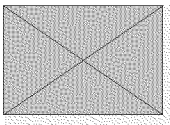
Bunker.Byron@epa.gov

Phone: (734) 214-4155

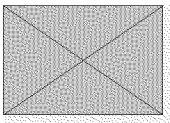
Mobile: (734) 353-9623

****

To: Bunker, Byron[bunker.byron@epa.gov]
From: Automotive World
Sent: Wed 9/23/2015 4:03:33 PM
Subject: Passat launch overshadowed by VW diesel crisis - Automotive World Weekly

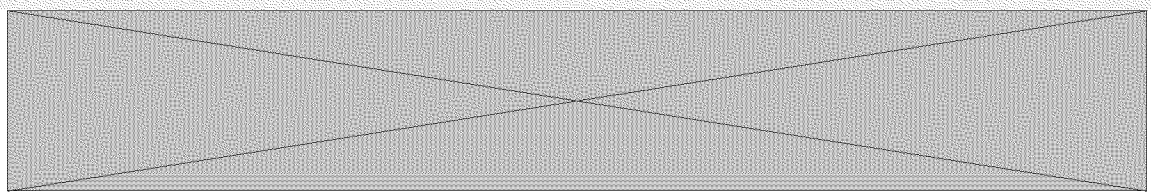


To: Wehrly, Linc[wehrly.linc@epa.gov]
From: Automotive World
Sent: Wed 9/23/2015 4:05:15 PM
Subject: Passat launch overshadowed by VW diesel crisis - Automotive World Weekly



To: Pidgeon, Bill[pidgeon.bill@epa.gov]
From: Green Car Reports
Sent: Wed 9/23/2015 4:05:32 PM
Subject: Green Car Report Daily Headlines

Email not displaying correctly? View it in your browser.



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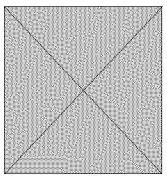
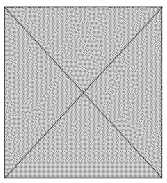
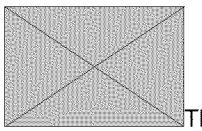




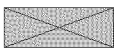
The latest from your friends at GCR:

Shape-Shifting Mercedes, Luxury Electrics, Is Diesel Dead? Today's Car News

Sep 23, 2015 03:30 pm | feedback@highgearmedia.com (John Voelcker)

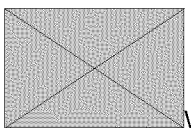
 The VW diesel emission scandal continues to unfold, with more cars to be investigated and questions about the future of diesel not only in the U.S. but globally. And we've got a shape-shifting concept car and a B&B with solar-powered electric-car charging. All this and more on Green Car Reports. If you're a small B&B, what angle can you...

comments | read more



VW Emission Cheating Could Kill Diesel Passenger Cars In U.S., Even Globally

Sep 23, 2015 01:30 pm | feedback@highgearmedia.com (John Voelcker)

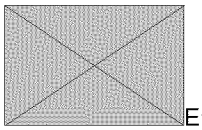
 We're just four days into the Volkswagen diesel-emission cheating scandal, but it's not too early to ask about its ultimate ramifications. The 482,000 VW and Audi cars being investigated by the EPA are a majority of

all the diesel passenger cars sold in the U.S. since 2008, when new and tougher emission limits took effect. If VW Group's engineers...

comments | read more

Electric Cars Cut Greenhouse Gases, Energy Use: New EPRI-NRDC Study

Sep 23, 2015 01:00 pm | feedback@highgearmedia.com (Stephen Edelstein)

 Electric cars charged on the grid generally have a lower carbon footprint than internal-combustion vehicles--and their wells-to-wheels carbon emissions only shrink as more renewable energy comes online. That's the conclusion of a new study on the environmental effects of future transportation electrification, jointly conducted by the Electric...

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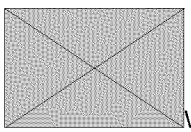
Mercedes-Benz Concept IAA Changes Shape For Better Efficiency

Sep 23, 2015 12:30 pm | feedback@highgearmedia.com (Stephen Edelstein)

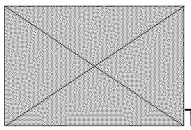
 When it comes to improving fuel efficiency, aerodynamic aids can be an important tool for automotive engineers. As well as streamlining their cars, manufacturers are adding an increasing number of aerodynamic features, such as active grille shutters and underbody trays. But this new plug-in hybrid concept car takes things to a new extreme. DON'T...

comments | read more

Concepts Preview Shared Platform For Porsche, Audi Premium EVs?

Sep 23, 2015 12:00 pm | feedback@highgearmedia.com

(Bengt Halvorson)

 To those who want a luxury vehicle with an all-electric powertrain, California's Tesla Motors has had the market under wraps for many years. But that's slated to change quite soon, as each of the German automakers prepare all-electric vehicles. And there are some strong hints in the Porsche Mission E concept car from the Frankfurt...

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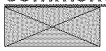
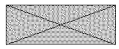
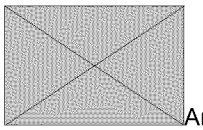




EPA Expands VW Diesel Probe To Audi, Porsche V-6s; All Diesels To Be Tested

Sep 23, 2015 11:40 am | feedback@highgearmedia.com (John Voelcker)

 Amidst a growing list of probes into Volkswagen's diesel-emission cheating scandal, the U.S. Environmental Protection Agency is expanding its investigation to cover additional diesel engines used in VW Group vehicles. The original admission by the company that it used a software "defeat device" to circumvent emission controls in real-world use...

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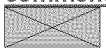
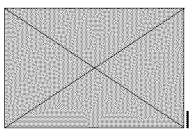
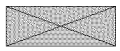


Vermont B&B Offers Solar-Powered Electric-Car Charging

Sep 23, 2015 11:00 am | feedback@highgearmedia.com (Stephen Edelstein)

 In Vermont, a bed & breakfast housed in an 1850s home is getting a 21st century makeover. The West Hill House B&B and Retreat Center in Warren, Vermont, now offers electric-car charging, powered by solar panels. The inn's owners recently acquired a 25-percent stake in the Same Sun Solar Society solar farm in Poultney, Vermont. DON'T MISS...

comments | read more



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Update your profile

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From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Wed 9/23/2015 4:09:30 PM
Subject: Volkswagen scandal opens door to Fiat takeover
MAIL_CONVERSATION_TOPIC: Volkswagen scandal opens door to Fiat takeover
Created: Fri 3/18/2016 6:18:12 PM

Fiat Chrysler Automobiles has vocally sought a merger partner. Volkswagen is suddenly reeling. Don't be surprised if Fiat CEO Sergio Marchionne makes a move.

View article...

To: Good, David[good.david@epa.gov]
From: Bradford A. Coty
Sent: Wed 9/23/2015 4:12:46 PM
Subject: VW Fuel Economy

David:

I have a 2013 VW Passat which has never gotten close to the MPG stated on the Sticker. Among other things, I complained right away to VW who inspected the car and said it due to my low avg speed in Los Angeles. Since then I've moved to AZ where roads are "normal" and my mileage has never improved. Now that I see VW installed software code to circumvent emissions standards, is it possible whomever tests new cars for MPG's did it incorrectly or in violation of standards?

Thank you.

Respectfully,

Bradford A Coty

[redacted]

To: Phillips, Anna[Phillips.Anna@epa.gov]
From: .WASH WI-2 Weber, Michael
Sent: Wed 9/23/2015 4:14:31 PM
Subject: AW: EPA charges against VW -- Questions from German Embassy

Many thanks.

Best,

Michael

Von: Phillips, Anna [mailto:Phillips.Anna@epa.gov]
Gesendet: Mittwoch, 23. September 2015 11:50
An: .WASH WI-2 Weber, Michael; .WASH VERK-1 Zass, Stephan Klaus
Cc: Blubaugh, Jim; Kelley, Rosemarie; Belser, Evan; Senn, John; Walsh, Juliana; ZinsmeisterEL@state.gov
Betreff: Re: EPA charges against VW -- Questions from German Embassy

Michael, here are the answers to the questions that you sent on Monday. I'm also copying Stephan for his information:

What is the judicial/legal process that will now follow (and how is the interplay between EPA and DOJ)?

EPA will be working closely with the U.S. Department of Justice throughout this investigation, and determinations regarding potential penalties and other remedies will be assessed as part of the investigation EPA has opened in conjunction with DOJ. As a matter of agency policy, EPA does not discuss the details of ongoing investigations.

Apart from a federal law suit, is there a possibility that Volkswagen will also face further court action by individual states (or even class action litigation)?

Individual states may have a cause of action pursuant to the Clean Air Act or state law. We note that the California Air Resources Board, which is centrally involved in this matter, has initiated an enforcement investigation of its own. Recent media reports have stated that class action law suits have been filed against VW.

We understand the clean air act is the basis for EPA's action. Could you provide us with an overview of similar actions against car makers over the last years which were based on violations of the clean air act?

We are not aware of any past case that is comparable on the facts and in its scope to the present case. However, EPA has brought a number of cases under the CAA to ensure a level playing field in the automobile manufacturing sector, and most of these cases can be viewed on our website at:

http://www2.epa.gov/enforcement/clean-air-act-vehicle-and-engine-enforcement-case-resolutions.

~~~~~~
Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

Office of International & Tribal Affairs

Washington, D.C. 20460

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427

e-mail: phillips.anna@epa.gov

http://www2.epa.gov/international-cooperation

~~~~~~

From: .WASH WI-2 Weber, Michael <wi-2@wash.auswaertiges-amt.de>
Sent: Monday, September 21, 2015 1:44 PM
To: Phillips, Anna
Subject: EPA charges against VW

Dear Anna,

Good seeing you this morning. As briefly discussed, here are our questions regarding the Volkswagen law suit:

1. What is the judicial/legal process that will now follow (and how is the interplay between EPA and DoJ)?

2. Apart from a federal law suit, is there a possibility that Volkswagen will also face further court action by individual states (or even class action litigation)?

3. We understand the clean air act is the basis for EPA's action. Could you provide us with an overview of similar actions against car makers over the last years which were based on violations of the clean air act?

Many thanks for your help in this time sensitive matter.

Michael

Michael Weber

Energy Policy Advisor

Embassy of the Federal Republic of Germany

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Fax: +1 (202) 298 4391

E-mail: wi-2@wash.diplo.de

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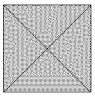
www.Germany.info



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Notices of Violations

Volkswagen

EPA issued a notice of violation (NOV) of the Clean Air Act (CAA) to Volkswagen AG, Audi AG, and Volkswagen Group of America, Inc. on September 18, 2015. The NOV alleges that four-cylinder Volkswagen and Audi diesel cars from model years 2009-2015 include software that circumvents EPA emissions standards for certain air pollutants. The software produced by Volkswagen is a "defeat device," as defined by the Clean Air Act. California is separately issuing an In-Use Compliance letter to Volkswagen, and EPA and the California Air Resources Board have both initiated investigations based on Volkswagen's alleged actions.

Affected diesel models include:

- Jetta (MY 2009 - 2015)
- Jetta Sportwagen (MY 2009-2014)
- Beetle (MY 2012 - 2015)
- Beetle Convertible (MY 2012-2015)
- Audi A3 (MY 2010 - 2015)
- Golf (MY 2010 - 2015)
- Golf Sportwagen (MY 2015)
- Passat (MY 2012-2015)

EPA Press Release

Notice of Violation (PDF) (6 pp, 2.35MB, September 18, 2015, About PDF)

California In-Use Compliance Letter EXIT Disclaimer

Information for Owners of the Affected Vehicles

- What happened?
- What vehicles are affected?
- What should I expect if I own an affected Volkswagen or Audi diesel vehicle?
- Can I continue to drive my vehicle?
- Will EPA take or confiscate my vehicle?
- Can EPA require Volkswagen to recall these vehicles?
- Is EPA officially requiring Volkswagen to issue a recall now?
- Will I be required to have my vehicle repaired once it is recalled?
- I live in an area that requires periodic emissions tests. What happens if my car fails?
- How much will this cost to fix?

- Can I turn off the defeat device?
- What pollutants are being emitted?
- How much more pollution is being emitted than should be?
- Is this contributing to bad air quality in my city/area?
- Where can I get more information?

What happened?

In September 2015, EPA issued a Notice of Violation of the Clean Air Act to Volkswagen for producing and selling four-cylinder diesel cars that include a sophisticated software device that circumvents EPA emissions standards for certain air pollutants. EPA and the California Air Resources Board (CARB) have collaborated on testing these cars and have determined that vehicles on the road emit up to 40 times more pollution than emission standards allow.

What vehicles are affected?

- Jetta (MY 2009 - 2015)
- Jetta Sportwagen (MY 2009-2014)
- Beetle (MY 2012 - 2015)
- Beetle Convertible (MY 2012-2015)
- Audi A3 (MY 2010 - 2015)
- Golf (MY 2010 - 2015)
- Golf Sportwagen (MY 2015)
- Passat (MY 2012-2015)

top of page

What should I expect if I own an affected Volkswagen diesel vehicle?

As the owner of an affected Volkswagen diesel vehicle, it is likely that you will receive a recall notice in the future. This notice will come from Volkswagen. It will provide you with information about the recall and with instructions about how to get your car repaired at no cost to you.

Can I continue to drive my vehicle?

Yes. These cars are safe and legal to drive. Owners do not need to take any action at this time.

Will EPA take or confiscate my vehicle?

Absolutely not. EPA will not confiscate your vehicle or require you to stop driving. You will not be charged for any repairs made under any recall.

top of page

Can EPA require Volkswagen to recall these vehicles?

Yes. EPA has the authority under section 207 of the Clean Air Act to require a manufacturer to issue a recall when EPA determines that a substantial number of vehicles do not conform to EPA regulations.

Is EPA officially requiring Volkswagen to issue a recall now?

No. EPA expects to compel VW to issue a recall in the future to reduce the emissions impacts of these vehicles. Owners will be notified of that recall once Volkswagen and Audi have developed a remedial plan and EPA has approved the plan. Manufacturers are given a reasonable amount of time to develop a plan to complete the repairs, including both the repair procedure and manufacture of any needed parts. Depending on the complexity of the repair and the lead time needed to obtain the necessary components, it could take up to one year to identify corrective actions, develop a recall plan, and issue recall notices.

Will I be required to have my vehicle repaired once it is recalled?

That depends. Some states require proof that emissions recalls have been performed prior to issuing the vehicle registration. Even in states that do not have this requirement, it is important to have emissions recalls performed because without the repairs, your vehicle may be emitting harmful pollutants in excess of the federal emission standards. You are not responsible for repair costs related to an emissions recall.

I live in an area that requires periodic emissions tests. What happens if my car fails?

It is unlikely that the presence of this device will cause your vehicle to fail. In fact, the defeat device was specifically designed to ensure that vehicles would pass inspection. The defeat device has been installed in the affected VW diesels since 2009. To date, EPA has no indication of any pattern failures with these vehicles during inspection and maintenance emission tests.

top of page

How much will this cost to fix?

Volkswagen will be required to implement corrective action at no cost to the owner.

Can I turn off the defeat device?

No. The device is embedded in the software code that runs the engine control computer.

What pollutants are being emitted?

Vehicles emit an array of pollutants. EPA standards control the allowable emission levels of nitrogen oxides (NOx), hydrocarbons, carbon monoxide, carbon dioxide, particulate matter, and certain toxic chemicals. The VW defeat device affects the way the NOx control system operates, resulting in higher NOx emission levels from these vehicles than from vehicles with properly operating emission controls.

How much more pollution is being emitted than should be?

NOx emission levels are 10 - 40 times higher than emission standards.

Is this contributing to bad air quality in my city/area?

All vehicles emit some pollution that, along with emissions from other sources, affects local air quality. Vehicles with high emission levels have a disproportionate impact. EPA emission standards are designed to protect local air quality and maintain clean and healthy air. The VW diesels with the defeat device do not comply with EPA emission standards.

Where can I get more information?

For more information please send an email to complianceinfo@epa.gov or visit the California Air Resources Board website. EXIT Disclaimer

From: Bunker, Byron
Location: conference call
Importance: Normal
Subject: FW: call with Byron Bunker on VW issues
Start Date/Time: Wed 9/23/2015 8:30:00 PM
End Date/Time: Wed 9/23/2015 9:30:00 PM

-----Original Appointment-----
From: Ex. 7 @arb.ca.gov]
Sent: Tuesday, September 22, 2015 5:34 PM
To: Ex. 7 @ARB; Ex. 7 @ARB; Ex. 7 @ARB; Ex. 7 Ex. 7 @ARB; Ex. 7 @ARB; Bunker, Byron; Wehrly, Linc
Cc: Ex. 7 @ARB; Ex. 7 @ARB
Subject: call with Byron Bunker on VW issues
When: Wednesday, September 23, 2015 1:30 PM-2:30 PM (UTC-08:00) Pacific Time (US & Canada).
Where: conference call

Non-Responsive

To discuss:

1)
2)
3)
4)

Ex. 7

From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Wed 9/23/2015 4:38:41 PM
Subject: Volkswagen's test rigging follows a long auto industry pattern
MAIL_CONVERSATION_TOPIC: Volkswagen's test rigging follows a long auto industry pattern
Created: Fri 3/18/2016 6:18:13 PM

Ever since governments began regulating cars, automakers have been finding ways to cheat to improve data on emissions, gas mileage and safety.

View article...

From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Wed 9/23/2015 4:38:47 PM
Subject: VW may not be the only automaker cheating on emissions
MAIL_CONVERSATION_TOPIC: VW may not be the only automaker cheating on emissions
Created: Fri 3/18/2016 6:18:12 PM

The revelation that Volkswagen has equipped many of its diesel-engine cars with software that evades U.S. clean air standards and testing has rocked the auto industry.

View article...

Ex. 5

Ex. 5

Julia P. Valentine

Office of Public Affairs

US EPA Headquarters

202.564.2663 desk

202.740.1336 m/txt

From: Frean, Alex <alex.frean@thetimes.co.uk>
Sent: Wednesday, September 23, 2015 10:55 AM
To: Valentine, Julia
Subject: VW - quick question from The Times of London

Hello Julia,

I'm a US-based reporter with The Times of London. Good morning. I've a few questions on the VW emissions affair that I hope are simple and quick.

I know you must be inundated right now, but I'm hoping you might be able to

respond right away as I am on a tight London deadline. I'm terribly sorry for the rush.

- Is the EPA questioning other other manufacturers' of diesel vehicles on the use of defeat devices? Are you planning tests to discover whether others are using defeat devices?

- Is the EPA discussing with VW a recall for the affected vehicles?

- Can you give me any guidance on any likely timing for a recall?

- Are there any other developments today you can tell me about?

- Finally, The Wall Street Journal is reporting today that even after VW admitted on September 3 that it was using defeat devices in some cars that it "pleaded for certification of its 2016 models, claiming it had swelling inventories that it needed to get to showrooms." Do you know if this is true. Is there any guidance you can give me on this, either off or on the record?

Thank you very much indeed.

Best regards,

Alexandra

Alexandra Frean

US Business Editor

The Times of London

mobile: 202 308 9733

office: 212 416 2642

alex.frean@thetimes.co.uk

--

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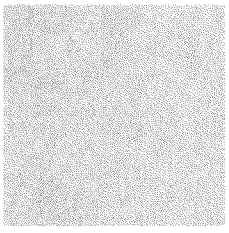
Cc: Birgfeld, Erin[Birgfeld.Erin@epa.gov]
From: Ex. 4 - CBI
Sent: Wed 9/23/2015 5:02:26 PM
Subject: Volkswagen CEO Martin Winterkorn Resigns Over Emissions Scandal
volkswagen-ceo-winterkorn-resigns-1.pdf



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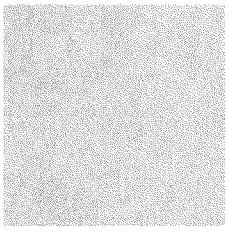
Subject: Ward's Auto - Volkswagen Scandal Puts Regulators on High Alert
volkswagen-scandal-puts-reg.pdf



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Sent: Wed 9/23/2015 5:27:01 PM
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GREENWIRE — Wed., September 23, 2015

READ FULL EDITION

1.CLIMATE:

Pope praises Obama emissions rule, urges strong U.S. action

Pope Francis endorsed U.S. EPA's Clean Power Plan today in a White House Rose Garden appearance with President Obama. "Mr. President, I find it encouraging that you are proposing an initiative for reducing air pollution," the leader of the Roman Catholic Church said. He then urged "all men and women of good will in this great nation" to consider the impact of global warming for future generations of Americans and "millions of people living under a system that has overlooked them."

TOP STORIES

2.ENDANGERED SPECIES:
FWS chief touts 'unanimous' agency support for grouse decision

3.KEYSTONE XL:
Clinton catapults pipeline debate back into presidential race

4.AIR POLLUTION:
Volkswagen chief steps down over emissions scandal

POLITICS

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Critics of sage grouse plans vow legislative assault

6.CLIMATE:
Polar bear groupie tails pope, scores wave

7.CLIMATE:
Obama talks 'balance' on warming in *Rolling Stone* interview

8.CAMPAIGN 2015:
Another Ky. ad takes whack at Democrat's Obama coal ties

9.PEOPLE:
Trump, Moniz talk climate change and labs on Colbert show

CONGRESS

10.CAMPAIGN 2016:
Senate Dems see energy bill as catnip for voters

11.WEATHER:
House Science blasts NOAA's commercial space policy

12.AIR POLLUTION:
Sponsor of rule-curbing bill targets EPA ozone plan

13.VEHICLES:
Sen. Nelson urges FTC to act on VW emissions scandal

14.RAIL:
Dems blast lawmaker for taking credit for Amtrak contract

NATURAL RESOURCES

15.ENDANGERED SPECIES:
Interior proposes banning new mining on 10M sage grouse acres

16.FISHERIES:
Feds ban eel catches in Del.

17.PEOPLE:

Biologist picked to lead invasive species council
18.MARINE MAMMALS:
El Niño drives humpbacks into Columbia River
19.WILDLIFE:
Ivory takes 1 week to burn -- FWS
LAW
20.OIL AND GAS:
Judge weighs enviro intervention in N.J.-Exxon settlement
21.COAL:
Judge lets song lyrics stay in Peabody lawsuit
22.SOLID WASTE:
Judge tosses New York City ban on polystyrene containers
ENERGY
23.COAL:
Mine numbers drop to record lows -- EIA
24.COAL:
Groups accuse Ore.-based utility of manipulating cost data
25.NATURAL GAS:
FERC accuses Total of manipulating markets
26.NUCLEAR WASTE:
Contamination plagues former lab near L.A.
BUSINESS
27.CLIMATE:
Major companies commit to renewables
28.COAL:
Blackhawk snaps up Patriot mines at auction
FEDERAL AGENCIES
29.FEDERAL WORKFORCE:
OPM finds more employees' fingerprints stolen in data breach
30.DOE:
Audit finds 'limited' White House role in FOIA process
31.EPA:
Agency updates shutdown plan
32.AGRICULTURE:
Vilsack hires new chief of staff
TRANSPORTATION
33.AIR POLLUTION:
Volkswagen isn't first car company caught fudging on emissions
AIR AND WATER
34.DRINKING WATER:
L.A. mulls 'toilet to tap' plant
35.WATER POLLUTION:
Chicago River brims with fecal bacteria -- data
PUBLIC HEALTH
36.PESTICIDES:
Childhood cancer risk rises with exposure to insecticides -- study
37.AIR POLLUTION:
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Trash piles up blocks from Pope's Mass in D.C.

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1.CLIMATE:

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19.WILDLIFE:
Ivory takes 1 week to burn -- FWS
LAW
20.OIL AND GAS:
Judge weighs enviro intervention in N.J.-Exxon settlement
21.COAL:
Judge lets song lyrics stay in Peabody lawsuit
22.SOLID WASTE:
Judge tosses New York City ban on polystyrene containers
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23.COAL:
Mine numbers drop to record lows -- EIA
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Groups accuse Ore.-based utility of manipulating cost data
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FERC accuses Total of manipulating markets
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Contamination plagues former lab near L.A.
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OPM finds more employees' fingerprints stolen in data breach
30.DOE:
Audit finds 'limited' White House role in FOIA process
31.EPA:
Agency updates shutdown plan
32.AGRICULTURE:
Vilsack hires new chief of staff
TRANSPORTATION
33.AIR POLLUTION:
Volkswagen isn't first car company caught fudging on emissions
AIR AND WATER
34.DRINKING WATER:
L.A. mulls 'toilet to tap' plant
35.WATER POLLUTION:
Chicago River brims with fecal bacteria -- data
PUBLIC HEALTH
36.PESTICIDES:
Childhood cancer risk rises with exposure to insecticides -- study
37.AIR POLLUTION:
Smog could contribute to high suicide rate in Ky. city
WASTES & HAZARDOUS SUBSTANCES
38.SOLID WASTE:
Americans double trash production
39.PESTICIDES:
Resistant weeds' tenacity concerns scientist, lawmakers
40.SOLID WASTE:

Trash piles up blocks from Pope's Mass in D.C.

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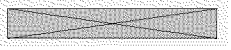
To: Dalton, Joel[Dalton.Joel@epa.gov]
From: emailthis@ms3.lga2.nytimes.com
Sent: Wed 9/23/2015 5:41:03 PM
Subject: NYTimes.com: Volkswagen Test Rigging Follows a Long Auto Industry Pattern

An interesting historical overview of automakers and heavy-duty industry being caught cheating EPA tests or NHTSA. Lucie

Sent by audettebauman@hotmail.com:



Volkswagen Test Rigging Follows a Long Auto Industry Pattern

By DANNY HAKIM and HIROKO TABUCHI

Ever since governments began regulating cars, automakers have been finding ways to cheat to improve data on emissions, gas mileage and safety.

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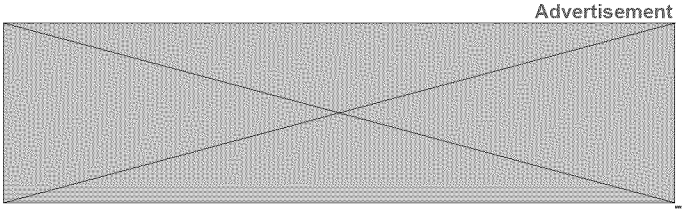

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To: Phillips, Anna[Phillips.Anna@epa.gov]
From: .WASH WI-2 Weber, Michael
Sent: Wed 9/23/2015 5:43:28 PM
Subject: AW: Meeting request Christian Hey German Advisory Council on the Environment
removed.txt
EPAClearance_Hey_OHSVersion_.xls

Dear Anna,

Many thanks, that works well for us.

Please find attached the spreadsheet containing the required clearance information.

I'll be out of office Thursday and Friday but back at my desk Monday in case any questions come up.

See you next week,

Michael

Michael Weber

Energy Policy Advisor

Embassy of the Federal Republic of Germany

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Fax: +1 (202) 298 4391

E-mail: wi-2@wash.diplo.de

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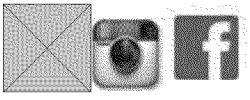

Von: Phillips, Anna [mailto:Phillips.Anna@epa.gov]
Gesendet: Dienstag, 22. September 2015 16:40
An: .WASH WI-2 Weber, Michael
Betreff: Re: Meeting request Christian Hey German Advisory Council on the Environment

Michael, we can offer a meeting at EPA for Mr. Hey on Wednesday, September 30th from 9:00 - 11:00 a.m. on the topics requested below.

The meeting will take place on the third floor of the Reagan Building. We also will need the standard spreadsheet containing the required clearance information for all German visitors (including Embassy staff) who will attend the meeting.

Please let me know if you have questions.

Thanks and regards,

Anna

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~~~~~~

Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

Office of International & Tribal Affairs

Washington, D.C. 20460

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427

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~~~~~~

From: .WASH WI-2 Weber, Michael <wi-2@wash.auswaertiges-amt.de>
Sent: Tuesday, September 22, 2015 11:02 AM
To: Phillips, Anna
Subject: Meeting request Christian Hey German Advisory Council on the Environment

Dear Anna,

Thanks again for the help re Volkswagen. I am now writing to you on a more positive matter. Christian Hey, general secretary of the German Advisory Council on the Environment (SRU) (http://www.umweltrat.de/EN/TheGermanAdvisoryCouncilOnTheEnvironment/thegermanadvisorycouncilonthee , an expert advisory body of the German Environment Agency (UBA) and the Federal Ministry of the Environment, will be in town next week (Sept 30). The SRU consists of government employees (Christian Hey is employed by the UBA) and appointed university professors who describe and assess environmental conditions, problems, and political trends and point out solutions and preventive measures. The SRU also submits an Environmental Report to the German federal government every four years. The report describes and assesses environmental policy developments and provides in-depth analyses of selected topics. Christian Hey is very interested in some comments your colleague William Jordan, deputy director in the office of pesticide programs, made recently on TTIP (see press article below). Do you think he would be available for a meeting? I am also wondering if Scot Hagerthey or one of his staff that worked on the ROE is interested to talk to Christian Hey about some of the environmental challenges they regard most pressing or they think are not so much on the public radar but warrant attention.
~~~~~~

I've worked with Christian for a few years in one of my previous jobs in Berlin and can say that he is extremely knowledgeable on a wide range of topics.

Many thanks,

Michael

Michael Weber

Energy Policy Advisor

Embassy of the Federal Republic of Germany

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Washington, DC 20007

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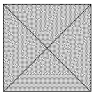

Inside U.S. Trade - 06/27/2014

EPA, Consumer Safety Regulator Express Skepticism About TTIP Benefits

Posted: June 26, 2014

Representatives of two U.S. regulatory agencies on June 24 expressed varying degrees of skepticism toward the idea of expanded regulatory cooperation with the European Union under a U.S.-EU trade deal, and raised fears that an agreement could slow down their rule making.

Robert Adler, acting chair of the U.S. Consumer Product Safety Commission (CPSC), said he worries including regulatory cooperation obligations in the Transatlantic Trade and Investment Partnership (TTIP) could make his agency even more hamstrung than it already is when it comes to issuing regulations.

Adler directly rebuffed the idea -- proposed by the European Commission -- that the trade deal should establish a new "Regulatory Cooperation Council" that would allow greater input from EU regulators and stakeholders in the U.S. regulatory process, and vice-versa.

Imposing such a procedure "could extend an incredibly cumbersome process that we face when we write regulations," Adler said. He explained that in 1981, Congress amended the CPSC's statute to require extensive cost-benefit analyses before publishing a rule. The consequence is that the agency has been able to issue only nine safety standards in the intervening 33 years, he said.

"The idea that we would then have to take a rule that we have spent so much time writing and go to an additional approval means that you're going to have many, many, many years of waiting for safety regulation. And I think that we all know that safety delayed is safety denied in too many respects," he said at an event in Washington hosted by the Transatlantic Consumer Dialogue (TACD).

Adler said some of his office's expert-level officials have been directly involved in the TTIP negotiations, and have helped to explain -- for example -- U.S. rules on flame-retardant treatments for textiles. He said the EU seemed satisfied enough with the explanation so as not to regard these rules as a trade barrier to be tackled through TTIP. But he expressed fear that other CPSC regulations may come into the crosshairs of negotiators.

Separately, William Jordan, deputy director in the office of pesticide programs at the Environmental Protection Agency (EPA), signaled skepticism toward TTIP regulatory cooperation efforts by saying it remains to be seen whether they will be "productive or a big waste of time."

Speaking on a different panel at the same TACD event, Jordan also acknowledged evaluating the potential impact of a rule on trans-Atlantic trade would add to a pile of more than a dozen assessments the EPA must conduct for other areas in publishing a rule, potentially slowing it down further.

"The fact that there may be trade impacts from a regulatory decision doesn't necessarily mean that it changes the regulatory decision, but it might mean that you look for different ways of achieving or implementing a goal," Jordan said.

"The downside that I see is adding yet one more kind of analysis to develop when taking a regulatory action … There are usually about 17 sections that go at the end of every rule making the EPA does. To go to another one adds just a little bit more work and has the potential to slow things down. I think the serious question is: Is it worth it?"

At the same time, Jordan said he sees some possible benefits from cooperating with the EU through its proposed Regulatory Cooperation Council.

He suggested doing so would be somewhat helpful, if only so U.S. officials could go to one forum and have access to all the relevant EU officials on a topic -- something he described as difficult given the EU's complicated bureaucracy. Working together on risk assessment for pesticides, for example, might also reduce the likelihood the U.S and EU would come to different decisions on risk management.

Adler, the acting CPSC chair, also raised questions about whether reducing regulatory differencesbetween the U.S. and EU in the consumer products sector, which includes things like apparel and toys, would really lead to added economic gains for businesses on either side of the Atlantic.

He said his experience has shown companies typically make their products to the highest standard of the markets they sell to, so they are compliant in all of them -- something he contended is good for consumers, and does not incur the expense of maintaining different inventories for different safety standards.

"I think the annoyance factor of different safety systems is huge with our friends in the business community. I personally remain skeptical that the out-of-pocket costs are as great as the annoyance," he said.

Adler added his agency does not have the staff or resources to figure out how standards could be aligned with regulations in other jurisdictions, although it does take international standards and best practices into account. He said he has exhorted businesses who complain about divergent rules to submit detailed petitions demonstrating the two approaches are consistent and harmonizing them would reduce costs. But he said he has received no response to date from businesses.

"What our friends really seem to want is for CPSC to survey the market, find equivalent standards, and lead the charge to make our systems compatible," he said. "In other words, they want us to be the moving party. And I'm going to be very frank: That's not going to happen."

Inside U.S. Trade - 06/27/2014, Vol. 32, No. 26

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From: Kaul, Meetu
Sent: Wed 9/23/2015 5:50:18 PM
Subject: http://news.yahoo.com/latest-vw-ceo-again-apologizes-scandal-widens-153539815.html

This is one of many articles on the New York AG

Ms.Meetu Kaul, Attorney-Advisor

United States Environmental Protection Agency
Office of Civil Enforcement - Air Enforcement Division
WJC South, Room 1117B
1200 Pennsylvania Ave., N.W. (MC 2242A)
Washington D.C. 20460 (Courier 20004)
Direct: 202-564-5472
Fax: 202-564-0069
Email: kaul.meetu@epa.gov

To: Phillips, Anna[Phillips.Anna@epa.gov]
Cc: Blubaugh, Jim[Blubaugh.Jim@epa.gov]; Kasman, Mark[Kasman.Mark@epa.gov]; Belser, Evan[Belser.Evan@epa.gov]; Werner, Jacqueline[Werner.Jacqueline@epa.gov]
From: Kelley, Rosemarie
Sent: Wed 9/23/2015 5:54:56 PM
Subject: Re: Recall of Volkswagen diesel vehicles by EPA -- EC Inquiry

Anna--

Ex. 5, 7

Rosemarie Kelley

OECA/OCE

From: Phillips, Anna
Sent: Wednesday, September 23, 2015 11:56 AM
To: Kelley, Rosemarie
Cc: Blubaugh, Jim; Kasman, Mark
Subject: Re: Recall of Volkswagen diesel vehicles by EPA -- EC Inquiry

Ex. 5, 7

Thanks again...

Anna

~~~~~~

Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

Office of International & Tribal Affairs
~~~~~~

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Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427

e-mail: phillips.anna@epa.gov

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From: Kelley, Rosemarie
Sent: Wednesday, September 23, 2015 11:43 AM
To: Phillips, Anna
Subject: Fw: Recall of Volkswagen diesel vehicles by EPA

Anna--

Ex. 5, 7

Rosemarie Kelley

OECA/OCE

202-564-4014

From: Belser, Evan
Sent: Wednesday, September 23, 2015 11:23 AM
To: Nikolaus.Steininger@ec.europa.eu
Cc: Maciej.SZYMANSKI@ec.europa.eu; Joanna.SZYCHOWSKA@ec.europa.eu; pierre.bonnel@jrc.ec.europa.eu; martin.weiss@jrc.ec.europa.eu; Olechiw, Michael; Barbara.BONVISSUTO@ec.europa.eu
Subject: RE: Recall of Volkswagen diesel vehicles by EPA

Hello Klaus, and thank you for you note. Unfortunately I am not at liberty to discuss case facts that are not already public. Answering would also require speculation on my part which would not be appropriate. As I'm sure you can appreciate, this is a matter of federal law enforcement and we have on ongoing investigation. The answer to "why" VW did this will be part of our investigation.
~~~~~~

Best Regards,

Evan

Evan Belser

Chief, Mobile Source Enforcement Branch, Air Enforcement Division

National Coordinator for Administrative Litigation, Office of Civil Enforcement

Office of Enforcement and Compliance Assurance

United States Environmental Protection Agency

202-564-6850

From: Nikolaus.Steininger@ec.europa.eu [mailto:Nikolaus.Steininger@ec.europa.eu]
Sent: Wednesday, September 23, 2015 10:57 AM
To: Belser, Evan
Cc: Maciej.SZYMANSKI@ec.europa.eu; Joanna.SZYCHOWSKA@ec.europa.eu; pierre.bonnel@jrc.ec.europa.eu; martin.weiss@jrc.ec.europa.eu; Olechiw, Michael; Barbara.BONVISSUTO@ec.europa.eu
Subject: RE: Recall of Volkswagen diesel vehicles by EPA

Dear Evan,

As you can imagine we have very intense discussions on the VW case on all levels at our end. One question, which pops up all the time is the motivation of VW for having the defeat device installed at the first place.

Basically some of the faulty vehicles have a SCR system installed and then the motivation is obviously saving urea, allowing for larger travel distances between refill intervals, basically for customer convenience. By the way, does EPA or CARB regulation require a minimum travel distance for which a full tank must provide urea (e.g. for assuming a poor urea supply infrastructure)? If so, VW might have a big problem to render the vehicles compliant even with a recall.

But other vehicles have a LNT installed. In such case the motivation for the defeat device would be a reduced fuel consumption, but this fuel consumption would not show on the regulatory test cycle, on which the defeat device by definition would not be active. VW would therefore not benefit from reduced fuel consumption/CO2 emission values for the US fleet target. It is true that the real driving fuel consumption would be slightly better with the defeat device on board, but is this a strong enough motivation to take such high risk (in particular in the US market with relatively low fuel prices)?

I would be very grateful if you could come back with your thoughts on this.

Regards,

Klaus

Nikolaus STEININGER
Policy officer

European Commission
DG GROWTH
C.4 Automotive and Mobility Industries

http://ec.europa.eu/growth/sectors/automotive/index_en.htm

BREY 10/046
B-1049 Brussels/Belgium
+32 2 29-58557
nikolaus.steininger@ec.europa.eu

DISCLAIMER:
Please note that information contained in this mail and its annexes
- does not commit the European Institutions or the sender in any respect
- is not necessarily comprehensive, complete, accurate or up-to-date
- should not be considered as professional or legal advice

From: STEININGER Nikolaus (GROW)
Sent: Monday, September 21, 2015 5:59 PM
To: 'Belser.evan@epa.gov'
Cc: SZYMANSKI Maciej (GROW); SZYCHOWSKA Joanna (GROW); BONNEL Pierre (JRC-ISPRA); WEISS Martin (JRC-ISPRA); 'Olechiw, Michael'
Subject: RE: Recall of Volkswagen diesel vehicles by EPA

Hi Evan,

Thanks a lot for your time on the phone. Let's stay in touch.

Regards,

Klaus

Nikolaus STEININGER
Policy officer

European Commission
DG GROWTH
C.4 Automotive and Mobility Industries

http://ec.europa.eu/growth/sectors/automotive/index_en.htm

BREY 10/046
B-1049 Brussels/Belgium
+32 2 29-58557
nikolaus.steininger@ec.europa.eu

DISCLAIMER:
Please note that information contained in this mail and its annexes
- does not commit the European Institutions or the sender in any respect
- is not necessarily comprehensive, complete, accurate or up-to-date
- should not be considered as professional or legal advice

From: Olechiw, Michael [mailto:olechiw.michael@epa.gov]
Sent: Monday, September 21, 2015 2:37 PM
To: STEININGER Nikolaus (GROW)
Cc: SZYMANSKI Maciej (GROW); SZYCHOWSKA Joanna (GROW); BONNEL Pierre (JRC-ISPRA); WEISS Martin (JRC-ISPRA)
Subject: RE: Recall of Volkswagen diesel vehicles by EPA

Hello Klaus,

You can reference the Notice of Violation that we sent to VW:
http://www3.epa.gov/otaq/cert/documents/vw-nov-caa-09-18-15.pdf

This should help answer some of your questions. For now you may contact Evan Belser here at EPA. (Belser.evan@epa.gov, 001-202-564-6850)

If you would like to talk this morning, I am available after 3 PM your time.

Best Regards,

Mike

Michael R. Olechiw

Director - Light-duty Vehicles and Small Engines Center

USEPA/OTAQ/ASD

2000 Traverwood Drive

Ann Arbor MI 48105

Tel: +1-734-214-4297

Mobile: +1-734-546-8079

Fax: +1-734-214-4050

olechiw.michael@epa.gov

From: Nikolaus.Steininger@ec.europa.eu [mailto:Nikolaus.Steininger@ec.europa.eu]
Sent: Sunday, September 20, 2015 9:24 AM
To: Olechiw, Michael
Cc: Maciej.SZYMANSKI@ec.europa.eu; Joanna.SZYCHOWSKA@ec.europa.eu; pierre.bonnel@jrc.ec.europa.eu; martin.weiss@jrc.ec.europa.eu
Subject: Recall of Volkswagen diesel vehicles by EPA

Dear Michael,

The recent recall of Volkswagen diesel vehicles by EPA is now all over the European media and it may have some implications for the ongoing development of real driving emission (RDE) legislation, mainly addressing NOx emissions of diesel vehicles, at our end. Therefore I would be very grateful if we could establish a contact on the working level on this topic. I am not sure whether you are the right person; if not maybe you could direct me to the appropriate expert at EPA (and/or CARB).

It would be particularly useful to know whether EPA's action is driven by the fact that VW diesel vehicles emit much more NOx "on the road" (i.e. measured with PEMS?) than on the test cycle - this is actually known since a long time and the reason of being for our RDE work (the degree of the RDE exceedance may of course vary from vehicle to vehicle and manufacturer to manufacturer). In such case I would be interested in the legal basis for requesting the recall, because to my knowledge the US limits (as the EU

ones in the current Euro 6 implementing legislation, which we are about to change) are defined on a combination of test cycles only (?).

Or did VW vehicles picked from the road not fulfil the US emission limits on the set of regulatory test cycles (in the lab) if certain minor conditions, like position of the steering wheel etc., were modified? The media talk about "defeat devices" implemented by VW and indentified by EPA (which would also be illegal in the EU, but unfortunately we have no really robust definition right now...) - but the meaning of this term in the given context is not clear from the media reports (which is not surprising...).

I would be very grateful if you came back to me in this matter as soon as possible.

Regards,

Klaus

To: Rodgers, William (EEO)[William.Rodgers@vw.com]
From: Snyder, Jim
Sent: Wed 9/23/2015 5:56:41 PM
Subject: RE: BEV 5-cycle testing

The only one who has officially done 5 cycle CD is Tesla. A major factor is that most Mfrs have found the results are little or no better than the 0.7 adjustment factor. The SAE subcommittee has been working on this for some time. There is a draft and it is close to a vote. I think there is a VW rep who has been present at some of the mtg -which also include Dyno loading and coastdown testing procedures. Look for SAE j1634 draft proposal or ask your SAE rep for it. It outlines procedures for measuring the 5 cycles. It also includes the latest version of the multicycle procedure.

Jim Snyder
Light-Duty Vehicle Group
Compliance Division
United States Environmental Protection Agency
(734) 214-4946
snyder.jim@epa.gov

From: Rodgers, William (EEO) [mailto:William.Rodgers@vw.com]
Sent: Wednesday, September 23, 2015 1:15 PM
To: Snyder, Jim
Cc: Horton, Garett (VWGoA Imp); Giles, Michael (EEO); Allen, Gregory (EEO)
Subject: BEV 5-cycle testing

Jim,

For BEV 5-cycle testing do you have information or a reference for how to measure cycle energy for all 5 test cycles individually? When we do full charge depletion tests we base the cycle energy off of the recharge energy after the end of the test, and then divide it over the number of cycles. For 5 cycle testing where we begin a test with ~50% SOC how are other manufacturers measuring their energy over the cycle?

If you have questions or need clarification we can discuss it further next week when we are over for the e-tron CD tests.

Regards,

Bill Rodgers

Emissions Certification Engineer

Volkswagen Group

3800 Hamlin Rd

Auburn Hills, MI 48326

p. (248) 754-4219

To: Good, David[good.david@epa.gov]
From: Bradford A. Coty
Sent: Wed 9/23/2015 6:02:36 PM
Subject: RE: VW Fuel Economy

Thanks for your reply, David.

The engine is a 2.5L, 170hp, in-line 5cyl.

Transmission is an automatic. There is a sticker that says: Eng/Trans: 125kW A6F CBU PDW I have no idea what this means.

Sticker Mileage: 22 City 31 Highway 25 combined

Actual Mileage: In AZ: 20-21 combined In CA: combined mileage which actually was principally city was never more than around 15mpg

When I have driven between LA and Phx, virtually all highway I still don't get more than around 25-26mpg.

Although this has nothing to do with MPG's, on the sticker under Performance/Handling it does state, "Partial Zero Emissions Vehicle."

What are your thoughts about this?

Respectfully,

Bradford A Coty

[redacted]

[redacted]

[redacted]

From: Good, David [mailto:good.david@epa.gov]
Sent: Wednesday, September 23, 2015 9:19 AM
To: Bradford A. Coty
Subject: RE: VW Fuel Economy

Bradford,

What engine and transmission does your 2013 Passat have? What are the EPA fuel economy estimates (e.g. on your window sticker or on www.fueleconomy.gov) and what gas mileage are you getting (for city and/or highway driving)?

Thanks

From: Bradford A. Coty [n[redacted]]
Sent: Wednesday, September 23, 2015 12:13 PM
To: Good, David
Subject: VW Fuel Economy

David:

I have a 2013 VW Passat which has never gotten close to the MPG stated on the Sticker. Among other things, I complained right away to VW who inspected the car and said it due to my low avg speed in Los Angeles. Since then I've moved to AZ where roads are "normal" and my mileage has never improved. Now that I see VW installed software code to circumvent emissions standards, is it possible whomever tests new cars for MPG's did it incorrectly or in violation of standards?

Thank you.

Respectfully,

Bradford A Coty

[redacted]

From: Phillips, Anna
Required Attendees: Blubaugh, Jim; Kasman, Mark; Walsh, Juliana; ZinsmeisterEL@state.gov; christoph.albus@bmvi.bund.de; WASH VERK-1 Zass, Stephan Klaus; guido.zielke@bmvi.bund.de; stephan.redmann@bmvi.bund.de
Optional Attendees: Hatcher, Kari E
Location: From Germany (toll free): 08001818637; From the U.S. (toll free) 1-866-299-3188; Conference Code: Non-Responsive
Importance: Normal
Subject: Call with EPA and German Federal Ministry of Transportation
Start Date/Time: Thur 9/24/2015 3:00:00 PM
End Date/Time: Thur 9/24/2015 3:30:00 PM

.....
,,,,,,,,

From: Phillips, Anna
Sent: Wednesday, September 23, 2015 1:28 PM
To: Albus, Christoph
Cc: Müller, Steffen; '.WASH VERK-1 Zass, Stephan Klaus (verk-1@wash.auswaertiges-amt.de)'; Zielke, Guido; Redmann, Stephan; Blubaugh, Jim; Walsh, Juliana; ZinsmeisterEL@state.gov; .WASH WI-2 Weber, Michael; Kasman, Mark
Subject: Re: EPA charges against VW -- Telephone Call with EPA on September 24 CONFIRMED

Christoph, thank you for informing us that Mr. Odenwald will not be available but we appreciate your confirming the call with Director Zielke on **Thursday, September 24th at 11:00 a.m.** Washington time. Can you please provide additional information on Director Zielke's position in the Ministry?

We can use the following conference lines:

From Germany (toll free): 08001818637

From the U.S. (toll free) 1-866-299-3188

Conference Code: Non-Responsive

I also am copying colleagues at the U.S. Embassy in Berlin so that they are aware of the call and can participate if schedules permit.

Best regards,

Anna

~~~~~~
~~~~~~

Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

Office of International & Tribal Affairs

Washington, D.C. 20460

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427

e-mail: phillips.anna@epa.gov

http://www2.epa.gov/international-cooperation

~~~~~~

From: Albus, Christoph
Sent: Wednesday, September 23, 2015 1:15 PM
To: Phillips, Anna
Cc: Müller, Steffen; '.WASH VERK-1 Zass, Stephan Klaus (verk-1@wash.auswaertiges-amt.de)'; Zielke, Guido; Redmann, Stephan
Subject: AW: EPA charges against VW -- Telephone Call with EPA on September 24

Dear Ms. Phillips,

Unfortunately state secretary Mr. Odenwald will not be available for a call tomorrow. On behalf of him, Director Zielke from the German Ministry for Transport and Digital Infrastructure would like to phone with Director Grundler tomorrow, 11:00 a.m. Washington time (as proposed by you). Please provide me with the contact information.

Best Regards

Christoph Albus

Von: Phillips, Anna [mailto:Phillips.Anna@epa.gov]
Gesendet: Dienstag, 22. September 2015 14:07
An: .WASH WI-2 Weber, Michael
Cc: .WASH VERK-1 Zass, Stephan Klaus; Blubaugh, Jim; Walsh, Juliana; ZinsmeisterEL@state.gov; Kasman, Mark
Betreff: Re: EPA charges against VW -- Telephone Call with EPA

Dear Michael,

I have consulted within EPA on this request and can confirm that Christopher Grundler, Director of EPA's Office of Transportation and Air Quality, is available for a telephone call with Secretary of State Odenwald at the following times:

Thursday, September 24, 2015, 11 AM -11:30 AM EDT
~~~~~~

2) Tuesday, September 29, 2015, 9 AM – 10 AM EDT

Please let me know if these times will work for Mr. Odenwald and I will provide the call-in numbers.

I also am copying colleagues at the U.S. Embassy in Berlin for their information and to invite their participation.

Best,

Anna

~~~~~~

Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

Office of International & Tribal Affairs

Washington, D.C. 20460

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427

e-mail: phillips.anna@epa.gov

http://www2.epa.gov/international-cooperation

~~~~~~

From: .WASH WI-2 Weber, Michael <wi-2@wash.auswaertiges-amt.de>
Sent: Tuesday, September 22, 2015 10:24 AM
To: Phillips, Anna
Cc: .WASH VERK-1 Zass, Stephan Klaus
Subject: AW: EPA charges against VW

Dear Anna,

Thanks for helping out on this matter.

The German Ministry for Transportation and Digital Infrastructure has established a task force under the chairmanship of State Secretary Michael Odenwald. The State Secretary would like to speak with the responsible EPA representatives. I am including my transport colleague Stephan Zass who will be able to give you further information and get you in touch with his German colleagues.

I hope you are able to help us out organizing a call or video conference.

Many thanks,

Michael

Michael Weber

Energy Policy Advisor

Embassy of the Federal Republic of Germany

4645 Reservoir Road NW

Washington, DC 20007

Tel: +1 (202) 298 4381

Fax: +1 (202) 298 4391

E-mail: wi-2@wash.diplo.de

Our Choices Matter - www.transatlantic-climate-bridge.org

To: Bunker, Byron[bunker.byron@epa.gov]; Wehrly, Linc[wehrly.linc@epa.gov]; Snyder, Jim[Snyder.Jim@epa.gov]; Ex. 7 @ARB; Ex. 7 @arb.ca.gov]; Ex. 7 Ex. 7 @ARB; Ex. 7 @arb.ca.gov]; Ex. 7 @ARB; Ex. 7 @arb.ca.gov]
Cc: Ex. 7 @vw.com]
From: Ex. 7 (EEO)
Sent: Wed 9/23/2015 6:32:35 PM
Subject: 2016 MY Update

Hello,

Just an update that the testing of the 4K vehicle with the updated software has been completed. We expect to receive the test information tomorrow and we will immediately start to enter information into the respective verify and e-cert systems.

I will be on vacation September 24 – 28. Please communicate with Ex. 7 and his team regarding any questions on the 2016 MY certification. I've cc'ed Ex. 7 on this email. I am available by phone September 24th and September 28th but will not be available September 25 – 27.

Thank you all,

Ex. 7

Ex. 7

Engineering and Environmental Office

Volkswagen Group of America

Ex. 7 office

cell

To: Snyder, Jim[Snyder.Jim@epa.gov]
Cc: Ex. 6
From: Good, David
Sent: Wed 9/23/2015 6:38:27 PM
Subject: RE: VW Fuel Economy complaint - 2013 Passat 2.5L gasoline engine

Ex. 6,

Jim Snyder (who works for EPA) handles Volkswagen.

Jim, please see if you can help Ex. 6 when you get a chance.

Thanks

Dave

From: Ex. 6
Sent: Wednesday, September 23, 2015 2:03 PM
To: Good, David
Subject: RE: VW Fuel Economy

Thanks for your reply, David.

The engine is a 2.5L, 170hp, in-line 5cyl.

Transmission is an automatic. There is a sticker that says: Eng/Trans: 125kW A6F CBU PDW I have no idea what this means.

Sticker Mileage: 22 City 31 Highway 25 combined

Actual Mileage: In AZ: 20-21 combined In CA: combined mileage which actually was principally city was never more than around 15mpg

When I have driven between LA and Phx, virtually all highway I still don't get more than around 25-26mpg.

Although this has nothing to do with MPG's, on the sticker under Performance/Handling it does state, "Partial Zero Emissions Vehicle."

What are your thoughts about this?

Respectfully,

Ex. 6

From: Good, David [mailto:good.david@epa.gov]
Sent: Wednesday, September 23, 2015 9:19 AM
To: Non-Responsive
Subject: RE: VW Fuel Economy

Ex. 6

What engine and transmission does your 2013 Passat have? What are the EPA fuel economy estimates (e.g. on your window sticker or on www.fueleconomy.gov) and what gas mileage are you getting (for city and/or highway driving)?

Thanks

From: Ex. 6
Sent: Wednesday, September 23, 2015 12:13 PM
To: Good, David
Subject: VW Fuel Economy

David:

I have a 2013 VW Passat which has never gotten close to the MPG stated on the Sticker. Among other things, I complained right away to VW who inspected the car and said it due to my low avg speed in Los Angeles. Since then I've moved to AZ where roads are "normal" and my mileage has never improved. Now that I see VW installed software code to circumvent emissions standards, is it possible whomever tests new cars for MPG's did it incorrectly or in violation of standards?

Thank you.

Respectfully,

Ex. 6

Ex. 6

To:
From: Alexander, David
Sent: Wed 9/23/2015 7:07:13 PM
Subject: Volkswagen

Rich,

The information on this page, and especially the Notice of Violation linked to on this page, just past the bottom of the first screen, provide the publically available details regarding the Volkswagen case.

http://www3.epa.gov/otaq/cert/violations.htm

It was great to talk to you. I know you understand my caution.

Best as usual,

David

David E. Alexander, Attorney

WJC South Room 1111-B

OECA/Air Enforcement Division (2242-A)

(202) 564-2109

From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Wed 9/23/2015 7:09:39 PM
Subject: VW scandal could hurt Germany more than the Greece crisis
MAIL_CONVERSATION_TOPIC: VW scandal could hurt Germany more than the Greece crisis
Created: Fri 3/18/2016 6:18:12 PM

The Volkswagen emissions scandal has rocked Germany's business and political establishment and analysts warn the crisis at the car maker could develop into the biggest threat to Europe's largest economy.

View article...

From: Bunker, Byron
Importance: Normal
Subject: Meeting Forward Notification: call with Byron Bunker on VW issues
Start Date/Time: Wed 9/23/2015 7:30:00 PM
End Date/Time: Wed 9/23/2015 8:00:00 PM

Your meeting was forwarded

Bunker, Byron has forwarded your meeting request to additional people.

Meeting
call with Byron Bunker on VW issues

Meeting Time
Wednesday, September 23, 2015 4:30 PM - Wednesday, September 23, 2015 5:30 PM

Recipients
Cohen, Janet

All times listed are in the following time zone: (UTC-05:00) Eastern Time (US & Canada)

From: Kaul, Meetu
Required Attendees: Jorquera, Mario; Alexander, David; Belser, Evan; Orehowsky, Gregory
Location: 1-855-564-1700 conf code 1104703 passcod Non-Responsive
Importance: Normal
Subject: VW 208 - consolidation of comments
Start Date/Time: Wed 9/23/2015 8:30:00 PM
End Date/Time: Wed 9/23/2015 9:00:00 PM

From: Alexander, David
Location: Non-Responsive
Importance: Normal
Subject: Accepted: VW 208 - consolidation of comments
Start Date/Time: Wed 9/23/2015 8:30:00 PM
End Date/Time: Wed 9/23/2015 9:00:00 PM

From: Jorquera, Mario
Location: Non-Responsive
Importance: Normal
Subject: Accepted: VW 208 - consolidation of comments
Start Date/Time: Wed 9/23/2015 8:30:00 PM
End Date/Time: Wed 9/23/2015 9:00:00 PM

Ex. 5, 7

From: Valentine, Julia
Sent: Wednesday, September 23, 2015 11:19 AM
To: Senn, John; Millett, John; Hengst, Benjamin; Sutton, Tia
Subject: (VW) VW attorney

Sent from USEPA iPhone

Begin forwarded message:

From: Jody Godoy <jody.godoy@law360.com<mailto:jody.godoy@law360.com>>
Date: September 23, 2015 at 11:16:36 AM EDT
To: valentine.julia@epa.gov<mailto:valentine.julia@epa.gov>
Cc: kaul.meetu@epa.gov<mailto:kaul.meetu@epa.gov>
Subject: VW attorney

Hi Julia,

I'm writing on the VW Clean Air Act violations and I wanted to see if you or one of your colleagues could help me understand something.

I was wondering why Stuart Drake of Kirkland & Ellis was cc'd on the notice of violation<http://www3.epa.gov/otaq/cert/documents/vw-nov-caa-09-18-15.pdf> to Volkswagen on Friday.

Please email me or give me a call at (646) 350-1379<tel:%286463501379>.

Thanks,

--
Jody Godoy
Reporter
[http://www.law360.com/prototype/images/Law360-masthead.png]
Legal News & Data
860 Broadway, 6th Floor
New York, NY 10003
(646) 350-1379<tel:%286463501379>

From: Belser, Evan
Location: Non-Responsive
Importance: Normal
Subject: Accepted: VW 208 - consolidation of comments
Start Date/Time: Wed 9/23/2015 8:30:00 PM
End Date/Time: Wed 9/23/2015 9:00:00 PM

To: Jody Godoy[jody.godoy@law360.com]
Cc: Kaul, Meetu[Kaul.Meetu@epa.gov]
From: Valentine, Julia
Sent: Wed 9/23/2015 7:34:31 PM
Subject: Re: VW attorney

Jody,

For attribution to EPA , or to Liz Purchia, spokesperson.

EPA's investigation is ongoing and we cannot comment on the details.

Best,

Julia P. Valentine

Office of Public Affairs

US EPA Headquarters

202.564.2663 desk

202.740.1336 m/txt

From: Jody Godoy <jody.godoy@law360.com>
Sent: Wednesday, September 23, 2015 3:00 PM
To: Valentine, Julia
Cc: Kaul, Meetu
Subject: Re: VW attorney

Hi Julia,
Sorry to press you, but can you provide anything on this yet?

Thanks,

Jody

On Wed, Sep 23, 2015 at 1:21 PM, Jody Godoy <jody.godoy@law360.com> wrote:

> Thanks, Julia, I appreciate it.
>
> On Wed, Sep 23, 2015 at 11:19 AM, Valentine, Julia <Valentine.Julia@epa.gov> wrote:

Checking on that for you, Jody.

Sent from USEPA iPhone

On Sep 23, 2015, at 11:17 AM, Jody Godoy <jody.godoy@law360.com> wrote:

> Hi Julia,
>
> I'm writing on the VW Clean Air Act violations and I wanted to see if you or one of your colleagues could help me understand something.
> I was wondering why Stuart Drake of Kirkland & Ellis was cc'd on the notice of violation to Volkswagen on Friday.
>
> Please email me or give me a call at (646) 350-1379.
>
> Thanks,
>
> --
> Jody Godoy
> Reporter
>
> Legal News & Data
> 860 Broadway, 6th Floor
> New York, NY 10003
> (646) 350-1379

--
Jody Godoy
Reporter

Legal News & Data
860 Broadway, 6th Floor
New York, NY 10003
(646) 350-1379

--
Jody Godoy
Reporter

Legal News & Data
860 Broadway, 6th Floor
New York, NY 10003
(646) 350-1379

To: Bunker, Byron[bunker.byron@epa.gov]; Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Cooper, Geoff[Cooper.Geoff@epa.gov]; Orlin, David[Orlin.David@epa.gov]; Werner, Jacqueline[Werner.Jacqueline@epa.gov]
Cc: Sutton, Tia[sutton.tia@epa.gov]; Charmley, William[charmley.william@epa.gov]; Birgfeld, Erin[Birgfeld.Erin@epa.gov]
Bcc: Kaul, Meetu[Kaul.Meetu@epa.gov]; Alexander, David[Alexander.David@epa.gov]; Orehowsky, Gregory[Orehowsky.Gregory@epa.gov]
From: Belser, Evan
Sent: Wed 9/23/2015 7:42:27 PM
Subject: RE: (VW) DDL 9/24 noon; The New York Times re: opening up access to codes

Ex. 5

Thanks,
Evan

From: Bunker, Byron
Sent: Wednesday, September 23, 2015 3:04 PM
To: Hengst, Benjamin; Cooper, Geoff; Orlin, David; Belser, Evan; Werner, Jacqueline
Cc: Sutton, Tia; Charmley, William; Birgfeld, Erin
Subject: RE: (VW) DDL 9/24 noon; The New York Times re: opening up access to codes

Let me catch everyone up on the background here, and then I will make a suggestion.

Ex. 5

Thanks,

Byron

****

Byron Bunker

Director Compliance Division

Office of Transportation and Air Quality

Environmental Protection Agency

2000 Traverwood Drive

Ann Arbor, MI 48105

Bunker.Byron@epa.gov

Phone: (734) 214-4155

Mobile: (734) 353-9623

****

From: Hengst, Benjamin
Sent: Wednesday, September 23, 2015 1:22 PM
To: Bunker, Byron
Cc: Sutton, Tia; Charmley, William; Birgfeld, Erin
Subject: Fwd: (VW) DDL 9/24 noon; The New York Times re: opening up access to codes

I believe there was a Wired magazine article on this in the pat few days.

Who covers this issue for us? ASD? CD?

Ben

Begin forwarded message:

> **From:** "Valentine, Julia" <Valentine.Julia@epa.gov>
> **Date:** September 23, 2015 at 11:39:04 AM EDT
> **To:** "Purchia, Liz" <Purchia.Liz@epa.gov>, "Conger, Nick" <Conger.Nick@epa.gov>, "Millett, John" <Millett.John@epa.gov>, "Hengst, Benjamin" <Hengst.Benjamin@epa.gov>
> **Cc:** "Senn, John" <Senn.John@epa.gov>
> **Subject: (VW) DDL 9/24 noon; The New York Times re: opening up access to codes**
>
> Please advise
>
> Julia P. ValentineOffice of Public AffairsUS EPA Headquarters 202.564.2663 desk202.740.1336 m/txt

From: Tabuchi, Hiroko <hiroko.tabuchi@nytimes.com>
Sent: Wednesday, September 23, 2015 11:36 AM
To: Valentine, Julia
Subject: Query from The New York Times

Dear Julia,

I'm a reporter at The New York Times and I'm writing a story with my colleague, David Gelles, on the challenges regulators face in regulating cars that increasingly rely on software and advanced electronics.

I know that the EPA has opposed opening up the codes that auto manufacturers use in their vehicles, because people might try to reprogram their cars to beat emissions rules.

In light of the recent Volkswagen revelations, also from the EPA, I was curious to know whether there was any rethink in the works at the agency on its stance. Some experts have said that more transparency, not less, could hold automakers better accountable, whether it be over emissions or safety defects.

Who would be the best person to speak with at the agency? Please do let me know. We are working on a somewhat tight deadline of noon on Thursday.

Thanks
Hiroko

Hiroko Tabuchi | Reporter | The New York Times | 620 Eighth Ave, New York, NY 10018 | Phone 212-556-2642 | Mobile 917-615-4180 | hiroko.tabuchi@nytimes.com | www.nytimes.com | @hirokotabuchi

To: Kaul, Meetu[Kaul.Meetu@epa.gov]; Alexander, David[Alexander.David@epa.gov]
Cc: Belser, Evan[Belser.Evan@epa.gov]; Orehowsky, Gregory[Orehowsky.Gregory@epa.gov]
From: Jorquera, Mario
Sent: Wed 9/23/2015 7:55:18 PM
Subject: RE: Request for concurrent (and immediate) review
VW 208 Sept 2015 208 MJ Comments.docx

Actually looks pretty good. Here are my comments.

Mario

Mario Jorquera, P.E., Senior Engineer
Mobile Source Enforcement Branch
Air Enforcement Division
U.S. Environmental Protection Agency
Phone: (202) 564-1079
Fax: (202) 564-0069

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From: Kaul, Meetu
Sent: Wednesday, September 23, 2015 3:32 PM
To: Jorquera, Mario; Alexander, David
Cc: Belser, Evan; Orehowsky, Gregory
Subject: RE: Request for concurrent (and immediate) review

Thanks. No need to work up additional questions right now – rather just revising what is in there (though the additional questions would be great for later, just not today)

JRW, Evan and DOJ have already looked at this once. So I'm not looking for big changes here. Just make sure things look right Ex. 5, 7

Ms.Meetu Kaul, Attorney-Advisor

United States Environmental Protection Agency
Office of Civil Enforcement - Air Enforcement Division
WJC South, Room 1117B
1200 Pennsylvania Ave., N.W. (MC 2242A)
Washington D.C. 20460 (Courier 20004)
Direct: 202-564-5472
Fax: 202-564-0069
Email: kaul.meetu@epa.gov

From: Jorquera, Mario
Sent: Wednesday, September 23, 2015 3:30 PM
To: Kaul, Meetu; Alexander, David
Cc: Belser, Evan; Orehowsky, Gregory
Subject: RE: Request for concurrent (and immediate) review

I'll work up some questions for our call later.

From: Kaul, Meetu
Sent: Wednesday, September 23, 2015 3:11 PM
To: Jorquera, Mario; Alexander, David
Cc: Belser, Evan; Orehowsky, Gregory
Subject: Request for concurrent (and immediate) review
Importance: High

Mario and David,

Ex. 5, 7

Evan is aiming to try to get this out today!

Ms.Meetu Kaul, Attorney-Advisor

United States Environmental Protection Agency
Office of Civil Enforcement - Air Enforcement Division
WJC South, Room 1117B
1200 Pennsylvania Ave., N.W. (MC 2242A)
Washington D.C. 20460 (Courier 20004)
Direct: 202-564-5472
Fax: 202-564-0069
Email: kaul.meetu@epa.gov

To: Alexander, David[Alexander.David@epa.gov]; Kaul, Meetu[Kaul.Meetu@epa.gov]; Engel, Bethany (ENRD)[Bethany.Engel@usdoj.gov]; Orehowsky, Gregory[Orehowsky.Gregory@epa.gov]; Werner, Jacqueline[Werner.Jacqueline@epa.gov]; Chapman, Apple[Chapman.Apple@epa.gov]
Cc: Van Eaton, Josh (ENRD)[Josh.Van.Eaton@usdoj.gov]; Belser, Evan[Belser.Evan@epa.gov]
From: Jorquera, Mario
Sent: Wed 9/23/2015 8:06:55 PM
Subject: News Flash: Winterkorn Quits!

http://www.reuters.com/article/2015/09/23/us-usa-volkswagen-idUSKCN0RL0II20150923

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Automotive News
Sent: Wed 9/23/2015 8:16:53 PM
Subject: P.M. NEWSCAST: VW crisis: Why Winterkorn quit; Researcher: Disparities revealed 18 months ago; Porsche boss next CEO?; AutoNation's Jackson: 'Deliberate scheme'

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To: Wehrly, Linc[wehrly.linc@epa.gov]
From: Automotive News
Sent: Wed 9/23/2015 8:17:15 PM
Subject: P.M. NEWSCAST: VW crisis: Why Winterkorn quit; Researcher: Disparities revealed 18 months ago; Porsche boss next CEO?; AutoNation's Jackson: 'Deliberate scheme'

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From: Orehowsky, Gregory
Location: Non-Responsive
Importance: Normal
Subject: Accepted: VW 208 - consolidation of comments
Start Date/Time: Wed 9/23/2015 8:30:00 PM
End Date/Time: Wed 9/23/2015 9:00:00 PM

To: Belser, Evan[Belser.Evan@epa.gov]
Cc: Werner, Jacqueline[Werner.Jacqueline@epa.gov]
From: Kelley, Rosemarie
Sent: Wed 9/23/2015 8:33:57 PM
Subject: Re: Volkswagen - defeat device -- EPA Response?

Evan--

I know that you have lots going on, so I thought I'd check in on whether you responded to Anna's email (in case you missed it).

R

From: Phillips, Anna
Sent: Wednesday, September 23, 2015 1:07 PM
To: Belser, Evan
Cc: Blubaugh, Jim; Werner, Jacqueline; Kelley, Rosemarie; Kasman, Mark
Subject: Re: Volkswagen - defeat device -- EPA Response?

Evan, just checking in again to confirm if you would like me to respond to the attached inquiry as offered in my previous message (also below).

Many thanks...

Anna

~~~~~~
Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

Office of International & Tribal Affairs

Washington, D.C. 20460

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427

e-mail: phillips.anna@epa.gov

http://www2.epa.gov/international-cooperation

~~~~~~

From: Phillips, Anna
Sent: Wednesday, September 23, 2015 11:21 AM
To: Belser, Evan
Cc: Blubaugh, Jim; Werner, Jacqueline; Kelley, Rosemarie; Kasman, Mark
Subject: Re: Volkswagen - defeat device

Ex. 5, 7

Best,

Anna

~~~~~~

Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

Office of International & Tribal Affairs

Washington, D.C. 20460

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427

e-mail: phillips.anna@epa.gov

http://www2.epa.gov/international-cooperation

~~~~~~

From: Belser, Evan
Sent: Wednesday, September 23, 2015 11:11 AM

To: Phillips, Anna
Cc: Blubaugh, Jim; Werner, Jacqueline; Kelley, Rosemarie
Subject: FW: Volkswagen - defeat device

Anna,

Ex. 5, 7

Thanks,
Evan

Evan Belser

Chief, Mobile Source Enforcement Branch, Air Enforcement Division

National Coordinator for Administrative Litigation, Office of Civil Enforcement

Office of Enforcement and Compliance Assurance

United States Environmental Protection Agency

202-564-6850

From: Belser, Evan
Sent: Wednesday, September 23, 2015 9:23 AM
To: 'Albus, Christoph'
Cc: Olechiw, Michael; Redmann, Stephan; 'Mark.Wummel@kba.de'; 'Paeslack, Sven'
Subject: RE: Volkswagen - defeat device

Mr. Albus and all,

Thank you for your outreach. Please allow me a couple days to confer internally to ensure we have the right group convened for a call.

Best Regards,
Evan

Evan Belser

Chief, Mobile Source Enforcement Branch, Air Enforcement Division

National Coordinator for Administrative Litigation, Office of Civil Enforcement

Office of Enforcement and Compliance Assurance

United States Environmental Protection Agency

202-564-6850

From: Albus, Christoph [mailto:christoph.albus@bmvi.bund.de]
Sent: Wednesday, September 23, 2015 7:34 AM
To: Belser, Evan
Cc: Olechiw, Michael; Redmann, Stephan; 'Mark.Wummel@kba.de'; 'Paeslack, Sven'
Subject: WG: Volkswagen - defeat device

Dear Mr. Belser

Regarding the Volkswagen issue Mr. Olechiw provided the information, that you are the responsible contact person at EPA. Together with my colleague Stephan Redman and colleagues from our type approval agency (KBA) we are very much interested in a phone conference with you. Would it be possible for you to have such a phone conference this Friday (25th).

Thanks in advance.

Best Regards

Christoph Albus

Von: Redmann, Stephan
Gesendet: Mittwoch, 23. September 2015 13:21
An: Albus, Christoph
Betreff: WG: Volkswagen - defeat device

Von: Olechiw, Michael [mailto:olechiw.michael@epa.gov]
Gesendet: Montag, 21. September 2015 14:39
An: Redmann, Stephan
Cc: 'Paeslack, Sven'
Betreff: RE: Volkswagen - defeat device

Hello Stephan!

I can imagine that this has caused quite the stir in Germany. You can reference the Notice of Violation that we sent to VW: http://www3.epa.gov/otaq/cert/documents/vw-nov-caa-09-18-15.pdf

This should help answer some of your questions. For now you may contact Evan Belser here at EPA. (Belser.evan@epa.gov, 001-202-564-6850)

If you would like to talk this morning, I am available after 3 PM your time.

Best Regards,

Mike

Michael R. Olechiw

Director - Light-duty Vehicles and Small Engines Center

USEPA/OTAQ/ASD

2000 Traverwood Drive

Ann Arbor MI 48105

Tel: +1-734-214-4297

Mobile: +1-734-546-8079

Fax: +1-734-214-4050

olechiw.michael@epa.gov

From: Redmann, Stephan [mailto:stephan.redmann@bmvi.bund.de]
Sent: Monday, September 21, 2015 4:31 AM
To: Olechiw, Michael
Cc: 'Paeslack, Sven'
Subject: Volkswagen - defeat device
Importance: High

Dear Michael,

how are you? You may imagine that the EPA case against Volkswagen regarding use of defeat devices is causing some turbulences here in Germany.

KBA – the German type approval authority – is currently investigating the case. Of course they are in direct contact with Volkswagen, but currently most of our information is still based on press announcements. Therefore I would like to ask you whether US EPA can provide us more information.

If you are not involved can you please provide us the right contact persons for an official request?

Best regards

Stephan

Federal Ministry of Transport and digital Infrastructure

Division LA27

Automotive Engineering (Environment)

Robert-Schuman-Platz 1

53175 Bonn, GERMANY

Tel.: +49 (0)228-300- 4371

Fax: +49 (0)228-300-807-4371

email: stephan.redmann@bmvi.bund.de

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Automotive News
Sent: Wed 9/23/2015 8:34:58 PM
Subject: [SPAM] DAILY: UAW members vote on FCA deal without Tier 2 cap | Why Herbert Diess is the 'logical' choice to replace Winterkorn | Can VW dealers sue? | VW is repeat offender | Buick Cascada starts at $33,990

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UAW workers vote on FCA agreement without Tier 2 cap or product plan

The UAW leadership is seeking ratification this week for a tentative deal with Fiat Chrysler that is missing two key provisions from previous contracts -- a written product plan and a cap on the maximum percentage of Tier 2 workers.

BLOG: **CHRISTIAAN HETZNER**

Diess is the 'logical' choice to replace Winterkorn

After Martin Winterkorn's resignation as VW Group CEO, the best choice to succeed him would be Herbert Diess, the former BMW development boss who became VW brand head in July.

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VW's case against Volkswagen dealers is $30,000

VW's software designed to defeat devices

The lawsuit claims that VW's software

VIDEO: Jaguar's Frankfurt stunt tops list

Volkswagen's decision to cheat U.S. emissions regulators could cost the automaker as much as $18 billion in fines, but it's also costing dealers big money. The lawsuit, filed in federal court in Detroit, claims that VW's software designed to defeat devices installed in nearly 500,000 diesel cars sold for running afoul of U.S. emissions rules using a "defeat device." It was a week, the spot's stunt achieved a Guinness World Record.

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West Virginia engineer presented VW emissions findings a year ago

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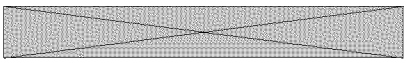

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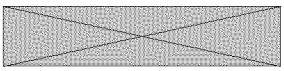

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To: Wehrly, Linc[wehrly.linc@epa.gov]
From: Automotive News
Sent: Wed 9/23/2015 8:35:17 PM
Subject: [SPAM] DAILY: UAW members vote on FCA deal without Tier 2 cap | Why Herbert Diess is the 'logical' choice to replace Winterkorn | Can VW dealers sue? | VW is repeat offender | Buick Cascada starts at $33,990

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VW's case against dealers could be tough to win

VIDEO: Jaguar's Frankfurt stunt tops list

VW software designed to cheat U.S. emissions regulators was only the first step, the automaker admitted for running afoul of U.S. emissions rules using software designed to cheat emissions tests. It was VW's first

Should defeat devices be banned in cars?

In just a week, the spot's stunt achieved a Guinness World Record.

GMC preps '16 Sierra Elevation edition with new infotainment system

BLOG: LARRY P. VELLEQUETTE

My confession: The pope isn't the only one riding in a Fiat 500L

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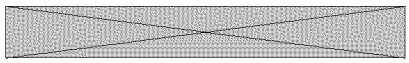

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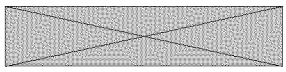

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To: Kaul, Meetu[Kaul.Meetu@epa.gov]
From: Non-Responsive
Sent: Wed 9/23/2015 8:56:31 PM
Subject: Thanks for your service

Dear Kaul,

I can't find Dr. Professor Winterkorn's email- and heck he resigned today anyway...
so he probably does not want to buy my almost brand new VW diesel.
So, I thought i'd send you a note-- your email was much easier to find on the notice to VW.

I hope VW gets fined the absolute maximun possible. I am outraged. What is worse is that I purchased this car based on its very high "green car" ratings and numerous awards bestowed on it by many non-profit organizations. Thanks for being a part of what is likely a large team of people working together to bring this act of disgusting fraud to light!

I hope the fix is quick. I can't wait to be out of this car- which I had been enjoying- having been duped. I will never ever ever buy VW again.

All Best in your work for clean air,

Non-Responsive
Saugerties, NY

To: Chapman, Apple[Chapman.Apple@epa.gov]
From: Brooks, Phillip
Sent: Wed 9/23/2015 8:58:47 PM
Subject: Re: VW CEO JUST RESIGNED

Ex. 5, 7

Sent from my iPhone

> On Sep 23, 2015, at 11:15 PM, Chapman, Apple <Chapman.Apple@epa.gov> wrote:
>
>
>
> Apple Chapman
> OECA
> Air Enforcement Division
> Sent from my iPhone
> 202-841-6076
>

To: Giles-AA, Cynthia[Giles-AA.Cynthia@epa.gov]
From: Brooks, Phillip
Sent: Wed 9/23/2015 8:59:35 PM
Subject: Fwd: BREAKING NEWS: Volkswagen CEO steps down amid US emissions-rigging scandal

Sent from my iPhone

Begin forwarded message:

From: EnergyGuardian <energy@email.energyguardian.net>
Date: September 23, 2015 at 11:27:21 PM GMT+8
To: "brooks.phillip@epa.gov" <brooks.phillip@epa.gov>
Subject: BREAKING NEWS: Volkswagen CEO steps down amid US emissions-rigging scandal
Reply-To: EnergyGuardian <energy@washingtonguardian.net>

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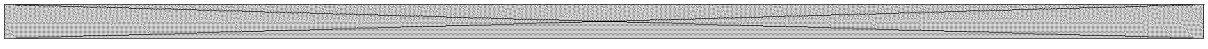

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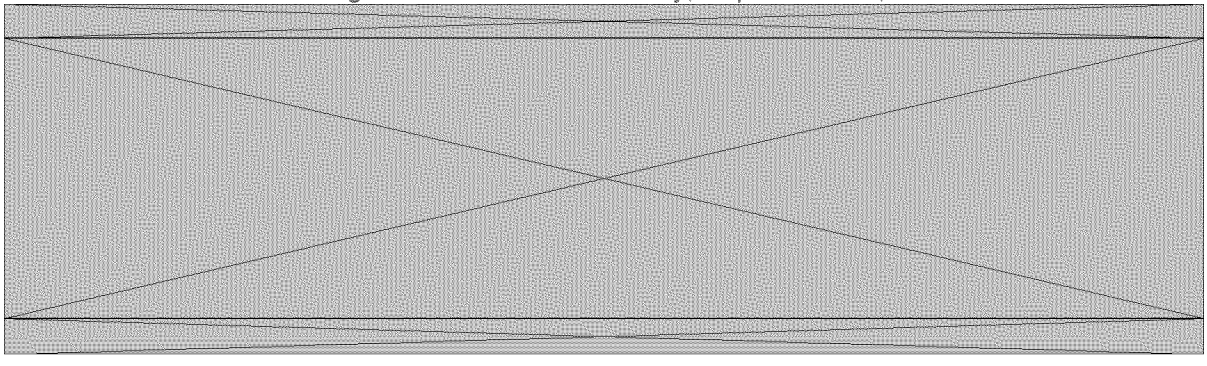

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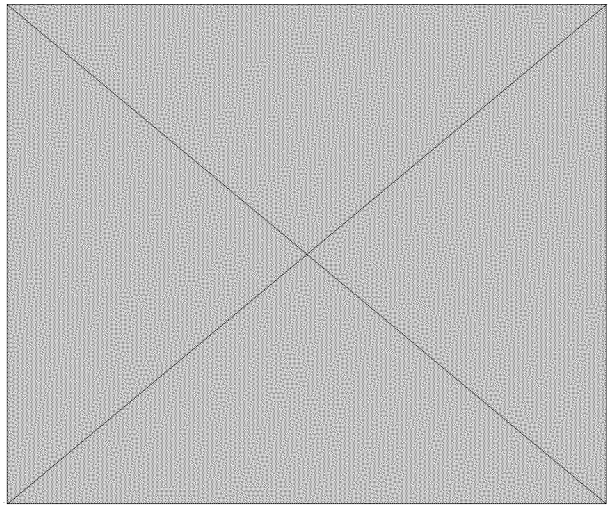


Volkswagen CEO steps down amid US emissions-rigging scandal

By Geir Moulson and Pan Pylas

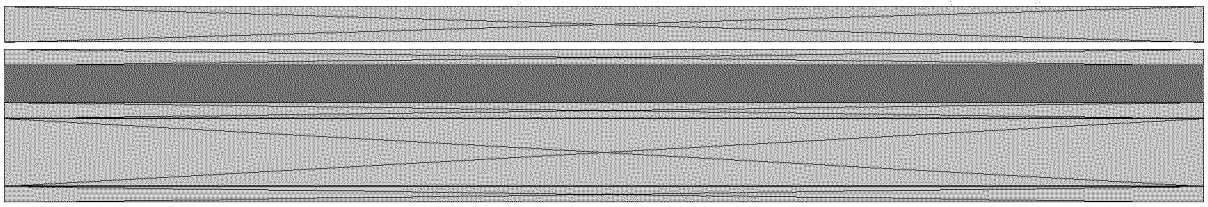
BERLIN (AP) — Volkswagen CEO Martin Winterkorn stepped down Wednesday over a scandal in which the German carmaker admitted to rigging its diesel cars' emissions to pass U.S. tests.

In a statement, Winterkorn said he took responsibility for the "irregularities" found in diesel engines but that he was "not aware of any wrongdoing on my part."

No replacement for the post of CEO was announced.

"Volkswagen needs a fresh start — also in terms of personnel," he said. "I am clearing the way for this fresh start with my resignation."

Winterkorn said VW must continue the process of "clarification and transparency."



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To: Giles-AA, Cynthia[Giles-AA.Cynthia@epa.gov]
From: Brooks, Phillip
Sent: Wed 9/23/2015 9:01:04 PM
Subject: Fwd: Latest statement from VW AG website

Sent from my iPhone

Begin forwarded message:

From: "Kaul, Meetu" <Kaul.Meetu@epa.gov>
Date: September 24, 2015 at 12:22:14 AM GMT+8
To: "Brooks, Phillip" <Brooks.Phillip@epa.gov>, "Werner, Jacqueline" <Werner.Jacqueline@epa.gov>, "Belser, Evan" <Belser.Evan@epa.gov>, "Orehowsky, Gregory" <Orehowsky.Gregory@epa.gov>
Subject: Latest statement from VW AG website

Ex. 5, 7

Wolfsburg, 2015-09-23

Statement from the Executive Committee of Volkswagen AG's Supervisory Board

In a meeting on Wednesday, September 23, the Executive Committee of the Supervisory Board of Volkswagen AG discussed in detail the manipulation of emissions data of Volkswagen Group diesel engines and came to the following conclusions:

1. The Executive Committee takes this matter extremely seriously. The Executive Committee recognizes not only the economic damage caused, but also the loss of trust among many customers worldwide.

2. The Executive Committee agrees that these incidents need to be clarified with great conviction and that mistakes are corrected. At the same time, the Executive Committee is adamant that it will take the necessary decisive steps to ensure a credible new beginning.

3. The Executive Committee has great respect for Chairman Professor Dr. Winterkorn's offer to resign his position and to ask that his employment agreement be terminated. The Executive Committee notes that Professor Dr. Winterkorn had no knowledge of the manipulation of emissions data. The Executive Committee has tremendous respect for his willingness to nevertheless assume responsibility and, in so doing, to send a strong signal both internally and externally. Dr. Winterkorn has made invaluable contributions to Volkswagen. The company's rise to global company is inextricably linked to his name. The Executive Committee thanks Dr. Winterkorn for towering contributions in the past decades and for his willingness to take responsibility in this criticall phase for the company. This attitude is illustrious.

4. Recommendations for new personnel will be presented at the upcoming meeting of the Supervisory Board this Friday.

5. The Executive Committee is expecting further personnel consequences in the next days. The internal Group investigations are continuing at a high tempo. All participants in these proceedings that has resulted in unmeasurable harm for Volkswagen, will be subject to the full consequences.

6. The Executive Committee have decided that the company will voluntarily submit a complaint to the State Prosecutors' office in Brunswick. In the view of the Executive Committee criminal proceedings may be relevant due to the irregularities. The investigations of the State Prosecutor will be supported in all form from the side of Volkswagen.

7. The Executive Committee proposes that the Supervisory Board of Volkswagen AG create a special committee, under whose leadership further clarifying steps will follow, including the preparation of the necessary consequences. In this regard, the Special Committee would make use of external advice. Further details about this will be decided at the Supervisory Board meeting on Friday.

8. The Executive Committee is aware that coming to terms with the crisis of trust will be a long term task that requires a high degree of consistency and thoroughness.

9. The Executive Committee will work on these tasks together with the employees and the Management Board. Volkswagen is a magnificent company that depends on the efforts of hundreds of thousands of people. We consider it our task that this company regains the trust of our customers in every respect.

Ms.Meetu Kaul, Attorney-Advisor

United States Environmental Protection Agency

Office of Civil Enforcement - Air Enforcement Division
WJC South, Room 1117B
1200 Pennsylvania Ave., N.W. (MC 2242A)
Washington D.C. 20460 (Courier 20004)
Direct: 202-564-5472
Fax: 202-564-0069
Email: kaul.meetu@epa.gov

To: Ex. 7 @vw.com]
From: Snyder, Jim
Sent: Wed 9/23/2015 9:12:12 PM
Subject: Engine controller information for Touareg

Hi Ex. 7

Here is the information that I am requesting for a 2014 VW Touareg diesel. In order of priority:

- Listing of CAN addresses (PIDs) for the powertrain controller (ECU) to access engine /emissions parameters.

- Feature descriptions and engine parameter definitions/descriptions

- Appropriate ETAS A2O file for monitoring aftertreatment such as exhaust and emissions sensor, dosing, models… if available

- Software listing file

Preferably all in English but I don't want to wait if not available. I would really like to get the first two items early next week.

Jim Snyder
Light-Duty Vehicle Group
Compliance Division
United States Environmental Protection Agency
(734) 214-4946
snyder.jim@epa.gov

To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: EnergyGuardian
Sent: Wed 9/23/2015 9:26:18 PM
Subject: Pope Francis praises Obama's climate action, urges U.S. leadership

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Energy and environment headlines for the afternoon of Wednesday, September 23, 2015

Pope Francis praises Obama's climate action, urges U.S. leadership

By Kevin Rogers

Pope Francis used his first public remarks in the United States to make common cause with the Obama administration on climate change, praising the Climate Action Plan and calling on the U.S. to lead the world at a "critical moment" when mankind must prevent the worst impacts of climate change.

"Mr. President, I find it encouraging that you are proposing an initiative for reducing air

pollution," Francis said before a crowd of more than 11,000 on the White House South Lawn Wednesday.

"Climate change is a problem which can no longer be left to a future generation," he said.

Building on his May encyclical that urged stronger protections for "our common home," Francis warned that action must be immediate.

"We still have time to make the change needed to bring about a sustainable and integral development, for we know that things can change," he said.

A critical element Obama's environmental plan is the set of two EPA power plant carbon rules, finalized in August, which set 2030 as the deadline for cutting power plant carbon emissions to levels 32 percent lower than 2005. The entire suite of regulations has come under attack from Republican lawmakers and presidential candidates and the petroleum industry.

Francis used his remarks to tie climate policy to social and economic justice issues, arguing that action is necessary to protect the most vulnerable.

"Such change demands on our part a serious and responsible recognition not only of the kind of world we may be leaving to our children, but also to the millions of people living under a system which has overlooked them," he said. "To use a telling phrase of the Reverend Martin Luther King, we can say that we have defaulted on a promissory note, and now is the time to honor it."

The White House said that in a private meeting, Obama and Francis discussed the issue in more depth, including the necessity for a strong global deal to curb emissions at United Nations negotiations in December.

Obama alluded to the world effort in his own remarks Wednesday, praising Francis' climate focus as helpful in building momentum for strong climate action.

"Holy Father, you remind us that we have a sacred obligation to protect our planet, God's magnificent gift to us," Obama said. "We support your call to all world leaders to support the communities most vulnerable to changing climate, and to come together to preserve our precious world for future generations."

Leading congressional critics of Obama's climate policies kept quiet Wednesday as they prepared for Francis' Thursday address before a joint meeting of Congress.

Representatives for Senate Majority Leader Mitch McConnell, R-Ky., and Environment and Public Works Chairman Sen. James Inhofe, R-Okla., who have led the charge against the EPA rules, said the lawmakers didn't have any comment on Francis' remarks.

And a spokesman for Rep. Paul Gosar, R-Ariz., who last week declared he would not attend

the address due to the pope's views on climate change, did not return requests for comment. In announcing his boycott, he compared Francis to a "leftist politician" for his climate stances.

But supporters cheered Francis' remarks as a strong endorsement for climate action.

"Pope Francis was right to commend President Obama's Clean Power Plan and his effort to cut harmful carbon emissions," Sen. Ed Markey, D-Mass., said in a statement. "It is a signal to the world that the United States will lead the effort on climate change, a global crisis that is disproportionately impacting the world's poorest and most vulnerable."

However, Chris Horner, a senior legal fellow for the free-market Energy & Environment Legal Institute, which has been critical of the administration's climate policy, said while it's likely that Francis' support would widely touted, it wouldn't do much to win public support for EPA's rules.

"I do not sense this push for policies will have any impact in the public sphere," Horner said in an email. "Which is not to say an awful lot of energy won't be dedicated in an effort pretending it does, or should, have an impact."

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In addition to Wednesday's remarks, Obama used the occasion of Francis's visit to announce new steps linking climate action and faith groups.

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Clinton's Keystone announcement, meanwhile, has won plaudits from some climate activists and criticism from Republicans.

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Xi pledges China will shrink barriers to foreign investment

By The Associated Press

SEATTLE (AP) — Chinese President Xi Jinping met with Chinese and American business executives in Seattle on his visit to the U.S., then touted his country's resilient economy.

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Xi also spoke about the need for stronger intellectual property protection and other reforms in his country.

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The Canadian economy retreated at an annual pace of 0.5 percent from April through June after sliding 0.8 percent the first three months of the year. Two consecutive negative quarters are the technical definition of a recession.

"We don't believe that the economy was in fact in a recession," said Oliver, whose Conservative party is seeking re-election on Oct. 19.

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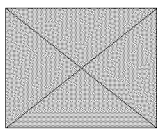

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- Sep. 23, Denver: The Environmental Protection Agency to hold a hearing on its proposed rule to cut methane emissions at new and modified oil and natural gas sites. 11:00 am , 1595 Wynkoop Street, Denver, CO 80202.
- Sep. 23, Washington: The Senate Homeland Security and Governmental Affairs Committee to hold a hearing to examine the use of agency regulatory guidances in rulemaking. 11:00 am , Dirksen 342.
- Sep. 23, Washington: President Barack Obama to hold a bilateral meeting with Pope Francis. 10:15 am , White House.
- Sep. 24, Washington: Pope Francis to address a joint meeting of Congress 10:00 am , U.S. Capitol Building.

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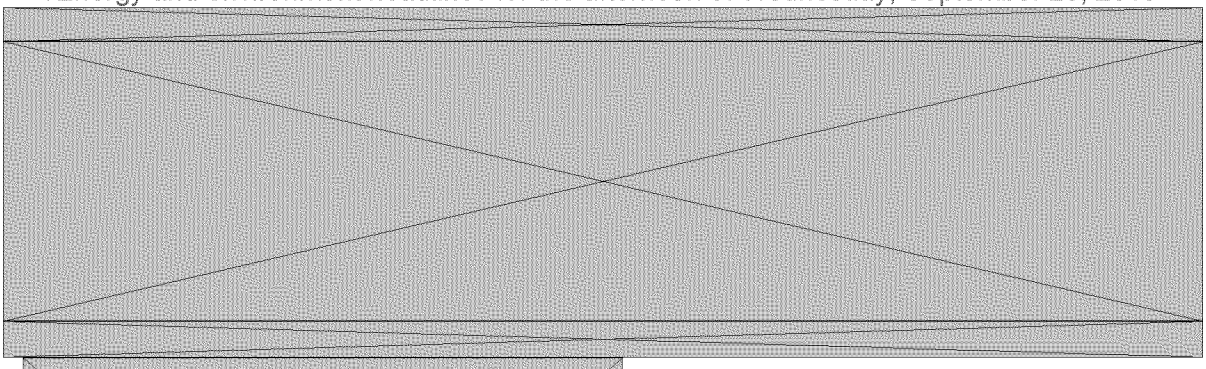

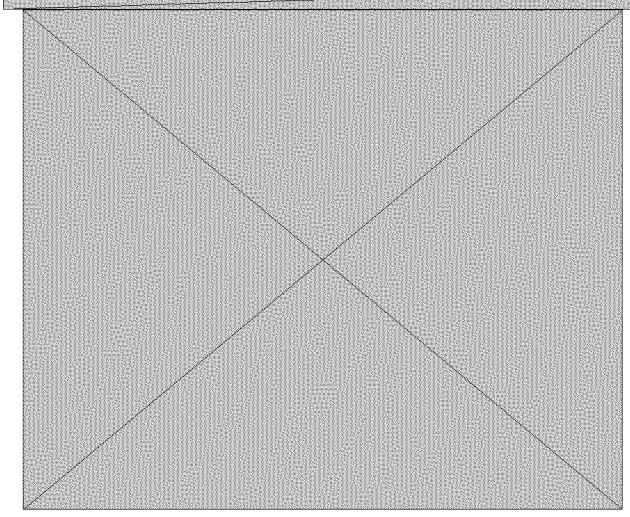

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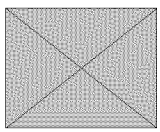

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More

Upcoming Events

- Sep. 23, Dallas: The Environmental Protection Agency to hold a hearing on its proposal to cut methane emissions from new and modified oil and gas systems. 11:00 am , 1500 Marilla Street Dallas, Texas 75201
- Sep. 23, Denver: The Environmental Protection Agency to hold a hearing on its proposed rule to cut methane emissions at new and modified oil and natural gas sites. 11:00 am , 1595 Wynkoop Street, Denver, CO 80202.
- Sep. 23, Washington: The Senate Homeland Security and Governmental Affairs Committee to hold a hearing to examine the use of agency regulatory guidances in rulemaking. 11:00 am , Dirksen 342.
- Sep. 23, Washington: President Barack Obama to hold a bilateral meeting with Pope Francis. 10:15 am , White House.
- Sep. 24, Washington: Pope Francis to address a joint meeting of Congress 10:00 am , U.S. Capitol Building.

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To: Millett, John[Millett.John@epa.gov]; Purchia, Liz[Purchia.Liz@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]
From: McCabe, Janet
Sent: Wed 9/23/2015 9:29:02 PM
Subject: FW: Interview request from TV Channel One, Russia

Request from Russian tv….

From: Marina Doronina [mailto: **Ex. 6**
Sent: Wednesday, September 23, 2015 1:57 PM
To: Press; McCabe, Janet; Goffman, Joseph
Subject: Interview request from TV Channel One, Russia

Dear sirs!

My name is Marina Doronina, I am producer of weekly summarizing news program Sunday Time on TV Channel One, Russia.

For this Sunday (September 27) we are going to make a topic about unfair advertising and unscrupulous producers.

We would like to tell about Volkswagen's recent story with air pollution scandal, Peanut Corporation of America - jury convicted its owner of knowingly shipping out salmonella-contaminated peanut butter and hiding the evidence, General Motors - for hiding a fatal ignition-switch defect tied to at least 174 deaths and similar cases.

We would like to make interview with your EPA representative about Volkswagen case (http://www.scientificamerican.com/article/volkswagen-uses-software-to-fool-epa-pollution-tests/).
So we kindly ask you to help us to make this topic. Any time and place for speaker's convenience at this week.

Would be grateful for your help!

Looking forward to your reply.

Thanks in advance!

The Channel One Russia covers the total audience of around 250 million viewers throughout the world and is the most popular TV broadcaster in Russia.

http://eng.1tvrus.com/programs

With respect and best wishes,
Marina Doronina
Sunday Time news
TV Channel One, Russia

Ex. 6

doronina@dip.1tv.ru

To: Brian Lusignan[Brian.Lusignan@ag.ny.gov]; Michael J. Myers[Michael.Myers@ag.ny.gov]; Kelley, Rosemarie[Kelley.Rosemarie@epa.gov]; Werner, Jacqueline[Werner.Jacqueline@epa.gov]; Ben Fisherow (Walter.Benjamin.Fisherow@usdoj.gov)[Walter.Benjamin.Fisherow@usdoj.gov]; karen.dworkin@usdoj.gov[karen.dworkin@usdoj.gov]
From: Belser, Evan
Sent: Wed 9/23/2015 9:29:44 PM
Subject: RE: EPA-NY Coordination Discussion re VW

Hello everyone,

Can we do 10:30 am or earlier Friday instead of 11am?

Thanks,
Evan

-----Original Appointment-----
From:
Sent: Wednesday, September 23, 2015 10:34 AM
To: Belser, Evan; Brian Lusignan; Michael J. Myers; Kelley, Rosemarie; Werner, Jacqueline; Ben Fisherow (Walter.Benjamin.Fisherow@usdoj.gov); karen.dworkin@usdoj.gov
Subject: EPA-NY Coordination Discussion re VW
When: Friday, September 25, 2015 11:00 AM-11:30 AM (UTC-05:00) Eastern Time (US & Canada).
Where: **Non-Responsive**

Evan Belser
Chief, Mobile Source Enforcement Branch, Air Enforcement Division
National Coordinator for Administrative Litigation, Office of Civil Enforcement
Office of Enforcement and Compliance Assurance
United States Environmental Protection Agency
202-564-6850

Do not release this email. This is confidential attorney-client communication and privileged attorney work product created for law enforcement purposes.

To: Belser, Evan[Belser.Evan@epa.gov]; Brian Lusignan[Brian.Lusignan@ag.ny.gov]
From: Michael J. Myers
Sent: Wed 9/23/2015 9:38:33 PM
Subject: RE: EPA-NY Coordination Discussion re VW

Evan--I have a 10 a.m. but should be free by 10:30.

Michael J. Myers
Chief, Affirmative Litigation Section
Environmental Protection Bureau
New York State Attorney General
The Capitol
Albany, NY 12224
(518) 776-2382
michael.myers@ag.ny.gov

From: Belser, Evan [mailto:Belser.Evan@epa.gov]
Sent: Wednesday, September 23, 2015 5:30 PM
To: Brian Lusignan; Michael J. Myers; Kelley, Rosemarie; Werner, Jacqueline; Ben Fisherow (Walter.Benjamin.Fisherow@usdoj.gov); karen.dworkin@usdoj.gov
Subject: RE: EPA-NY Coordination Discussion re VW

Hello everyone,

Can we do 10:30 am or earlier Friday instead of 11am?

Thanks,
Evan

-----Original Appointment-----
From:
Sent: Wednesday, September 23, 2015 10:34 AM
To: Belser, Evan; Brian Lusignan; Michael J. Myers; Kelley, Rosemarie; Werner, Jacqueline; Ben Fisherow (Walter.Benjamin.Fisherow@usdoj.gov); karen.dworkin@usdoj.gov
Subject: EPA-NY Coordination Discussion re VW
When: Friday, September 25, 2015 11:00 AM-11:30 AM (UTC-05:00) Eastern Time (US & Canada).

Where Non-Responsive

Evan Belser

Chief, Mobile Source Enforcement Branch, Air Enforcement Division

National Coordinator for Administrative Litigation, Office of Civil Enforcement

Office of Enforcement and Compliance Assurance

United States Environmental Protection Agency

202-564-6850

Do not release this email. This is confidential attorney-client communication and privileged attorney work product created for law enforcement purposes.

To: Belser, Evan[Belser.Evan@epa.gov]; Ben Fisherow (Walter.Benjamin.Fisherow@usdoj.gov)[Walter.Benjamin.Fisherow@usdoj.gov]; JSmith2@ENRD.USDOJ.GOV[JSmith2@ENRD.USDOJ.GOV]
From: Kelley, Rosemarie
Sent: Wed 9/23/2015 9:51:49 PM
Subject: Re: Meeting with Cruden on VW

If there is a meeting tomorrow, I plan to attend. Could you add me to the list for security? Thanks.

Rosemarie

Rosemarie Kelley, Acting Deputy Director

Office of Civil Enforcement

Office of Enforcement and Compliance Assurance

U.S. Environmental Protection Agency

202-564-4014

From: Belser, Evan
Sent: Wednesday, September 23, 2015 5:39 PM
To: Kelley, Rosemarie; Ben Fisherow (Walter.Benjamin.Fisherow@usdoj.gov); JSmith2@ENRD.USDOJ.GOV
Subject: FW: Meeting with Cruden on VW

Rosemarie, for your reference.

Ben or Justin: could you forward the calendar invitation for this meeting to Rosemarie and me? Alternatively, could you confirm the meeting location? John's office?

Evan

Evan Belser

Chief, Mobile Source Enforcement Branch, Air Enforcement Division

National Coordinator for Administrative Litigation, Office of Civil Enforcement

Office of Enforcement and Compliance Assurance

United States Environmental Protection Agency

202-564-6850

Do not release this email. This is confidential attorney-client communication and privileged attorney work product created for law enforcement purposes.

From: Fisherow, Walter Benjamin (ENRD) [mailto:Walter.Benjamin.Fisherow@usdoj.gov]
Sent: Wednesday, September 23, 2015 1:55 PM
To: Belser, Evan
Subject: Fwd: Meeting with Cruden on VW

Ex. 5, 7

Sent from my iPhone

Begin forwarded message:

From: "Smith, Justin (ENRD)" <JSmith2@ENRD.USDOJ.GOV>
Date: September 23, 2015 at 1:18:21 PM EDT
To: "Fisherow, Walter Benjamin (ENRD)" <WFisherow@ENRD.USDOJ.GOV>
Cc: "Wilson, Karen L (OLA)" <kwilson@jmd.usdoj.gov>
Subject: Re: Meeting with Cruden on VW

Here is my conference line number:

Conference number is **Non-Responsive** followed by #

Karen can you send to EPA leg affairs? And Ben to OECA?

Justin

Sent from my iPhone

On Sep 23, 2015, at 1:02 PM, Fisherow, Walter Benjamin (ENRD) <WFisherow@ENRD.USDOJ.GOV> wrote:

> Nope. Good idea. Can you arrange one?
>
> Sent from my iPhone
>
> On Sep 23, 2015, at 10:47 AM, Smith, Justin (ENRD) <JSmith2@ENRD.USDOJ.GOV> wrote:
>
> > We may want to provide conference number in case multiple folks are dialing in. Ben have you given OECA a conference number?
> >
> > Justin
> >
> > Sent from my iPhone
> >
> > On Sep 23, 2015, at 10:42 AM, Wilson, Karen L (OLA) <kwilson@jmd.usdoj.gov> wrote:
> >
> > > Should they call into us—need number in conf room or should we provide them with a call in number?
> > >
> > > **Karen L Wilson**
> > >
> > > **Attorney Advisor**
> > >
> > > **Office of Legislative Affairs**
> > >
> > > **U.S. Department of Justice**
> > >
> > > **Direct: 202-616-0658**
> > >
> > > **Fax: 202-514-9353**
> > >
> > > **From:** Smith, Justin (ENRD)
> > > **Sent:** Tuesday, September 22, 2015 2:40 PM
> > > **To:** Wilson, Karen L (OLA)
> > > **Subject:** RE: Meeting with Cruden on VW

Phone is fine. Thanks!

Justin

From: Wilson, Karen L (OLA)
Sent: Tuesday, September 22, 2015 2:07 PM
To: Smith, Justin (ENRD) <JSmith2@ENRD.USDOJ.GOV>
Subject: RE: Meeting with Cruden on VW

I spoke to EPA leg and there are 2 people from their leg shop who will participate. Can they call in or do they need to come to the building?

Karen L Wilson

Attorney Advisor

Office of Legislative Affairs

U.S. Department of Justice

Direct: 202-616-0658

Fax: 202-514-9353

From: Smith, Justin (ENRD)
Sent: Tuesday, September 22, 2015 12:56 PM
To: Wilson, Karen L (OLA)
Subject: RE: Meeting with Cruden on VW

Have sent outlook invite. Will you invite EPA counterpart or should I take care of identifying the right folks over there?

J

From: Wilson, Karen L (OLA)
Sent: Tuesday, September 22, 2015 12:43 PM
To: Smith, Justin (ENRD) <JSmith2@ENRD.USDOJ.GOV>
Subject: RE: Meeting with Cruden on VW

Yes.

Karen L Wilson

Attorney Advisor

Office of Legislative Affairs

U.S. Department of Justice

Direct: 202-616-0658

Fax: 202-514-9353

From: Smith, Justin (ENRD)
Sent: Tuesday, September 22, 2015 12:28 PM
To: Wilson, Karen L (OLA)
Subject: Meeting with Cruden on VW

House Energy and Commerce is apparently setting up a hearing on the VW issue with EPA participation (and asking for EPA dox) in the next few weeks.

Ex. 5, 7

John would like to set up a meeting on this for Thursday. His schedule is a bit tight, but 1:30 would work. Can you attend then?

We will want to invite your EPA counterparts as well.

Justin

R. Justin Smith

Assistant Section Chief

Law and Policy Section

Environment and Natural Resources Division

Department of Justice

(202) 514 0750

Justin.Smith@usdoj.gov

To: Giles-AA, Cynthia[Giles-AA.Cynthia@epa.gov]
Cc: Belser, Evan[Belser.Evan@epa.gov]
From: Brooks, Phillip
Sent: Wed 9/23/2015 9:51:56 PM
Subject: Re: Volkswagen

I have been corresponding with the team this morning. Ex. 7 Ex. 7 I will fill you in when we get a chance to talk.

Sent from my iPhone

On Sep 24, 2015, at 5:50 AM, Giles-AA, Cynthia <Giles-AA.Cynthia@epa.gov> wrote:

> Sent from my iPhone
>
> Begin forwarded message:
>
> **From:** "Hoffer, Melissa (AGO)" <Melissa.Hoffer@MassMail.State.MA.US>
> **Date:** September 23, 2015 at 11:26:26 PM GMT+8
> **To:** "giles-aa.cynthia@epa.gov" <giles-aa.cynthia@epa.gov>
> **Cc:** "Courchesne, Christophe (AGO)" <christophe.courchesne@state.ma.us>
> **Subject: Volkswagen**
>
> Hi Cynthia: I hope this finds you well. Is there a time this week EPA could speak with MA about the Volkswagen enforcement--we'd appreciate the opportunity.
>
> Thanks and regards,
>
> Melissa
>
> Melissa A. Hoffer
>
> Chief, Energy and Environment Bureau
>
> Office of Attorney General Maura Healey
>
> One Ashburton Place - Boston, MA 02108

Tel. 617-963-2322

Fax 617-727-9665

Melissa.Hoffer@state.ma.us

www.mass.gov/ago

To: OTAQ[OTAQ@epa.gov]
From: Kaul, Meetu
Sent: Wed 9/23/2015 9:57:39 PM
Subject: FW: Thanks for your service

Ms.Meetu Kaul, Attorney-Advisor

United States Environmental Protection Agency
Office of Civil Enforcement - Air Enforcement Division
WJC South, Room 1117B
1200 Pennsylvania Ave., N.W. (MC 2242A)
Washington D.C. 20460 (Courier 20004)
Direct: 202-564-5472
Fax: 202-564-0069
Email: kaul.meetu@epa.gov

From: Ex. 6
Sent: Wednesday, September 23, 2015 4:57 PM
To: Kaul, Meetu
Subject: Thanks for your service

Dear Kaul,

I can't find Dr. Professor Winterkorn's email- and heck he resigned today anyway...

so he probably does not want to buy my almost brand new VW diesel.

So, I thought i'd send you a note-- your email was much easier to find on the notice to VW.

I hope VW gets fined the absolute maximun possible. I am outraged. What is worse is that I purchased this car based on its very high "green car" ratings and numerous awards bestowed on it by many non-profit organizations. Thanks for being a part of what is likely a large team of people working together to bring this act of disgusting fraud to light!

I hope the fix is quick. I can't wait to be out of this car- which I had been enjoying- having been duped. I will never ever ever buy VW again.

All Best in your work for clean air,

Ex. 6

Saugerties, NY

From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Wed 9/23/2015 10:09:48 PM
Subject: 10 of the biggest automotive scandals ever
MAIL_CONVERSATION_TOPIC: 10 of the biggest automotive scandals ever
Created: Fri 3/18/2016 6:18:11 PM

Volkswagen isn't the first carmaker to get into hot water over some less-than-noble practices or to be hit hard by scandal.

View article...

To: Non-Responsive
From: Brooks, Phillip
Sent: Wed 9/23/2015 10:12:17 PM
Subject: Re: Nats game

Non-Responsive The VW thing is going crazy I have been on email for the last hour. This was not the most opportune time to travel.

Non-Responsive

To: Peter Bigelow[peter.bigelow@teamaol.com]
Cc: Birgfeld, Erin[Birgfeld.Erin@epa.gov]
From: Bunker, Byron
Sent: Wed 9/23/2015 10:20:52 PM
Subject: Re: Volkswagen/emissions

Hi Pete,

I am forwarding your email to our communications director who can queue it with similar requests. Given the status of our investigation we won't be in a position to share more information on VW beyond what is already in the public NOV.

Thanks,

Byron

Sent from my iPhone

> On Sep 23, 2015, at 5:16 PM, Peter Bigelow <peter.bigelow@teamaol.com> wrote:
>
>
> Hi Byron,
>
> My name is Pete Bigelow. I'm a reporter at AOL, where I cover automotive technology, and as you can imagine this week, Volkswagen emissions.
>
> I'm wondering if you might have a few minutes to discuss the emissions testing at some point.
>
> I'd love to get your perspective not only on the particulars of VW, but industry-wide testing in general.
>
> Understand you're probably swamped, but I certainly appreciate any insight you can lend. I can be reached any time at (303) 443-4441, and look forward to hearing from you.
>
> Sincerely,
>
> Pete Bigelow
> Reporter | AOL
> @PeterCBigelow

To: Bunker, Byron[bunker.byron@epa.gov]
From: Peter Bigelow
Sent: Wed 9/23/2015 10:30:50 PM
Subject: Re: Volkswagen/emissions

Many thanks, Byron.
Certainly understand that you cannot comment specifically on Volkswagen. And if there's a chance to talk more broadly about testing procedures, etc., look forward to arranging that discussion with you and your comms director.

Appreciate you getting back to me, and look forward to talking/meeting down the road.

Sincerely,

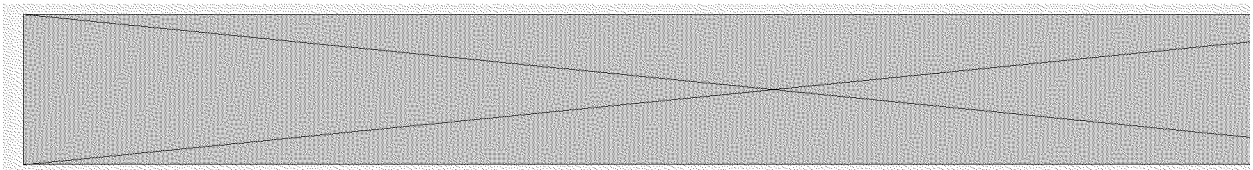
Pete

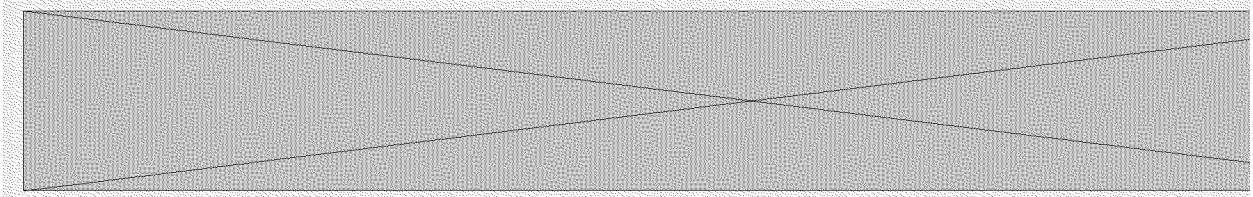
On Wed, Sep 23, 2015 at 6:20 PM, Bunker, Byron <bunker.byron@epa.gov> wrote:

> Hi Pete,
>
> I am forwarding your email to our communications director who can queue it with similar requests. Given the status of our investigation we won't be in a position to share more information on VW beyond what is already in the public NOV.
>
> Thanks,
>
> Byron
>
> Sent from my iPhone
>
> > On Sep 23, 2015, at 5:16 PM, Peter Bigelow <peter.bigelow@teamaol.com> wrote:
> >
> >
> > Hi Byron,
> >
> > My name is Pete Bigelow. I'm a reporter at AOL, where I cover automotive technology, and as you can imagine this week, Volkswagen emissions.
> >
> > I'm wondering if you might have a few minutes to discuss the emissions testing at some point.
> >
> > I'd love to get your perspective not only on the particulars of VW, but industry-wide testing in general.
> >

> Understand you're probably swamped, but I certainly appreciate any insight you can lend. I can be reached any time at (303) 443-4441, and look forward to hearing from you.
>
> Sincerely,
>
> Pete Bigelow
> Reporter | AOL
> @PeterCBigelow

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: The Hill
Sent: Wed 9/23/2015 10:49:42 PM
Subject: Overnight Energy & Environment: Pope backs Obama on climate





POPEMANIA ON CLIMATE RULE: Pope Francis backed President Obama's carbon limits for power plants Wednesday, calling the rule "encouraging."

America has the lowest gasoline prices anywhere in the world. That boosts household budgets by billions of dollars. See how exporting crude would lead to higher fuel prices and hurt our economy. http://crudecoalition.org/resources/studies/

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Francis wasn't expected to wade too deeply into politics, but his speech at the White House did touch on some sensitive issues in the United States, including the climate rule.

"Mr. President, I find it encouraging that you are proposing an initiative for reducing air pollution," the leader of the Catholic Church said.

"Accepting the urgency, it seems clear to me also that climate change is a problem which can no longer be left to our future generations."

He went on to speak longer about climate change than any other issue in his first major address on American soil, saying "we are living at a critical moment of history" in terms of saving the planet.

At the same event, Obama told Francis the White House supports "your call to all world leaders to support the communities most vulnerable to a changing climate and to come together to preserve our precious world for future generations."

Read more here.

VW CHIEF OUT: Volkswagen Group chief Martin Winterkorn stepped down Wednesday amid international anger over the company's actions to cheat on United States vehicle emissions tests.

Winterkorn said in a statement that he is "shocked" by the events in recent days and took responsibilities for the "irregularities" in testing.

The resignation followed tough grilling on the scandal from Volkswagen's board.

The Environmental Protection Agency (EPA) revealed last week that some Volkswagen diesel cars were programmed to cheat on pollutions tests and emit far less than they would in normal circumstances.

Read more here.

ON TAP THURSDAY I: Pope Francis will speak Thursday morning to a joint session of Congress, the first such speech by a pope in history. He is widely expected to devote attention to climate change and urge international action to fight it.

ON TAP THURSDAY II: The Heritage Foundation will host a discussion on the ongoing state visit of Chinese President Xi Jinping, with Sen. Cory Gardner (R-Colo.) giving keynote remarks. Topics will include China's environmental record.

FOR YOUR CALENDARS: The Hill will host a discussion on Sept. 29 about the EPA's proposed rule to reduce methane emissions from the oil and natural gas sector, as well as other government and private efforts to cut methane pollution. The Hill's Timothy Cama and Bob Cusack will moderate. Featured speakers will include Center for Climate Change and Energy Solutions President Bob Perciasepe and James Bradbury from the Energy Department's energy policy office. The event's free, so check out the details and register to attend here: http://bit.ly/1LxjDs6

AROUND THE WEB:

The EPA heard some very diverse opinions in Denver Wednesday at a public hearing on its methane emissions rule, CBS Denver reports.

The federal government is planning to lease nearly 344,000 acres off New Jersey's coast for wind energy development, the Associated Press reports.

IN CASE YOU MISSED IT:

Check out Wednesday's stories ...

- VW scrubs diesel references from social media, YouTube
- Clinton outlines energy infrastructure plan
- Senators unveil climate bill ahead of pope's speech

- Park advocacy group urges Congress to avoid shutdown
- EPA puts $12.3M in program to help cities cleanup contaminated sites
- Volkswagen chief quits over emissions scandal
- Pope Francis gets political in remarks at White House
- Pope praises Obama's climate change rule
- US regulators say French company manipulated gas market

Please send tips and comments to Timothy Cama, tcama@thehill.com; and Devin Henry, dhenry@thehill.com. Follow us on Twitter: @Timothy_Cama, @dhenry, @thehill

Forward email

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The Hill | 1625 K Street NW | Suite 900 | Washington | DC | 20006

To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: Ex. 6
Sent: Wed 9/23/2015 10:53:58 PM
Subject: Re: Nats game

Hi yes the vw news is fascinating. Non-Responsive

Non-Responsive

> On Sep 23, 2015, at 6:12 PM, Brooks, Phillip <Brooks.Phillip@epa.gov> wrote:
>
> Sweet. The VW thing is going crazy I have been on email for the last hour. This was not the most opportune time to travel.

Non-Responsive

From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Wed 9/23/2015 11:09:41 PM
Subject: Volkswagen's CEO steps down over emissions scandal
MAIL_CONVERSATION_TOPIC: Volkswagen's CEO steps down over emissions scandal
Created: Fri 3/18/2016 6:18:12 PM

Volkswagen AG Chief Executive Officer Martin Winterkorn, who during nearly a decade at the helm catapulted VW to the top spot in global sales, stepped down after admitting the automaker cheated on U.S. emissions tests.

View article...

To: Grundler, Christopher[grundler.christopher@epa.gov]; Reynolds, Thomas[Reynolds.Thomas@epa.gov]; Conger, Nick[Conger.Nick@epa.gov]; Valentine, Julia[Valentine.Julia@epa.gov]; Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Birgfeld, Erin[Birgfeld.Erin@epa.gov]; Millett, John[Millett.John@epa.gov]
From: Purchia, Liz
Sent: Wed 9/23/2015 11:09:41 PM
Subject: Reuters: Meet the man who uncovered Volkswagen's lie

Meet the man who uncovered Volkswagen's lie

34 Mins AgoReuters

36

SHARES

Daniel Carder, an unassuming 45-year-old engineer with gray hair and blue jeans, appears an unlikely type to take down one of the world's most powerful companies.

But he and his small research team at West Virginia University may have done exactly that, with a $50,000 study which produced early evidence that Volkswagen AG was cheating on U.S. vehicle emissions tests, setting off a scandal that threatens the German automaker's leadership, reputation and finances.

"The testing we did kind of opened the can of worms," Carder says of his five-member engineering team and the research project that found much higher on-road diesel emission levels for VW vehicles than what U.S. regulators were seeing in tests.

The results of that study, which was paid for by the nonprofit International Council on Clean Transportation (ICCT) in late 2012 and completed in May 2013, were later corroborated by the U.S. Environmental Protection Agency and California Air Resources Board (CARB).

Carder's team—a research professor, two graduate students, a faculty member and himself— performed road tests around Los Angeles and up the West Coast to Seattle that generated results so pronounced that they initially suspected a problem with their own research.

Read MoreThe rapid fall of VW's Winterkorn

"The first thing you do is beat yourself up and say, 'Did we not do something right?' You always blame yourself," he told Reuters in an interview. "(We) saw huge discrepancies.

There was one vehicle with 15 to 35 times the emissions levels and another vehicle with 10 to 20 times the emissions levels."

Despite the discrepancies, a fix shouldn't involve major changes. "It could be something very small," said Carder, who's the interim director of West Virginia University's Center for Alternative Fuels, Engines and Emissions in Morgantown, about 200 miles (320 km) west of Washington in the Appalachian foothills.

"It can simply be a change in the fuel injection strategy. What might be realized is a penalty in fuel economy in order to get these systems more active, to lower the emissions levels.

Carder said he's surprised to see such a hullabaloo now, because his team's findings were made public nearly a year and a half ago.

"We actually presented this data in a public forum and were actually questioned by Volkswagen," said Carder.

The ICCT's research contract to Carder's team was sparked by separate findings by the European Commission's Joint Research Centre, which showed a discrepancy between test results and real world performance in European diesel engines.

The diesel vehicles chosen for the West Virginia study were the VW Passat, the VW Jetta and the BMW X5. Unlike the VW vehicles, Carder said the BMW vehicle "performed very nicely—at, or below, the certification emission levels."

West Virginia University is not new to ground-breaking emissions research, having helped create the first technology to measure vehicle emissions on the road more than 15 years ago.

Carder belonged to a 15-member West Virginia University team that pioneered portable emissions testing as part of a 1998 settlement between the U.S. Justice Department and several heavy duty diesel engine makers including Caterpillar and Cummins Engine Co.

The manufacturers agreed to pay $83.4 million in civil penalties after federal officials found evidence that they were selling heavy duty diesel engines equipped with "defeat devices" that allowed the engines to meet EPA emission standards during testing but disabled the emission control system during normal highway driving.

Read MoreVW had previous run-in over 'defeat devices'

When the news about Volkswagen broke last Friday, Carder heard from some of the heavy diesel engine manufacturers that were part of the consent decree.

"They saw what had happened and called to say: 'Good job, you guys,'" Carder said. "Some folks said: 'How did they not learn from our mistakes 15 years ago?'"

Regarding his role in unearthing the current scandal, Carder said there was no particular sense of excitement when his team confirmed that the higher VW emission results were real and not a consequence of faulty measurements.

"There's no incentive for us to pass or fail," he said. "Obviously, we don't want to see something spewing emissions and polluting the environment. But we really have no horse in the race, as they say."

To: Grundler, Christopher[grundler.christopher@epa.gov]; Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]
From: Leila Cook
Sent: Wed 9/23/2015 11:30:48 PM
Subject: NYTimes: Volkswagen Test Rigging Follows a Long Auto Industry Pattern

this says the Europeans have data on other Diesel manufacturers.

http://www.nytimes.com/2015/09/24/business/international/volkswagen-test-rigging-follows-a-long-auto-industry-pattern.html?smid=nytcore-ipad-share&smprod=nytcore-ipad

Ever since governments began regulating cars, automakers have been finding ways to cheat to improve data on emissions, gas mileage and safety.

Sent from my iPad

Why urban air quality hasn't been improving

Improving environmental assessments of urban vehicle emissions…

Air quality in European towns and cities hasn't been improving as expected. The evermore stringent EU vehicle emission standards were perceived to deliver cleaner air, but levels of a key pollutant in our busy streets haven't been falling. As concentrations of the pollutant in question, nitrogen dioxide (NO_2), are often above EC air quality standards (limit values) in European urban areas, nations are exposed to potential infraction fines for non-compliance with EU law. There's also stronger evidence of the health effects of NO_2 emerging, with the World Health Organization classifying diesel engine exhaust as carcinogenic to humans in June 2012.

So why hasn't air quality been improving? Modern diesel vehicle emission controls underperform in urban driving conditions when exhaust gases from the engine are relatively cool, inhibiting the operation of catalysts and filters. Such stop-start traffic motions are commonplace in the streets of our towns and cities, but aren't adequately represented in the legislated vehicle emission standard test conditions.

By surveying the emissions from large numbers of vehicles as they drive through a testing station, research at the Institute for Transport Studies (ITS) has highlighted the deficiencies in diesel vehicle emission controls in urban driving conditions. The remote sensing approach scans the exhaust plume trailing a vehicle as it drives through the measurement station, whilst accounting for fluctuating background levels. Knowing the vehicle's specification (e.g. 2008, diesel car, 2.0 litre, Audi A4) from its number plate allows the emission performance of individual vehicles and fleet averages to be assessed. By amassing a large database of more than a quarter of a million remote sensing measurements with corresponding detailed vehicle information, the oxides of nitrogen emission performance of diesel cars and vans in urban driving conditions have been shown to have changed little in the past 10-20 years. As it is now expected that future EU measures and vehicle emission standards are also likely to under deliver, the task of improving urban air quality is going to be significantly more challenging than was envisaged.

Worryingly from a local air quality perspective, diesel cars are more popular than ever. In 2010, sales of diesel cars overtook those with petrol engines for the first time. European Commission and UK policies are encouraging the purchase of new diesel cars over their petrol-driven counterparts, due to their lower carbon dioxide (CO_2) emission ratings. Whilst this shift in purchasing behaviour is helping motor manufacturers meet their average car CO_2 rating targets (gCO_2/km) in place from 2012 onwards, the trade-off has been a halt in urban air quality improvements. Motor manufacturers face a similar trade-off between CO_2 and emissions of local air quality pollutants, but at a vehicle level as they optimise the operation of the engine and emission controls. Motor manufacturers are complying with the emissions legislation by developing exhaust after-treatment technologies and configuring their operation for the test conditions. The accelerations in the artificial test cycle are, however, slight in comparison with those of 'normal' driving.

Real-world driving with prompter accelerations demands more power from the engine. At higher power demands more emphasis is given to vehicle performance than the emissions of local air quality pollutants. As the complexity and sophistication of engine management and exhaust after-treatment systems have increased, so has the potential for motor manufacturers to optimise their operation for the legislated test conditions to a greater degree, at the disregard of 'normal' on-road operations. There are also concerns about how the performance of the complex, multi-component diesel emission control systems will degrade with time and usage.

Routes to cleaner air

If urban air quality is to improve and standards are to be achieved, it is of the paramount importance that the next generation of Euro 6 diesel vehicles emit considerably less NO_X and NO_2 in urban driving conditions. The Euro 6 legislation will be extended to reflect emissions under 'normal conditions', but the testing methodology is not yet defined. Defra and DfT should ensure that the Euro 6 testing and evaluation methods extensions do deliver reductions in NO_X emissions on the road, in line with the standards.

The development and putting in place of Low Emission Strategies that incentivise and support the innovation of cleaner vehicle technologies will benefit both the global and local environment. Improving the resolution and reliability of vehicles' CO_2 and fuel-efficiency ratings, for example, providing more realistic figures for both urban and motorway driving conditions, would help consumers

VW FOIA, EPA 06/20/2017 2017-FFP_026071

select the cleanest and energy-efficient vehicle for their needs.

As the current testing procedures don't adequately represent real urban driving conditions with its frequent stop-start motions, the benefits of hybrid drive systems that recover and re-use the kinetic energy that would have otherwise been lost under braking are currently under sold. As modern petrol and petrol-hybrid cars emit NO_X at very low levels in urban driving, measures that promote these as city cars, over those with diesel engines, would be beneficial.

The balance of air quality research effort and funding has historically been focused on studying the problem, not its source. Vehicle emission assessments from independent laboratories are sparse. If the recent gulf in understanding between the perceived and actual emission performance of vehicles is not to be repeated, more effort should be directed at investigating vehicle emissions, whether in a laboratory or on the road. The emergence of the remote sensing as a cost-effective tool for independently assessing the on-road emission performance of thousands of vehicles now offers an opportunity to:

- Get an early evaluation of Euro 6 diesel vehicles as they penetrate the operational fleet, greatly enhancing projections of vehicle emissions and air quality levels for future years;
- Study whether vehicles engines and their emission controls degrade with age and usage as expected; and
- Identify high-emitting vehicles.

Vehicle emission research at ITS, University of Leeds

As well as maintaining and operating the only vehicle emission remote sensing facility currently in the UK, ITS has also developed, validated and demonstrated the next generation of coupled traffic – vehicle emission modelling tools that are better able to consider urban stop-start driving conditions, driver behaviour, road gradient, etc.

Dynamic modelling of the whole vehicle fleet of light and heavy-duty vehicles, both old and new, provides improved environmental assessments of traffic networks, management strategies, local sustainable transport initiatives and vehicle technology developments. This well-specified traffic-vehicle emission modelling approach is currently providing the most reliable assessments hitherto of policies such as Low Emission Zones, which are being given serious consideration across Europe as a key policy to combat worsening air.

ITS

UNIVERSITY OF LEEDS

Dr James Tate
Lecturer
Institute for Transport Studies
University of Leeds
Tel: +44 (0)113 3430 6608
j.e.tate@its.leeds.ac.uk
www.its.leeds.ac.uk

VW FOIA, EPA 06/20/2017 2017-FFP_026072

To: Bunker, Byron[bunker.byron@epa.gov]
From: Grundler, Christopher
Sent: Thur 9/24/2015 1:25:20 AM
Subject: Fwd: Reuters inquiry about VW letter to customers

Ex. 5

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

Begin forwarded message:

From: "Purchia, Liz" <Purchia.Liz@epa.gov>
Date: September 23, 2015 at 9:10:13 PM EDT
To: "Valentine, Julia" <Valentine.Julia@epa.gov>, "Grundler, Christopher" <grundler.christopher@epa.gov>, "Hengst, Benjamin" <Hengst.Benjamin@epa.gov>, "Millett, John" <Millett.John@epa.gov>
Cc: "Conger, Nick" <Conger.Nick@epa.gov>, "Hull, George" <Hull.George@epa.gov>
Subject: Re: Reuters inquiry about VW letter to customers

Ex. 5

Liz Purchia
U.S. EPA
202-564-6691
202-841-2230

On Sep 23, 2015, at 9:07 PM, Valentine, Julia <Valentine.Julia@epa.gov> wrote:

Liz,

Please advise

Sent from USEPA iPhone

Begin forwarded message:

From: "StClair, Christie" <StClair.Christie@epa.gov>

Date: September 23, 2015 at 9:05:38 PM EDT
To: "Valentine, Julia" <Valentine.Julia@epa.gov>
Subject: Fwd: Reuters inquiry about VW letter to customers

Christie St. Clair

Office of Public Affairs

Environmental Protection Agency

o: 202-564-2880

m: 202-768-5780

Begin forwarded message:

From: <rory.carroll@thomsonreuters.com>
Date: September 23, 2015 at 8:31:58 PM EDT
To: <stclair.christie@epa.gov>, <milbourn.cathy@epa.gov>
Cc: <Alexandria.Sage@thomsonreuters.com>
Subject: Reuters inquiry about VW letter to customers

Greetings from SF,

Reuters has obtained letters from Volkswagen informing customers in April that they should bring in diesel cars to dealers for a software update. VW said the "vehicle's engine management software has been improved to assure your vehicle's tailpipe emissions are optimized and operating efficiently." It says the action was being taken in cooperation with US EPA and CARB. The subject of the letter is "Emissions Service Action 23O6."

What does US EPA know about these letters? How are they related to the company's cheating on NOx tests? Any information appreciated - we are going to press with this very soon.

Best, Rory

Rory Carroll
Correspondent
Reuters

San Francisco

Office: 415-344-6093
Mobile: 503-830-8017

rory.carroll@thomsonreuters.com

@rorydcarroll

Ex. 5

Ex. 5

From: <rory.carroll@thomsonreuters.com>
Date: September 23, 2015 at 8:31:58 PM EDT
To: <stclair.christie@epa.gov>, <milbourn.cathy@epa.gov>
Cc: <Alexandria.Sage@thomsonreuters.com>
Subject: Reuters inquiry about VW letter to customers

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What does US EPA know about these letters? How are they related to the company's cheating on NOx tests? Any information appreciated - we are going to press with this very soon.

Best, Rory

Rory Carroll
Correspondent
Reuters

San Francisco

Office: 415-344-6093
Mobile: 503-830-8017

rory.carroll@thomsonreuters.com

@rorydcarroll

To: Hengst, Benjamin[Hengst.Benjamin@epa.gov]
Cc: Bunker, Byron[bunker.byron@epa.gov]; Cook, Leila[cook.leila@epa.gov]; Birgfeld, Erin[Birgfeld.Erin@epa.gov]; Charmley, William[charmley.william@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]; Nam, Ed[nam.ed@epa.gov]
From: Cohen, Janet
Sent: Thur 9/24/2015 1:34:44 AM
Subject: Re: FYI

Ex. 5

- J. -

> On Sep 23, 2015, at 8:35 PM, Hengst, Benjamin <Hengst.Benjamin@epa.gov> wrote:
>
>
>
> _____
> From: Niebling, William
> Sent: Wednesday, September 23, 2015 7:20 PM
> To: Hengst, Benjamin
> Subject: FYI
>
> You may have seen this, but John Walke is apparently willing to attempt to calculate the extra nox:
> http://www.bloomberg.com/news/articles/2015-09-23/vw-cheating-added-pollution-of-as-many-as-19-million-u-s-cars
>
> -Wm.
>

To: Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Cook, Leila[cook.leila@epa.gov]; Birgfeld, Erin[Birgfeld.Erin@epa.gov]
Cc: Charmley, William[charmley.william@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]; Nam, Ed[nam.ed@epa.gov]
From: Cohen, Janet
Sent: Thur 9/24/2015 1:41:57 AM
Subject: Ex. 5

FYI

Begin forwarded message:

From: "Nam, Ed" <nam.ed@epa.gov>
Date: September 22, 2015 at 11:44:23 AM EDT
To: "Sargeant, Kathryn" <sargeant.kathryn@epa.gov>, "Cohen, Janet" <cohen.janet@epa.gov>, "Choi, David" <Choi.David@epa.gov>
Cc: "Olechiw, Michael" <olechiw.michael@epa.gov>, "Wehrly, Linc" <wehrly.linc@epa.gov>, "Snyder, Jim" <Snyder.Jim@epa.gov>, "Ball, Joel" <ball.joel@epa.gov>, "Bunker, Byron" <bunker.byron@epa.gov>
Subject: RE: (OECA / OTAQ) DDL: 4:30 pm; Canadian Broadcasting re: VW

Ex. 5

Ex. 5

Ex. 5

Begin forwarded message:

From: "Valentine, Julia" <Valentine.Julia@epa.gov>
Date: September 21, 2015 at 3:35:37 PM EDT
To: "Birgfeld, Erin" <Birgfeld.Erin@epa.gov>, "Millett, John" <Millett.John@epa.gov>, "Senn, John" <Senn.John@epa.gov>
Cc: "Conger, Nick" <Conger.Nick@epa.gov>
Subject: (OECA / OTAQ) DDL: 4:30 pm; Canadian Broadcasting re: VW

DEADLINE: on deadline for evening news

Abby Thom

CBC

abby.thom@cbc.ca

Hello

I work at the National newscast at the Canadian Broadcasting Corporation.

Tonight we plan to lead our broadcast with the Volkswagen emissions test rigging, and the subsequent fallout.

I'm wondering if you can tell me, or estimate, how much additional pollution has been released because of the excess emissions.

IE...if 482,000 vehicles emitted 40x as much nitrogen oxide as the national standard since 2008, what amount of NOx would that amount to, or compare to? As much as a coal power plant emits in a year - or more - for example??

A response this afternoon would be greatly appreciated, since we'll be broadcasting this story tonight.

Julia P. Valentine

Office of Public Affairs

U.S. EPA

202.564.2663 direct

202.740.1336 m/txt

To: Fisherow, Walter Benjamin (ENRD)[Walter.Benjamin.Fisherow@usdoj.gov]
From: Belser, Evan
Sent: Thur 9/24/2015 2:39:18 AM
Subject: Re: Meeting with Cruden on VW

Thank you Ben.

On Sep 23, 2015, at 10:24 PM, Fisherow, Walter Benjamin (ENRD) <Walter.Benjamin.Fisherow@usdoj.gov> wrote:

Meeting is in **Non-Responsive**. Same room as last time, Evan.

Sent from my iPhone

On Sep 23, 2015, at 5:39 PM, Belser, Evan <Belser.Evan@epa.gov> wrote:

Rosemarie, for your reference.

Ben or Justin: could you forward the calendar invitation for this meeting to Rosemarie and me? Alternatively, could you confirm the meeting location? John's office?

Evan

Evan Belser

Chief, Mobile Source Enforcement Branch, Air Enforcement Division

National Coordinator for Administrative Litigation, Office of Civil Enforcement

Office of Enforcement and Compliance Assurance

United States Environmental Protection Agency

202-564-6850

Do not release this email. This is confidential attorney-client communication and

privileged attorney work product created for law enforcement purposes.

From: Fisherow, Walter Benjamin (ENRD)
[mailto:Walter.Benjamin.Fisherow@usdoj.gov]
Sent: Wednesday, September 23, 2015 1:55 PM
To: Belser, Evan
Subject: Fwd: Meeting with Cruden on VW

For tomorrow if you can't come in person. However I suggest you do so if at all

Ex. 5, 7

Sent from my iPhone

Begin forwarded message:

From: "Smith, Justin (ENRD)" <JSmith2@ENRD.USDOJ.GOV>
Date: September 23, 2015 at 1:18:21 PM EDT
To: "Fisherow, Walter Benjamin (ENRD)" <WFisherow@ENRD.USDOJ.GOV>
Cc: "Wilson, Karen L (OLA)" <kwilson@jmd.usdoj.gov>
Subject: Re: Meeting with Cruden on VW

Here is my conference line number:

Conference numbe **Non-Responsive**

Karen can you send to EPA leg affairs? And Ben to OECA?

Justin

Sent from my iPhone

On Sep 23, 2015, at 1:02 PM, Fisherow, Walter Benjamin (ENRD)

<WFisherow@ENRD.USDOJ.GOV> wrote:

Nope. Good idea. Can you arrange one?

Sent from my iPhone

On Sep 23, 2015, at 10:47 AM, Smith, Justin (ENRD) <JSmith2@ENRD.USDOJ.GOV> wrote:

We may want to provide conference number in case multiple folks are dialing in. Ben have you given OECA a conference number?

Justin

Sent from my iPhone

On Sep 23, 2015, at 10:42 AM, Wilson, Karen L (OLA) <kwilson@jmd.usdoj.gov> wrote:

Should they call into us—need number in conf room or should we provide them with a call in number?

Karen L Wilson

Attorney Advisor

Office of Legislative Affairs

U.S. Department of Justice

Direct: 202-616-0658

Fax: 202-514-9353

From: Smith, Justin (ENRD)
Sent: Tuesday, September 22, 2015 2:40 PM
To: Wilson, Karen L (OLA)
Subject: RE: Meeting with Cruden on VW

Phone is fine. Thanks!

Justin

From: Wilson, Karen L (OLA)
Sent: Tuesday, September 22, 2015 2:07 PM
To: Smith, Justin (ENRD) <JSmith2@ENRD.USDOJ.GOV>
Subject: RE: Meeting with Cruden on VW

I spoke to EPA leg and there are 2 people from their leg shop who will participate. Can they call in or do they need to come to the building?

Karen L Wilson

Attorney Advisor

Office of Legislative Affairs

U.S. Department of Justice

Direct: 202-616-0658

Fax: 202-514-9353

From: Smith, Justin (ENRD)
Sent: Tuesday, September 22, 2015 12:56 PM
To: Wilson, Karen L (OLA)
Subject: RE: Meeting with Cruden on VW

Have sent outlook invite. Will you invite EPA counterpart or should I take care of identifying the right folks over there?

J

From: Wilson, Karen L (OLA)
Sent: Tuesday, September 22, 2015 12:43 PM
To: Smith, Justin (ENRD) <JSmith2@ENRD.USDOJ.GOV>
Subject: RE: Meeting with Cruden on VW

Yes.

Karen L Wilson

Attorney Advisor

Office of Legislative Affairs

U.S. Department of Justice

Direct: 202-616-0658

Fax: 202-514-9353

From: Smith, Justin (ENRD)
Sent: Tuesday, September 22, 2015 12:28 PM
To: Wilson, Karen L (OLA)
Subject: Meeting with Cruden on VW

Ex. 5, 7

Ex. 5, 7

John would like to set up a meeting on this for Thursday. His schedule is a bit tight, but 1:30 would work. Can you attend then?

We will want to invite your EPA counterparts as well

Justin

R. Justin Smith

Assistant Section Chief

Law and Policy Section

Environment and Natural Resources Division

Department of Justice

(202) 514 0750

Justin.Smith@usdoj.gov

From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Thur 9/24/2015 2:40:10 AM
Subject: Volkswagen's CEO steps down over emissions scandal
MAIL_CONVERSATION_TOPIC: Volkswagen's CEO steps down over emissions scandal
Created: Fri 3/18/2016 6:18:11 PM

Volkswagen AG Chief Executive Officer Martin Winterkorn, who during nearly a decade at the helm catapulted VW to the top spot in global sales, stepped down after admitting the automaker cheated on U.S. emissions tests.

View article...

To: Reynolds, Thomas[Reynolds.Thomas@epa.gov]; Purchia, Liz[Purchia.Liz@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]
From: McCabe, Janet
Sent: Thur 9/24/2015 3:45:50 AM
Subject: Re: Bloomberg editorial: VW and the EPA's Dirty Little Secret

Ex. 5

From: Reynolds, Thomas
Sent: Wednesday, September 23, 2015 4:53 PM
To: McCabe, Janet
Subject: FW: Bloomberg editorial: VW and the EPA's Dirty Little Secret

From: Purchia, Liz
Sent: Wednesday, September 23, 2015 4:51 PM
To: Grundler, Christopher; Reynolds, Thomas; Hengst, Benjamin
Subject: Bloomberg editorial: VW and the EPA's Dirty Little Secret

http://www.bloombergview.com/articles/2015-09-23/volkswagen-and-the-epa-s-dirty-little-secret

Liz Purchia

Deputy Associate Administrator, Public Affairs

U.S. Environmental Protection Agency

Office: 202-564-6691

Cell: 202-841-2230

From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Thur 9/24/2015 6:39:26 AM
Subject: Volkswagen warned of emission glitch in April
MAIL_CONVERSATION_TOPIC: Volkswagen warned of emission glitch in April
Created: Fri 3/18/2016 6:18:11 PM

Volkswagen of America, Inc. sent letters to California owners of diesel-powered Audis and Volkswagens informing them of an “emissions service action” affecting the vehicles.

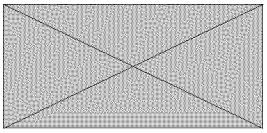
View article...

From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Thur 9/24/2015 7:09:55 AM
Subject: How smog cops busted Volkswagen
MAIL_CONVERSATION_TOPIC: How smog cops busted Volkswagen
Created: Fri 3/18/2016 6:18:11 PM

The revelation that ended Martin Winterkorn's career at Volkswagen AG came on Sept. 3 in a meeting at an office park east of Los Angeles.

View article...

To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: Environmental Law360
Sent: Thur 9/24/2015 7:31:24 AM
Subject: VW Emissions Scandal Will Prompt Stricter EPA Scrutiny



ENVIRONMENTAL

Thursday, September 24, 2015

TOP NEWS

Pharmacia Beats Mass. School's PCB Contamination Suit

Pharmacia Corp. couldn't have known as far back as 1961 that polychlorinated biphenyls present in window caulk installed in a Massachusetts elementary school were potentially toxic, a federal judge ruled Wednesday, tossing a former class action against the one-time PCB manufacturer.

Bill Would Hold EPA Accountable For Gold King Mine Spill

Democratic lawmakers from Colorado and New Mexico on Tuesday introduced legislation that they said will ensure that the U.S. Environmental Protection Agency is held accountable for last month's Gold King Mine spill and that affected communities and tribes are adequately and swiftly compensated.

Volkswagen CEO Steps Down Over Emissions Scandal

Volkswagen CEO Martin Winterkorn on Wednesday announced his resignation as head of the automaker over allegations that the company knowingly engineered its diesel engines to cheat emissions standards.

DC Circ. Correctly Backed Test Fuel Regs, EPA Says

The D.C. Circuit's decision to uphold U.S. Environmental Protection Agency rules on automotive test fuels should stand as is, the agency has said in response to alternative fuel advocates that contend the ruling narrows the EPA's authority to approve the use of new fuels.

Kirkland & Ellis Reps Volkswagen In Pollution Fracas

Volkswagen has turned to Kirkland & Ellis LLP for help in defending itself from federal and state regulators' allegations that it programmed diesel engines in some of its cars to sidestep pollution standards, according to reports citing a firm spokeswoman.

ANALYSIS

LAW FIRMS

Akerman

Anderson & Kreiger

Arnold & Porter

Babst Calland

Baker Botts

Baker Donelson

Beck Redden

Berman DeValerio

Bird & Bird

Blank Rome

Campbell Trial Lawyers

Chadbourne & Parke

VW Emissions Scandal Will Prompt Stricter EPA Scrutiny

Volkswagen's alleged gaming of federal vehicle emission standards through high-tech "defeat devices" is likely to spur regulating agencies to take a much closer look at how they test and approve pollution controls on cars and trucks as well as other sources of air contamination.

POLICY & REGULATION

Senate Passes Bill To Increase Transparency In Gov't Deals

The U.S. Senate has passed a bipartisan bill that would require federal enforcement agencies to account for tax breaks or other credits included in major settlements when they are publicly announced, a measure that the bill's backers say will enhance public scrutiny of the deals.

Feds Move To Ensure Oil Cos. Can Pay To Scrap Offshore Rigs

Federal offshore drilling regulators on Tuesday floated new guidelines they will use to ensure that energy companies have enough money to decommission offshore rigs and other equipment once they're no longer being used to produce oil and gas.

Landowner Rapport Key To Pa. Pipelines, Task Force Told

Days after a top Pennsylvania regulator and a member of Gov. Tom Wolf's cabinet joined energy industry leaders' call for more pipelines to spur the state's natural gas development, Wolf's pipeline task force heard comments Wednesday on the importance of communicating with landowners.

DOI Taps 13 Bidders For NJ Offshore Wind Auction

The U.S. Department of the Interior said Wednesday that it would auction off about 344,000 acres of federal waters off the New Jersey coast for wind energy development in November and said there are 13 developers eligible to participate in the the auction.

Total Commits $500M To Clean Energy Amid Spending Cuts

French energy giant Total said Wednesday that it will continue its cost-cutting spree by slashing its capital spending by nearly 40 percent from 2013 levels and sell $10 billion in assets by 2017, but the company will set aside $500 million per year for renewable energy development.

ENFORCEMENT

NY AG Probing Volkswagen For Emissions Fraud

New York Attorney General Eric T. Schneiderman announced plans Tuesday to investigate Volkswagen AG after reports that the automaker installed software to circumvent emissions

LAW FIRMS

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Beck Redden

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Campbell Trial Lawyers

Chadbourne & Parke

Cohen Milstein

Cooley LLP

Cotchett Pitre

Covington & Burling

standards in violation of the Clean Air Act.

2 NJ Counties To Spend $329K Over EPA Oil Tank Violations

Two New Jersey counties will pay more than $329,000 total in either improvement costs or penalties as part of deals with the U.S. Environmental Protection Agency over their allegedly improper handling of underground petroleum storage tank systems, the regulator announced Wednesday.

LITIGATION

LA Metro Gets Win In Challenge To $1.7B Light Rail

A California federal judge on Wednesday upheld the legitimacy of Los Angeles County Metropolitan Transportation Authority's environmental impact review for a $1.7 billion light rail project, rejecting most claims in a non-profit lawsuit claiming the agency failed to adequately consider separating rail from vehicle traffic.

Volkswagen Diesel Cases Should Land In Calif., JPML Told

The plaintiff in one of a slew of putative class actions against Volkswagen over the German automaker's recently uncovered emissions fraud scandal made the first consolidation bid to the U.S. Judicial Panel on Multidistrict Litigation on Wednesday, seeking to unite all of the actions in the Central District of California.

7th Circ. Refuses To Revive Ill. Utility's $70M Enviro Suit

The Seventh Circuit has rebuffed People's Gas Light & Coke Co.'s bid to revive its claims seeking to recoup some of the $70 million it spent remediating a coke plant turned Superfund site, ruling a nearly century-old contract released the plant's former operator from liability.

Cos. Dishonest About Tribal Land Wind Project, Gov't Says

The federal government pushed back against wind farm developers attempting to buck its suit over their alleged infringment of the Osage Nation's mineral excavation rights, telling an Oklahoma federal court Wednesday the companies falsely stated the project is not yet in development.

Monsanto's Roundup Weed Killer Caused Cancer, Suit Says

A former California field worker has slapped Monsanto Co. with a lawsuit in federal court, claiming the primary active ingredient in Roundup weed killer and known carcinogen, glyphosate, caused her to develop bone cancer over years of exposure.

Railroads Join Chorus Against EPA's Waters Of The US Rule

A railroad trade group is pushing for a Texas federal judge to toss the Environmental Protection Agency's controversial new Waters of the United States rule under the Clean Water Act, saying in a suit filed Tuesday that the rule would hinder operations for more than

LAW FIRMS

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Baker Botts

Baker Donelson

Beck Redden

Berman DeValerio

Bird & Bird

Blank Rome

Campbell Trial Lawyers

Chadbourne & Parke

Cohen Milstein

Cooley LLP

Cotchett Pitre

Covington & Burling

100,000 miles of railway.

Baker Hughes Sued For Ruptured Valve At $2.5B Gas Reserve

Oil field services giant Baker Hughes has been slapped with a suit in Texas federal court claiming gas safety valves it sold around the world are defective and prone to rupture, as they allegedly did at a German underground gas storage facility worth $2.5 billion.

BP Deepwater Plaintiffs Ask 5th Circ. To Rethink Denied Cert.

A group of BP investors who purchased stock before the Deepwater Horizon disaster and are suing the company asked the Fifth Circuit on Tuesday to rethink its decision not to certify them as a class, saying it has misread the fraud-on-the-market presumption in securities cases.

Fla. City Backs FHWA In Enviros' Bridge Project Dispute

The city of Port St. Lucie, Florida, put in its support for the Federal Highway Administration's approval of a new local bridge that environmental groups are trying to sideline, arguing Tuesday that the project culminates nearly 20 years of public planning and thorough environmental analysis.

DEALS

PE Firm Puts $100M Into Latin America, Japan Solar Plants

A New Jersey-based private equity firm has teamed up with a Chinese renewable energy provider to fund up to $100 million worth of solar projects in Latin America and Japan.

EXPERT ANALYSIS

Methods To Minimize CERCLA Liability: Part 1

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Pillsbury Winthrop, Chadbourne In Merger Talks

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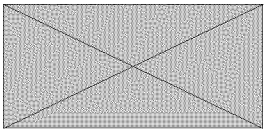
To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Environmental Law360
Sent: Thur 9/24/2015 7:33:18 AM
Subject: VW Emissions Scandal Will Prompt Stricter EPA Scrutiny



ENVIRONMENTAL

Thursday, September 24, 2015

TOP NEWS

Pharmacia Beats Mass. School's PCB Contamination Suit

Pharmacia Corp. couldn't have known as far back as 1961 that polychlorinated biphenyls present in window caulk installed in a Massachusetts elementary school were potentially toxic, a federal judge ruled Wednesday, tossing a former class action against the one-time PCB manufacturer.

Bill Would Hold EPA Accountable For Gold King Mine Spill

Democratic lawmakers from Colorado and New Mexico on Tuesday introduced legislation that they said will ensure that the U.S. Environmental Protection Agency is held accountable for last month's Gold King Mine spill and that affected communities and tribes are adequately and swiftly compensated.

Volkswagen CEO Steps Down Over Emissions Scandal

Volkswagen CEO Martin Winterkorn on Wednesday announced his resignation as head of the automaker over allegations that the company knowingly engineered its diesel engines to cheat emissions standards.

DC Circ. Correctly Backed Test Fuel Regs, EPA Says

The D.C. Circuit's decision to uphold U.S. Environmental Protection Agency rules on automotive test fuels should stand as is, the agency has said in response to alternative fuel advocates that contend the ruling narrows the EPA's authority to approve the use of new fuels.

Kirkland & Ellis Reps Volkswagen In Pollution Fracas

Volkswagen has turned to Kirkland & Ellis LLP for help in defending itself from federal and state regulators' allegations that it programmed diesel engines in some of its cars to sidestep pollution standards, according to reports citing a firm spokeswoman.

ANALYSIS

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VW Emissions Scandal Will Prompt Stricter EPA Scrutiny

Volkswagen's alleged gaming of federal vehicle emission standards through high-tech "defeat devices" is likely to spur regulating agencies to take a much closer look at how they test and approve pollution controls on cars and trucks as well as other sources of air contamination.

POLICY & REGULATION

Senate Passes Bill To Increase Transparency In Gov't Deals

The U.S. Senate has passed a bipartisan bill that would require federal enforcement agencies to account for tax breaks or other credits included in major settlements when they are publicly announced, a measure that the bill's backers say will enhance public scrutiny of the deals.

Feds Move To Ensure Oil Cos. Can Pay To Scrap Offshore Rigs

Federal offshore drilling regulators on Tuesday floated new guidelines they will use to ensure that energy companies have enough money to decommission offshore rigs and other equipment once they're no longer being used to produce oil and gas.

Landowner Rapport Key To Pa. Pipelines, Task Force Told

Days after a top Pennsylvania regulator and a member of Gov. Tom Wolf's cabinet joined energy industry leaders' call for more pipelines to spur the state's natural gas development, Wolf's pipeline task force heard comments Wednesday on the importance of communicating with landowners.

DOI Taps 13 Bidders For NJ Offshore Wind Auction

The U.S. Department of the Interior said Wednesday that it would auction off about 344,000 acres of federal waters off the New Jersey coast for wind energy development in November and said there are 13 developers eligible to participate in the the auction.

Total Commits $500M To Clean Energy Amid Spending Cuts

French energy giant Total said Wednesday that it will continue its cost-cutting spree by slashing its capital spending by nearly 40 percent from 2013 levels and sell $10 billion in assets by 2017, but the company will set aside $500 million per year for renewable energy development.

ENFORCEMENT

NY AG Probing Volkswagen For Emissions Fraud

New York Attorney General Eric T. Schneiderman announced plans Tuesday to investigate Volkswagen AG after reports that the automaker installed software to circumvent emissions

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standards in violation of the Clean Air Act.

2 NJ Counties To Spend $329K Over EPA Oil Tank Violations

Two New Jersey counties will pay more than $329,000 total in either improvement costs or penalties as part of deals with the U.S. Environmental Protection Agency over their allegedly improper handling of underground petroleum storage tank systems, the regulator announced Wednesday.

LITIGATION

LA Metro Gets Win In Challenge To $1.7B Light Rail

A California federal judge on Wednesday upheld the legitimacy of Los Angeles County Metropolitan Transportation Authority's environmental impact review for a $1.7 billion light rail project, rejecting most claims in a non-profit lawsuit claiming the agency failed to adequately consider separating rail from vehicle traffic.

Volkswagen Diesel Cases Should Land In Calif., JPML Told

The plaintiff in one of a slew of putative class actions against Volkswagen over the German automaker's recently uncovered emissions fraud scandal made the first consolidation bid to the U.S. Judicial Panel on Multidistrict Litigation on Wednesday, seeking to unite all of the actions in the Central District of California.

7th Circ. Refuses To Revive Ill. Utility's $70M Enviro Suit

The Seventh Circuit has rebuffed People's Gas Light & Coke Co.'s bid to revive its claims seeking to recoup some of the $70 million it spent remediating a coke plant turned Superfund site, ruling a nearly century-old contract released the plant's former operator from liability.

Cos. Dishonest About Tribal Land Wind Project, Gov't Says

The federal government pushed back against wind farm developers attempting to buck its suit over their alleged infringment of the Osage Nation's mineral excavation rights, telling an Oklahoma federal court Wednesday the companies falsely stated the project is not yet in development.

Monsanto's Roundup Weed Killer Caused Cancer, Suit Says

A former California field worker has slapped Monsanto Co. with a lawsuit in federal court, claiming the primary active ingredient in Roundup weed killer and known carcinogen, glyphosate, caused her to develop bone cancer over years of exposure.

Railroads Join Chorus Against EPA's Waters Of The US Rule

A railroad trade group is pushing for a Texas federal judge to toss the Environmental Protection Agency's controversial new Waters of the United States rule under the Clean Water Act, saying in a suit filed Tuesday that the rule would hinder operations for more than

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100,000 miles of railway.

Baker Hughes Sued For Ruptured Valve At $2.5B Gas Reserve

Oil field services giant Baker Hughes has been slapped with a suit in Texas federal court claiming gas safety valves it sold around the world are defective and prone to rupture, as they allegedly did at a German underground gas storage facility worth $2.5 billion.

BP Deepwater Plaintiffs Ask 5th Circ. To Rethink Denied Cert.

A group of BP investors who purchased stock before the Deepwater Horizon disaster and are suing the company asked the Fifth Circuit on Tuesday to rethink its decision not to certify them as a class, saying it has misread the fraud-on-the-market presumption in securities cases.

Fla. City Backs FHWA In Enviros' Bridge Project Dispute

The city of Port St. Lucie, Florida, put in its support for the Federal Highway Administration's approval of a new local bridge that environmental groups are trying to sideline, arguing Tuesday that the project culminates nearly 20 years of public planning and thorough environmental analysis.

DEALS

PE Firm Puts $100M Into Latin America, Japan Solar Plants

A New Jersey-based private equity firm has teamed up with a Chinese renewable energy provider to fund up to $100 million worth of solar projects in Latin America and Japan.

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To: Bunker, Byron[bunker.byron@epa.gov]
From: Birgitta Forsberg (DN)
Sent: Thur 9/24/2015 8:01:33 AM
Subject: Long article about Volkswagen, John German mentioned you and I would really like to speak to you

Good morning!

I spoke to John German at ICCT last night as I'm trying to write the full story about the unveiling of Volkswagen's manipulations. He mentioned you and I would really like to speak to you.

I presume you are not at work right now as there is a seven hour time difference, but I would really appreciate if you could call me when you get in to work in the morning.

Best regards,

Birgitta Forsberg
Reporter
Dagens Nyheter (Sweden's largest morning newspaper)
Ph. +46-8-738 1216

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: NGT News
Sent: Thur 9/24/2015 9:12:34 AM
Subject: Major CNG Station Developer Is for Sale

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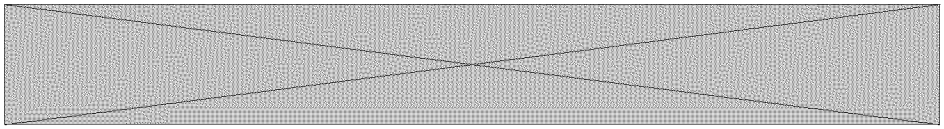

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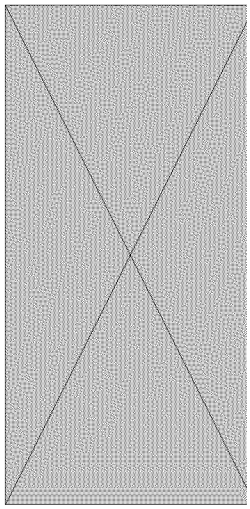
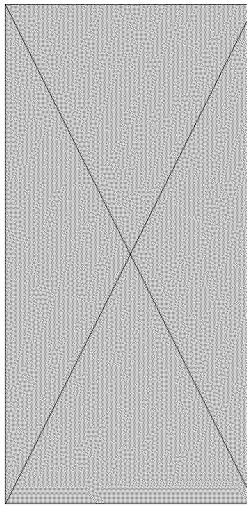
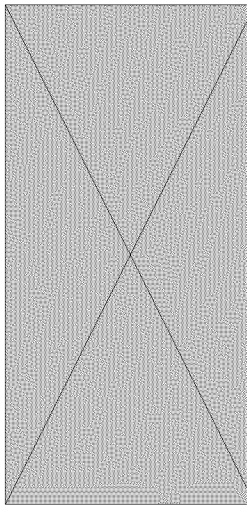
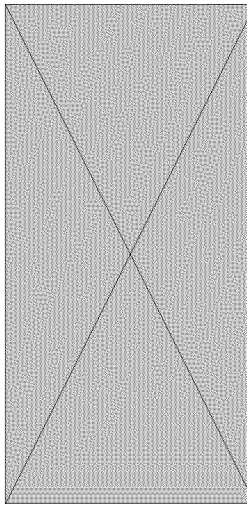
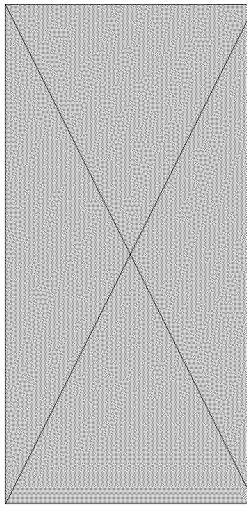






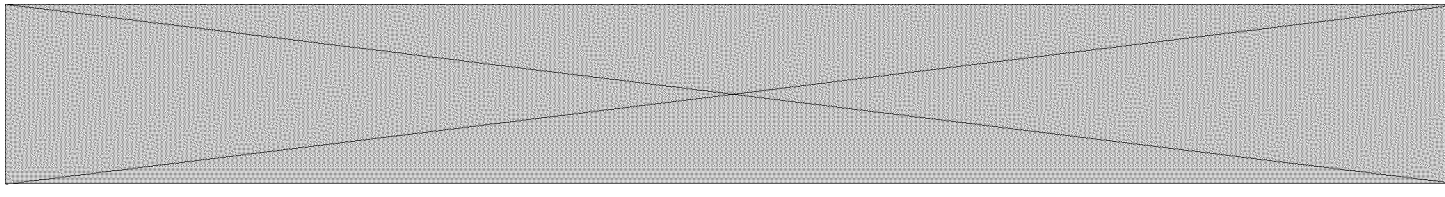




For Sale: Station Developer Trillium CNG

on 23 Sep 2015 by NGTNews

WEC Energy Group, a Milwaukee-based electric and natural gas delivery company, is looking to sell its Trillium CNG subsidiary. Headquartered in Chicago, Trillium CNG is a major provider of compressed natural gas (CNG) station design, construction, and operations and maintenance services. Integrys Transportation Fuels, doing business as Trillium CNG, recently became a part of WEC Energy [read more]



Colorado Agency Prepares New Round of Alt-Fuel Vehicle Grants

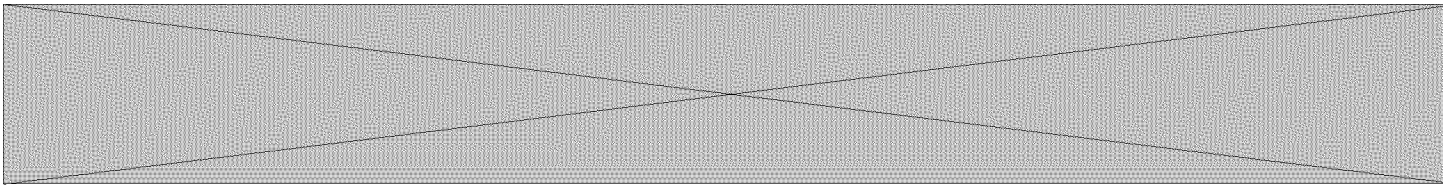
on 23 Sep 2015 by NGTNews

The Regional Air Quality Council (RAQC) has announced it will open the application period for its latest round of funding under the ALT Fuels Colorado grant program on Oct. 1. Through the federally funded state program, the RAQC offers grants to cover up to 80% of the incremental cost of purchasing or leasing new OEM Class [read more]

TruStar Energy Opens Public CNG Station in Louisiana

on 23 Sep 2015 by NGTNews

TruStar Energy has opened a company-owned public compressed natural gas (CNG) station at 515 E. Verot School Rd., Lafayette, La. The company says its new station, which features two traffic lanes and two fast-fill pumps, will help facilitate continued growth of natural gas as a transportation fuel in the Louisiana market. "By building out the CNG [read more]



Volkswagon CEO Resigns Amid Diesel Emissions Scandal

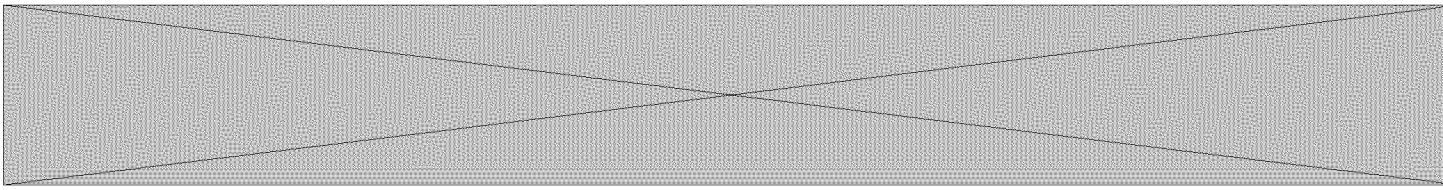
on 23 Sep 2015 by NGTNews

On Wednesday, Martin Winterkorn resigned as CEO of Volkswagen, days after the U.S. Environmental Protection Agency (EPA) accused the vehicle manufacturer of installing software in a variety of its diesel passenger vehicles to cheat emissions testing. Although Winterkorn had issued a statement saying he was "deeply sorry that we have broken the trust of our customers [read more]

DHL Orders UQM-Equipped Electric Delivery Trucks from Zenith

on 23 Sep 2015 by NGTNews

UQM Technologies Inc. has announced that Zenith Motors LLC has received an order for 45 all-electric trucks from major package delivery firm DHL Express USA. The Zenith delivery vehicles are powered by the UQM PowerPhase Pro 135 propulsion systems. "Zenith has been greatly anticipating this order with DHL and is excited to have the opportunity to [read more]



Texas Construction Firm Launches CNG Pilot Program

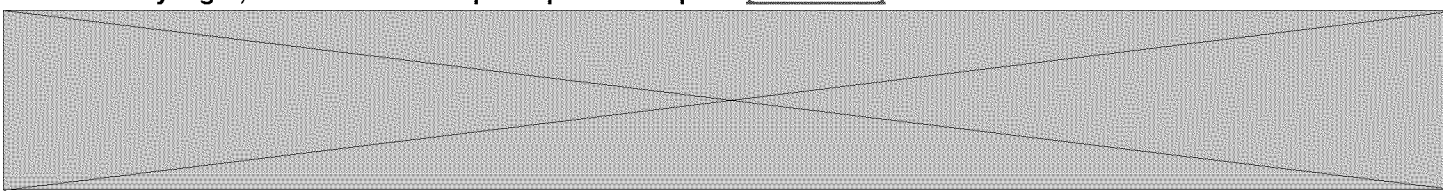
on 22 Sep 2015 by NGTNews

TDIndustries, a Dallas-based mechanical construction and facility service company, has launched a compressed natural gas (CNG) vehicle pilot program to determine the viability of the alternative fuel for its large fleet. According to Jason Cinek, senior vice president of TDIndustries, the company tapped Dallas-based NGV Texas Inc. to convert two 2014 Ford E-350 service vans to [read more]

Advanced Disposal Embraces CNG for Macon, Ga., Operations

on 22 Sep 2015 by NGTNews

Advanced Disposal, a refuse and recycling company that operates in more than a dozen states, recently opened its seventh compressed natural gas (CNG) station, located at its hauling facility at 2201 Trade Dr. in Macon, Ga. Fifteen of the company's trucks currently refuel at the private slow-fill station every night, and Advanced Disposal plans to expand [read more]



Hexagon Debuts Type 4 CNG Tank for Refuse and Transit Market

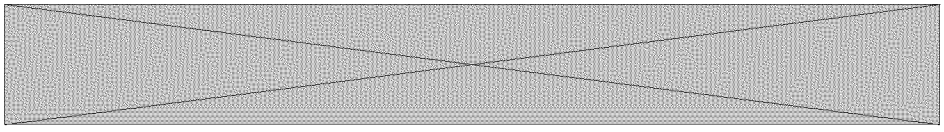
on 22 Sep 2015 by NGTNews

Nebraska-based Hexagon Lincoln Inc., a subsidiary of Hexagon Composites, has introduced its all-carbon, 16-inch-diameter, Type 4 compressed natural gas (CNG) pressure vessel for the transit bus and refuse market. The company debuted the new tank in Denver last week at the North American Natural Gas Vehicle Conference and Expo. According to Hexagon, the new tanks are [read more]

Wind-Powered Hydrogen Refueling Station Opens in U.K.

on 22 Sep 2015 by NGTNews

U.K.-based ITM Power has opened a wind-powered, public-access hydrogen refueling station at the Advanced Manufacturing Park in South Yorkshire. The station, which was supported by funding from Innovate UK, consists of a 225 kW wind turbine coupled directly to an electrolyzer, 220 kg of hydrogen storage, a hydrogen dispensing unit and a 30 kW fuel cell [read more]



Report: North America Represents the Biggest Light-Duty PHEV Market

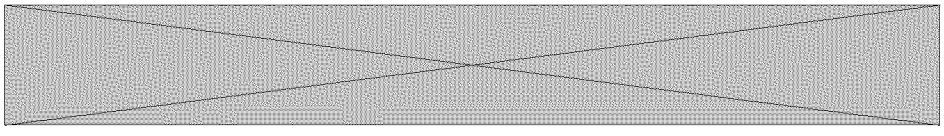
on 22 Sep 2015 by NGTNews

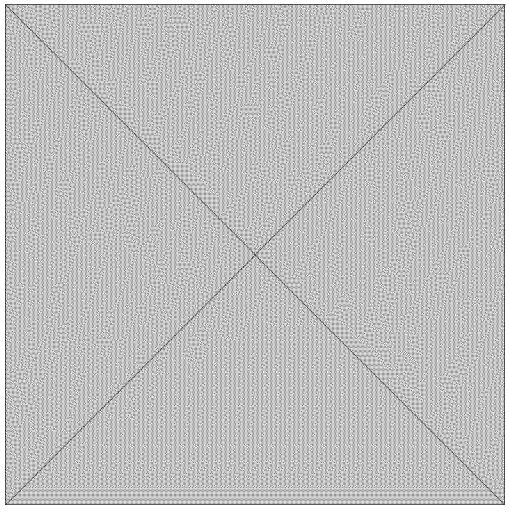
North America is currently the world's largest market for plug-in electric vehicles (PEVs), with more than 133,000 sold in 2014 and the majority of vehicles concentrated in California, according to a report from Navigant Research. The firm expects sales of such vehicles in North America to total nearly 7.4 million from 2015 to 2024. Overall, the [read more]

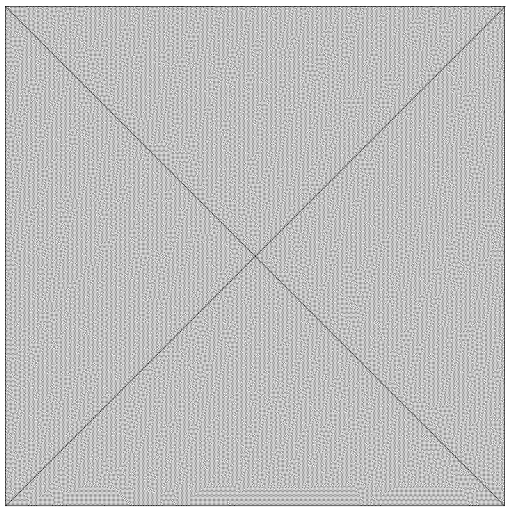
ICT Renews Partnership with University on Natural Gas Tanks

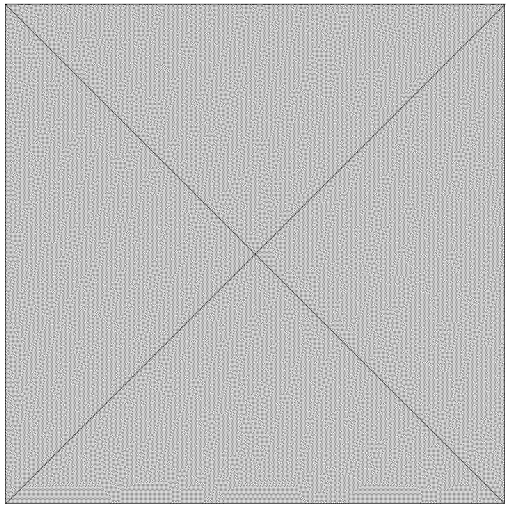
on 22 Sep 2015 by NGTNews

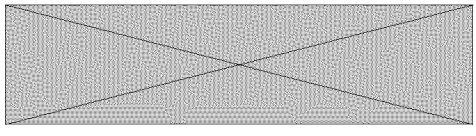
Infinite Composites Technologies (ICT), formerly CleanNG, and Oklahoma State University-Tulsa have signed a facility use agreement providing the company with access to the OSU-Tulsa Helmerich Research Center's Next Generation Materials Lab. The agreement will enable ICT to continue development and prototype production of the iCPV, a liner-less, composite fuel storage system. The natural gas fuel tank [read more]

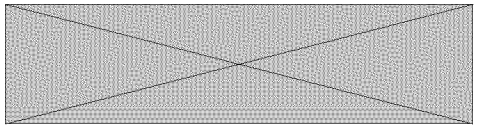


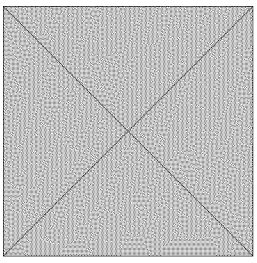


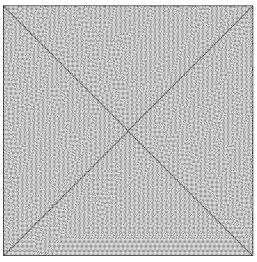


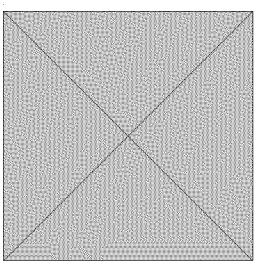


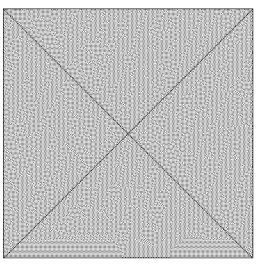


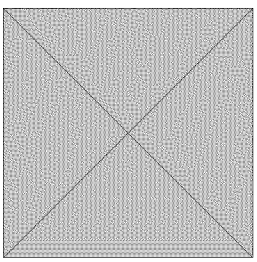


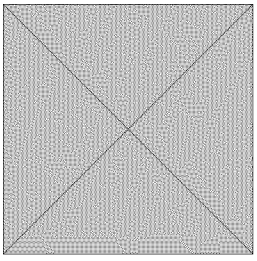


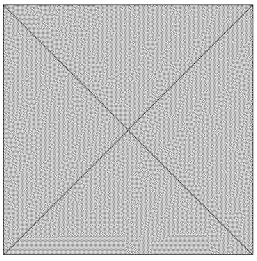


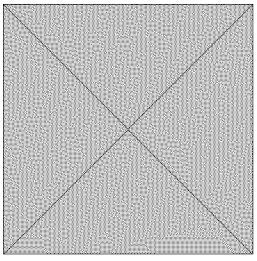


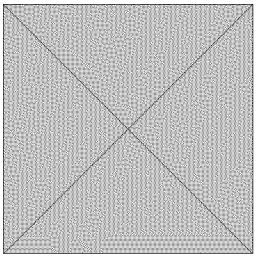


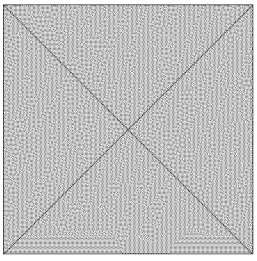


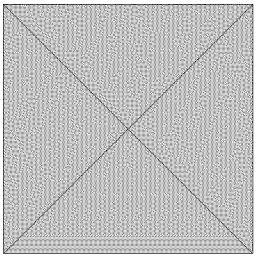


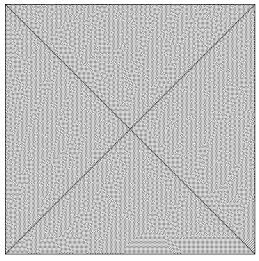


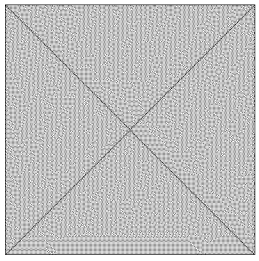


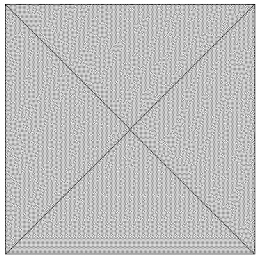












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From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Thur 9/24/2015 9:39:37 AM
Subject: Volkswagen may appoint new CEO by Friday
MAIL_CONVERSATION_TOPIC: Volkswagen may appoint new CEO by Friday
Created: Fri 3/18/2016 6:18:11 PM

The leading candidates range from a decades-long veteran of VW to a pair of newcomers who have been with the company less than a year.

View article...

From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Thur 9/24/2015 10:40:45 AM
Subject: Volkswagen may appoint new CEO by Friday
MAIL_CONVERSATION_TOPIC: Volkswagen may appoint new CEO by Friday
Created: Fri 3/18/2016 6:18:11 PM

The leading candidates range from a decades-long veteran of VW to a pair of newcomers who have been with the company less than a year.

View article...

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Bradley.Keelor
Sent: Thur 9/24/2015 10:59:41 AM
Subject: Visit to DC by UK Dept for Transport

Hi Chris,

My name is Brad Keelor and I work on the Science and Innovation team at the British Embassy. We facilitate research collaboration in all disciplines. I have Phil Blythe, the Chief Scientist at the UK Department for Transport, and Miles Elsden, his deputy, coming to town next week for a conference. They're doing side meetings on Monday, and I'm hoping you're available to meet! They'd like to talk about your office and its role generally, and more specifically, they'd like to talk about VW, I think. They're available in the middle of the day if that works for you. WE'll be wrapping up a meeting at the Embassy at about 12, and they need to be at DOT on NJ Ave at 3, but can meet anytime in between (including for lunch if that works for you). Let me know what you think. Hope to talk to you soon!
Brad

Bradley Keelor
Science and Innovation Team
British Embassy, Washington
TEL 1 202 588 6677
FTN 8430-6677
bradley.keelor@fconet.fco.gov.uk

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****

To: Kaul, Meetu[Kaul.Meetu@epa.gov]
Cc: Navas Alonso. Noemi[nnavas@cincodias.es]
From: Sanz Sánchez de Rojas. Fernando
Sent: Thur 9/24/2015 11:09:04 AM
Subject: EPA-VW

Dear Mr. Meetu,

We are Fernando Sanz and Noemi Navas. We are staff writers for the Spanish economic daily Cinco Dias. We have known on the documents posted on the website of the EPA that you has been appointed as the attorney in charge to address the conflict of Volkswagen diesel engines in the United States.

We would really appreciate to hold an interview with you, either by telephone or through a small questionnaire via email. It would be absolutely worthy for our readers in order to clarify how is the EPA investigation on VW will continue from now.

We're looking forward to hearing from you. We thank you on behalf for any kind of help you could give us.

Yours sincerely,

Noemi Navas, editor

Fernando Sanz, editor in chief

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To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: EnergyGuardian
Sent: Thur 9/24/2015 11:13:05 AM
Subject: Republicans rebuff Obama's wildfire plan, press for action on House bill

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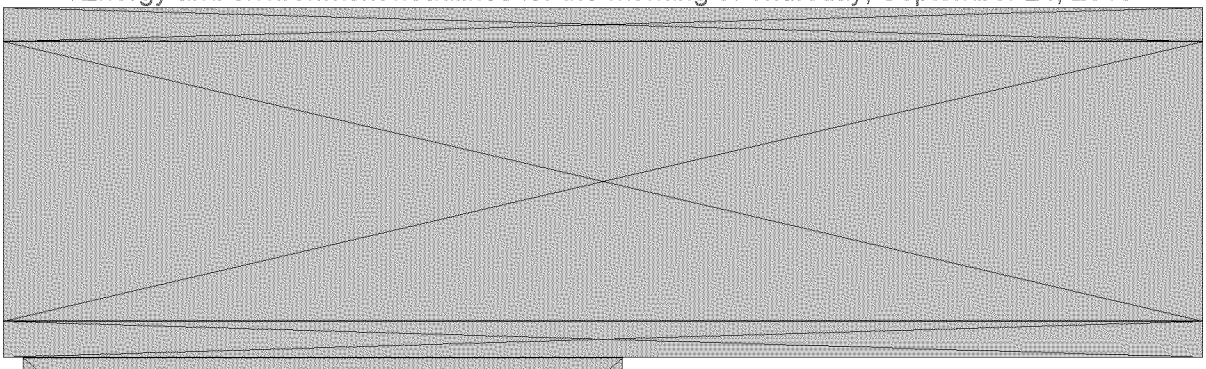
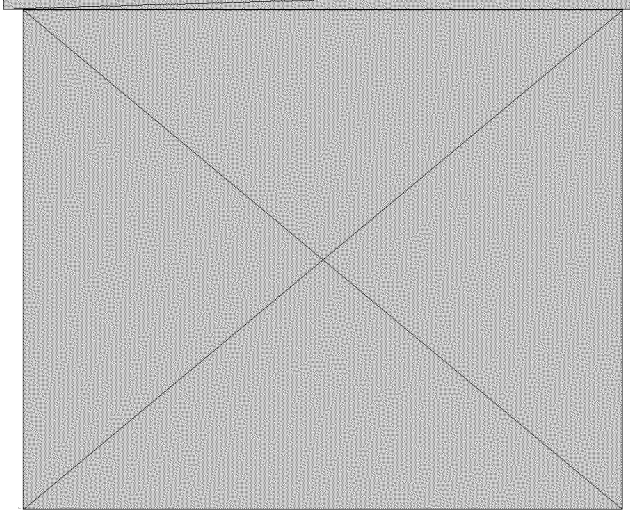
Energy and environment headlines for the morning of Thursday, September 24, 2015





Republicans rebuff Obama's wildfire plan, press for action on House bill

By Kevin Rogers

Republican lawmakers on Wednesday rejected an Obama administration appeal to change the federal wildfire funding system, saying it failed to improve effective forest management. Instead, they pressed for Senate action on a House-passed bill that the White House "strongly opposes."

On a call with reporters, House Natural Resources Chairman Rep. Rob Bishop, R-Utah, Rep

Bruce Westerman, R-Ark., and Sen. Steve Daines, R-Mont., said any reform to the wildfire system would require updates to how the Bureau of Land Management and the Forest Service maintain federal forests.

"There's no amount of increased funding that's going to decrease the occurrence of catastrophic wildfires unless we provide the Forest Service with the tools they need to expand treatments to produce healthy, fire-resistant forests," Bishop said, calling the agencies' current management program "pitiful."

The remarks came in response to a letter Interior Secretary Sally Jewell, Agriculture Secretary Tom Vilsack and Office and Management and Budget Director Shaun Donovan sent to Congress last week, seeking reforms to the current system.

The officials called for discretionary spending caps they said would reduce the need for the agencies to divert funds from other programs, a process referred to as "fire borrowing." The officials said the current system of funding, which bases firefighting budgets on a 10-year average, was inadequate to meet the needs of longer, more intense seasons.

"Due to longer fire seasons resulting from climate change, increased fuel loads in our forests and on our rangelands, and the expense associated with protecting lives and homes along an expanding wildland urban interface, the 10-year average keeps rising and will continue to rise," the officials said.

The lawmakers said that approach would amount to a "Band-Aid" throwing more money at wildfires. They pressed for action on the Resilient Federal Forests Act, which the House approved in July by a vote of 262 to 167, with 19 Democrats in support.

The bill would allow the Forest Service and BLM to request funds from the Federal Emergency Management Agency after firefighting funds are depleted and require faster reforesting of burned acreage.

It would also seek to expedite forest management and timber projects through exempting some areas from environmental review, and discourage litigation by requiring plaintiffs to buy a bond to reimburse federal expenses if they lose the case.

The White House, however, in a Statement of Administration Policy voiced opposition to the bill, saying it would "undermine collaborative forest restoration, environmental safeguards, and public participation across the National Forest System and public lands."

The administration also faulted the bill's FFMA provisions, arguing it would inappropriately strain disaster funds, though it stopped short of issuing a veto threat.

The administration prefers the approach offered by Rep. Mike Simpson, R-Idaho, and Sen. Ron Wyden, D-Ore., that would adjust discretionary spending caps and develop a separate wildfire disaster fund.

Daines, regardless of the administration's stance, said that he's leading an effort in the Senate to adopt the measure and working to win enough Democratic support to send it to President Obama's desk.

"I think this fall we do have the best opportunity in recent memory to pass these reforms," he said. "On the Senate side, we're working with Republicans and Democrats alike to force a similar consensus to get something to the president's desk this fall. I think it would be irresponsible and a missed opportunity to only address the wildfire funding issue without also passing reforms to improve the management of the forests in the first place."

The legislation is set to be considered by the Senate Agriculture Committee in the coming weeks, Daines said.

According to the federal government's tally, wildfires have already burned more than 8.5 million acres, and the Forest Service has been required to transfer an additional $700 million this year from non-fire accounts to fund suppression efforts.

Quick Links

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Revised Energy Transfer offer on the table at Williams

LA River restoration: Critics attack Gehry involvement

Upcoming Events

EPA says it will build temporary treatment plant for mine

By Dan Elliott

DENVER (AP) — The Environmental Protection Agency said Wednesday it will set up a temporary treatment plant for wastewater flowing from the Gold King Mine in southwestern Colorado after 3 million gallons surged out of the mine in August, tainting rivers in three states.

Colorado's two U.S. senators urged the agency to build a longer-term plant to treat acidic water flowing from multiple mines in the Upper Animas River watershed around Silverton, saying pollution from inactive shafts is a serious problem across the West.

The EPA said it needs the temporary plant for the Gold King Mine because it will be unsafe to operate the settling ponds that are now in use when winter temperatures fall below zero.

The $1.8 million facility is expected to start operating by Oct. 14 and run for up to 42 weeks. The EPA said it will cost $20,000 a week to operate.

More

Pope to make historic address to Congress, climate change a topic

By Erica Werner and Nicole Winfield

WASHINGTON (AP) — Fresh from enrapturing crowds all over Washington, Pope Francis is bringing his resonant message of humility and hope to Capitol Hill as he becomes the first pontiff in history to speak to a joint meeting of Congress.

Ahead of Francis' remarks lawmakers of both parties have busily sought political advantage from his stances, with Democrats in particular delighting in his support for action to combat global warming and income inequality, and overhaul immigration laws. One House Republican back-bencher announced plans to boycott the speech over Francis' activist position on climate change, which the pontiff renewed alongside President Barack Obama on Wednesday.

Lawmakers of all political backgrounds and religious affiliations have thrilled to the pope's arrival, however, pledging to pause from the bickering and dysfunction that normally divide them and hear him out Thursday morning. Tens of thousands of spectators will be watching from the West Lawn of the Capitol and many more on TV from around the world as the pope addresses a House chamber packed with Supreme Court justices, Cabinet officials, diplomats, lawmakers and their guests.

After the sergeant at arms announces him by bellowing "Mr. Speaker, the pope of the Holy See," Francis will enter the chamber and climb to the dais where the president delivers the annual State of the Union address and monarchs and heads of state have addressed Congress. Behind him will sit Vice President Joe Biden and House Speaker John Boehner of Ohio, the first and second in line to the presidency, both Catholics.

More

Xi says 'without reform' no progress for business in China

By Gene Johnson and Phuong Le

SEATTLE (AP) — Chinese President Xi Jinping addressed Amazon.com founder Jeff Bezos, billionaire investor Warren Buffett and other top American and Chinese business leaders Wednesday, vowing that his country would work to remove barriers to foreign investment and improve intellectual property protections.

Xi's conference with the business leaders in Seattle was part of a busy day. He also toured the Boeing production facility in Everett, the sprawling suburban Microsoft campus and visited a high school in Tacoma, where he received a football and a personalized jersey.

Protesters and supporters of Xi holding signs in English and Chinese lined the streets outside Microsoft's Redmond campus and also waited outside the high school.

Apple CEO Tim Cook, Microsoft CEO Satya Nadella and Jack Ma of Chinese e-commerce giant Alibaba also were among the 30 executives who attended a closed-door discussion moderated by former U.S. Treasury Secretary Henry Paulson before Xi's address.

More

$134M for recovery projects arising from 2010 Gulf oil spill

By Cain Burdeau

NEW ORLEANS (AP) — A panel on Wednesday approved using $134 million provided by energy giant BP PLC on 10 projects to help the Gulf of Mexico recover from a catastrophic 2010 oil spill.

The approval came from a trustee council made up of Gulf coast states and federal officials overseeing ecological restoration from the offshore spill. About $126 million will go to projects to help sea turtles, fish, vegetation and birds and $8 million on enhancing recreational uses.

In 2011, BP offered to spend $1 billion to spur the recovery of the Gulf, anticipating future restoration costs meted out through the courts. BP is expected to spend billions of dollars more on restoration.

An April 2010 blowout at a well BP and its contractors were drilling touched off the worst offshore oil spill in U.S. history. The explosion and fire aboard the Deepwater Horizon rig killed 11 workers and crews took nearly three months to cap the leak, which some experts estimated at more than 130 million gallons of oil.

More

Dealers, owners feel frustrated and betrayed by VW scandal

By Gillian Flaccus and Tom Krisher

LOS ANGELES (AP) — Bob Rand bought his Volkswagen Passat last year for its clean emissions and high gas mileage. He liked the car so much he convinced his son and a friend to buy one, too.

Now, as Volkswagen comes clean about rigging diesel emissions to pass U.S. tests, Rand is desperately trying to sell the fully loaded model with white leather seats for $10,000 below what he paid. His sole bite has been from a man who offered $7,500 on speculation that he could resell it in Mexico.

"Volkswagen was somebody that you could rely on for cutting-edge products and quality and all those things and now you find out that they're not above lying just flat out," said Rand, who plans to join a class-action lawsuit against VW. "That's probably about as bad a thing as a company can do is lie to your face when you're buying a $35,000 car."

Rand's anger at the world's top-selling car company was echoed Wednesday by private dealers, auto wholesalers and owners across the U.S. as fallout from the smog test trickery mounted.

More

A message from America's Natural Gas Alliance

Clean is Powerful. Natural gas helps Georgia Power's plant generate electricity with 50% fewer emissions. Think about it.

Learn more at www.thinkaboutit.org.

Scientists: Drought stressing California's Giant Sequoias

By Scott Smith

SEQUOIA NATIONAL PARK, Calif. (AP) — Giant Sequoias growing in California's Sierra Nevada are among the largest and oldest living things on earth, but scientists climbing high up into their green canopies say they are seeing symptoms of stress caused by the state's historic drought.

Patches of brown, dead foliage are appearing more than in past years, say researchers studying the iconic trees, which only grow naturally in the Sierra Nevada. By taking stock of groves that are most vulnerable, scientists say they can better manage the forest through the hotter, drier droughts expected in the future.

"They're beautiful, majestic trees," said Koren Nydick, a National Park Service ecologist and part of the research team focused on the treasured trees. "People come from all over the world to see the Giant Sequoias."

Some living more than 3,000 years, Giant Sequoias grow to nearly 300 feet tall. There are other trees that live longer and some that grow taller, but researchers say the Giant Sequoias are unique for their size and longevity.

More

Weak growth outlook pushes oil-rich Norway to cut rates

By The Associated Press

HELSINKI (AP) — Concerned by weaker economic growth, the central bank of oil-rich Norway has cut its key interest rate to its lowest level ever, 0.75 percent, and hinted that it could reduce it further.

Norges Bank said Thursday that growth was likely to remain low "for a longer period than projected earlier" because of weak oil prices and that oil investments were expected to fall further.

It also said that lower demand for goods and services from the energy sector would hit other parts of the economy and increase unemployment.

On the bright side, the bank mentioned a weaker currency would encourage exports and help domestic companies compete with importers.

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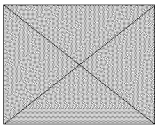

Week in Review – House Panel Moves To Lift Export Ban

Congress Gears up for Papal Visit.

Click here to read the brief

House to tackle measure banning social cost of carbon calculations

The government wouldn't be able to consider the "social cost of carbon" in its review of regulations, under a provision of the Rapid Act that the House is scheduled to begin debating, National Journal reports.

More

LWCF supporters look to short-term funding

With authorization for the Land and Water Conservation Fund likely to expire next week, backers of the program are trying to ensure that any general short-term government funding measure that's approved will include LWCF, National Journal reports.

More

Wind lease sale planned in November for offshore NJ coast

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Calling it a "major step in standing up a sustainable offshore wind program," Interior Secretary Sally Jewell Wednesday announced a Nov. 9 sale of nearly 344,000 acres of leases in the Atlantic off the coast of New Jersey, The Associated Press reports.

More

New Halliburton layoffs to affect management

Halliburton's latest cost cutting plan to weather the continuing oil slump will include management jobs, FuelFix reports.

More

Oil higher on profit taking

Traders trying to cash in on a sharp drop in oil sent prices moving the other way early Thursday. U.S. benchmark jumped 48 cents to $44.96 a barrel in electronic trading on the Nymex, while in London Brent rose 40 cents to $48.15, Reuters reports.

More

Summer prices dropped for MISO in 2015, monitor told board

A monitor told Midcontinent Independent System Operator executives that despite higher demand, real-time electricity prices dropped in the MISO region this summer because of cheaper fuel, Platts reports.

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Tesla, SolarCity at odds over net metering

Tesla and SolarCity may be partners in the battery storage business, but they part company when it comes to SolarCity's support of net metering in California, E&E reports.

More

Second U.S. probe of Total gas trades, company looking to settle

Total CEO Patrick Pouyanne says his company is negotiating to settle an investigation by the Commodity Futures Trading Commission into some of its market trades, and is willing to settle with the Federal Energy Regulatory Commission as well, The Wall Street Journal reports.

More

Revised Energy Transfer offer on the table at Williams

A revised offer from Energy Transfer Equity will be the subject of a board meeting at Williams Cos., possibly as early as this week, sources have told Reuters.

More

LA River restoration: Critics attack Gehry involvement

Architect Frank Gehry's participation in the project to restore the Los Angeles River area has generated a storm of protest from community leaders, The New York Times reports.

More

Upcoming Events

- Sep. 24, Washington: Sen. Cory Gardner, R-Colo., to speak at a Heritage Foundation event on the forthcoming meeting between President Barack Obama and Chinese President Xi Jinping on issues including cybersecurity and environmental policy. 3:00 pm , 214 Massachusetts Ave NE.
- Sep. 24, Washington: Pope Francis to address a joint meeting of Congress 10:00 am , U.S. Capitol Building.

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To: Kaul, Meetu[Kaul.Meetu@epa.gov]
From: EPAMAILR521/USEPA/US
Sent: Thur 9/24/2015 11:31:31 AM
Subject: EPA Information Request – Acknowledgement of Receipt

Thank you for contacting the Office of Transportation and Air Quality (OTAQ). We are processing your inquiry; you should receive a response within 5 business days.

The following information may help you reach a more specific direct contact for information you are seeking.

Frequently asked questions - OTAQ has a "Frequent Questions" site where you can search for answers on transportation and air quality issues at: http://www.epa.gov/otaq/about/faq.htm.

Importing a vehicle to the U.S. - See our Imports site for information about imports at: www.epa.gov/otaq/imports or call the Imports Hotline at 734-214-4100.

Car or light-truck safety issues - Call the Department of Transportation Hotline at 1-800-424-9393.

Recycling or disposal of antifreeze, batteries, oil, or tires - See EPA's Office of Resource Conservation and Recovery web site for information about recycling and disposing of wastes at: www.epa.gov/wastes.

Finding a specific document - Most of our documents are on our Web site at: www.epa.gov/otaq. If you cannot find the document on our site, you can get many publications, free of charge, through the National Service Center for Environmental Publications by calling: 1-800-490-9198. If you are looking for a specific document that you can't find, please contact the NVFEL library at 734-214-4311 or email AALibrary@epa.gov.

For tracking purposes, please ensure the following line is included when replying.
FW: EPA-VW

To: Birgfeld, Erin[Birgfeld.Erin@epa.gov]; Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Cohen, Janet[cohen.janet@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]
From: Grundler, Christopher
Sent: Thur 9/24/2015 11:41:05 AM
Subject: From Janet

Ex. 5

On Sep 24, 2015, at 7:33 AM, Grundler, Christopher <grundler.christopher@epa.gov> wrote:

Ex. 5

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

Ex. 5

From: POLITICO Pro Energy <politicoemail@politicopro.com>
Date: September 24, 2015 at 5:50:07 AM EDT
To: <mccabe.janet@epa.gov>
Subject: Morning Energy, presented by the American Lung Association: The pope comes to Congress - Clinton alarms fossil fuel backers - Labor unions ask White House not to lower smog standard
Reply-To: POLITICO subscriptions <reply-fe9410757067057871-630326_HTML-637935392-1376319-0@politicoemail.com>

By Eric Wolff | 09/24/2015 05:48AM EDT

With help from Alex Guillén and Darius Dixon

POPE POPE POPE, POPEITY POPE POPE: Today is the day! Yesterday, Pope Francis made clear that he would not rely on subtlety to convey his message, baldly stating that climate change, immigration, and poverty were pressing problems that the United States must deal with head on, as Pro's Andrew Restuccia reported . Today the Pope will stand before a Congress whose majority does not agree with him on the subject of climate change and see if he can face them down. Most analysts think he can't, but today he gets to make his case.

If you go and are a member of Congress, the Majority Leader advises you to be in your seats by 9 a.m. for the 10 a.m. speech. Don't be that one straggler who tries to sneak in the back late while the Speaker is making opening remarks.

If you go and are of the hoi polloi: There are many places to watch it streaming, presumably including C-Span, but here's another two links, just in case: http://to.pbs.org/1V8dN1d and http://bit.ly/1Fd2jHM. It will also be broadcast on a big screen at the West Front of the Capitol.

Meanwhile, Moby and a bunch of other musicians will play on the

National Mall to a climate change rally that organizers expect will draw tens of thousands of people. The group has been energized by Pope Francis' encyclical and his visit. The rally starts at 7:30 a.m. and will run until 12:30 p.m., between 3rd St. and 7th St., opening the door for work-a-day government employees to drop in on the concert for an early lunch.

YET ANOTHER THRILLING THURSDAY! I'm your host Eric Wolff, and I have to say the word 'Pope' is starting to lose all meaning for me. It's just a sequence of sounds, man. But with the Pontiff departing for New York today, I'll need all your energy tips, quips, and commentary at ewolff@politico.com, or follow us on Twitter @ericwolff, @Morning_Energy, and @POLITICOPro.

** **A message from the American Lung Association**: Kids want to play outside. But high ozone days can lead to asthma attacks and premature death. That's why 73 percent of Americans support stricter limits on smog pollution. Stronger limits mean less smog and healthier lungs for our kids: www.fightingforair.org **

CLINTON STARTING TO ALARM FOSSIL FUEL INDUSTRIES: In the wake of Hillary Clinton's revelation Tuesday that she opposed the Keystone XL pipeline, the candidate released a longer statement in which she emphasized a global commitment to fighting climate change and improving the nation's existing infrastructure. The statement did little to mollify fossil fuel interests suddenly alarmed at Clinton's shift on the environment, as Pro's Elana Schor reports : "In the past three weeks, Clinton has leaped to the left on three of Big Oil's most prized goals: Arctic offshore drilling, the GOP's plan to allow U.S. oil exports and the Keystone XL pipeline. And fossil-fuel supporters are starting to ask whether the Democrat who once struggled to connect with her party's green base will prove to be a bigger problem for the industry than they had expected...'In the industry, there's starting to be a real disconnect here' when it comes to Clinton, said Marty Durbin, president of America's Natural Gas Alliance."

Who you callin' dirty? In her detailed statement, Clinton called crude from Canadian tar sands, "North America's dirtiest fuel." A spokesman for TransCanada resents that remark, "The [California Air Resources Board] states there are 13 oil fields in California that generate more greenhouse gas emissions than Canadian diluted bitumen blends. And the 'dirtiest oil in North America' is produced just outside Los Angeles, where the Placerita oil field generates about twice the level of upstream emissions as the Canadian oil sands." So there!

ME FIRST: UNIONS LIKE THE OZONE STANDARD RIGHT WHERE IT IS, THANK YOU VERY MUCH : Fierce lobbying continues unabated around the EPA's ozone rule, as the AFL-CIO, the International

Brotherhood of Electrical Workers, and the building-trades unions, among others, head to the Office of Management and Budget today. The group of unions want the ozone standard to remain unchanged at 75 parts per billion, rather than lowering it to the 65 ppb to 70 ppb range EPA is considering. Brad Markell, executive director of the Industrial Union Council, told ME that tightening the standard was just one cut too many. "Industry is moving off-shore, trade hurts our industrial base. Right now we're staring at the [Trans Pacific Partnership]. Industries are going to decide it's best not to be in the United States."

SHOW ME THE MO...TION TO RECONSIDER THE MERGER: Exelon Corp. and Pepco Holdings have until the end of today to ask the D.C. Public Service Commission to reconsider regulators' rejection of the companies' merger last month. The two utilities haven't wavered from their plans to pursue the $6.8 billion deal and intend to press their case that putting Pepco under Exelon's roof is in the "public interest" for D.C. residents even though local regulators thought otherwise, and said so in no uncertain terms.

FIGHTIN' IRISH MEETS FIGHTIN' IRISH: EPA chief Gina McCarthy will voyage to Notre Dame tomorrow to talk up climate change and the Obama administration's agenda. It's quite the timing coup for McCarthy, a Catholic, who will talk in part about the school's recent encyclical-inspired decision to pare back its use of coal-fired electricity. Her agenda includes a discussion on clean energy with students and professors and a press conference with the school's president. An EPA spokeswoman noted that Notre Dame plays the University of Massachusetts - McCarthy's alma mater - in football on Saturday.

CBO - STREAM ACT WOULD SAVE $1 MILLION A YEAR: The Congressional Budget Office says that implementing a House GOP bill blocking the Interior Department's rewrite of the stream buffer zone rule would lead to net savings of about $1 million per year between 2020 and 2023. Rep. Alex Mooney's H.R. 1644, which cleared the Natural Resources Committee earlier this month, requires Interior to conduct a study of the original 1983 regulation and then wait a year before moving forward with a rewrite, essentially a three-year delay on the rule. The study would cost $2 million, but that is offset by royalties from federal leases that would be lost if the rule were implemented on schedule, CBO concluded. The score: http://1.usa.gov/1NUvan7

DIESEL GROUP: VOLKSWAGEN WHO? NEVER HEARD OF THEM : Earlier in the week, news broke that certain models of diesel-engine Volkswagens had been installed with devices intended to fool emissions tests. Now as the hammer falls on Volkswagen -- the company's CEO jumped ship yesterday -- the Diesel Technology Forum, a trade group,

is trying to avoid getting flattened. "The circumstances involving a single manufacturer do not define an entire technology, or an industry," the group said in a statement yesterday. "Vehicle manufacturers and engine makers have invested billions of dollars in research and development to successfully meet the most aggressive emissions standards in the world. They continue to work closely and cooperatively with the Environmental Protection Agency, California Air Resources Board, international regulatory bodies, as well as environmental and other interest groups toward common goals."

The modified VWs pumped an extra 950,000 tons of NO2 into the air each year, the equivalent of the entire United Kingdom power sector, according to an anlaysis by The Guardian. Looking at some EPA data, that's about half the 2014 NO2 emissions from U.S. power generation, and about a fifth of the NO2 emissions from all highway vehicles.

QUICK HITS

"Fracking Firms That Drove Oil Boom Struggle to Survive," WSJ: http://on.wsj.com/1Wk2qFQ

"Trader facing large FERC penalties could see big payoff as whistleblower in bank case," SNL: http://bit.ly/1LOEy5O

"US coal companies see a bright spot: pizza ovens," Boston Globe: http://bit.ly/1Fvbrrf

"Portable Wind Turbines Power Phones or Homes," Discovery News: http://bit.ly/1R1nGgz

HAPPENING THURSDAY

7:30 a.m. - 12:30 - "Rally With Pope Francis in the Call to Moral Action for Climate Justice," The National Mall, Between 4th & 7th, http://bit.ly/1MkXRq9

9:20 a.m. - Pope scheduled to arrive at the Capitol

10 a.m. - Pope Francis makes speech a Joint Session of Congress

11 a.m. - Pope Francis makes appearance on West Front of Capitol

4 p.m. - Pope Francis leaves for Joint Base Andrews and departure to New York City.

** **A message from the American Lung Association**: Americans deserve air to breathe that does not make them sick or die prematurely. Studies show

that breathing too much ozone pollution can trigger asthma attacks, and send people with heart or lung disease to the emergency room, or worse. So join the 73 percent of Americans who support stricter limits on smog. Let's make the air outside safer for our kids to breathe: www.fightingforair.org **

To view online:
https://www.politicopro.com/tipsheets/morning-energy/2015/09/pro-morning-energy-wolff-013811

Stories from POLITICO Pro

Pope praises Obama on climate, calls for 'serious' action Back

By Andrew Restuccia | 09/24/2015 05:48AM EDT

Pope Francis praised President Barack Obama today for taking steps to cut greenhouse gas emissions, and he warned that climate change "is a problem which can no longer be left to a future generation."

The pope, speaking in English in front of the White House, said he is "encouraged" by the president's global warming agenda, which includes first-ever climate regulations for the country's fleet of power plants.

The pope made climate change a central part of his remarks, a signal that the issue will take center stage during his trip through the United States, and possibly during his speech to a joint session of Congress on Thursday.

He said countries "still have time to make the change needed" to tackle climate change, offering a hopeful message that "things can change."

The pope also warned of the effect that global warming has on the world's poor and vulnerable populations, calling for a "serious" response to climate change that takes into account "the millions of people living under a system which has overlooked them."

The comments appear to be intended to send a signal to those who have been reluctant to help fund poor countries' effort deal with the effects of climate change. Republicans in Congress, for example, are resisting Obama's pledge to put $3 billion over several years into the Green Climate Fund, which helps vulnerable countries adapt to the warming planet.

Invoking the words of Martin Luther King, Jr., the pope said the world hasn't done enough to solve the problem. "We can say that we have defaulted on a promissory note and now is the time to honor it," he said.

Back

Pope's climate message unlikely to sway Republicans Back

By Andrew Restuccia and Darren Goode | 09/24/2015 05:48AM EDT

The pope's pleas to take action on climate change will fall on deaf ears with many Republicans when he speaks before a joint session of Congress.

Pope Francis has already made the issue a prominent part of his visit to Washington, using brief remarks at the White House on Wednesday to call climate change "a problem which can no longer be left to (a) future generation," and he praised President Barack Obama for efforts to curtail U.S. greenhouse gas emissions.

"When it comes to the care of our common home, we are living at a critical moment of history," Pope Francis said.

It's those type of comments that have prompted Republican Rep. Paul Gosar to vow to skip the Pontiff's address to lawmakers on Thursday, though most Republicans largely plan to remain reverential during his swing through Washington, agreeing to disagree with the pope on climate change without drawing too much attention.

And lawmakers said this week that the pope's statements about the moral imperative of tackling global warming won't change Republicans' nearly-universal skepticism about climate science and their opposition to most comprehensive policies to rein in greenhouse gas emissions.

"I'll certainly listen respectfully, but I don't think that his speech is going to change my mind on it," Sen. John Barrasso, who rejects mainstream climate science, told POLITICO.

The pope's historic speech dovetails with a Hail Mary campaign by greens to persuade Republicans to back policies aimed at fighting climate change. But Democrats agreed that the pope's pleas are unlikely to change the stalemate in Congress any time soon.

"Progressives are usually right, but too soon. Politics is not for sprinters; it's for marathoners," Massachusetts Sen. Ed Markey, a Catholic Democrat, said during an event hosted by the Center for American Progress Monday.

"I think we have to be realistic about how quickly social change and opinion move," Rep. Ruben Gallego (D-Ariz.) told reporters on a conference call on Tuesday.

It remains to be seen how much time the pope will devote to climate change

when he speaks to Congress on Thursday. Some observers predicted he would reserve most of his climate-related comments for a speech on Friday at the United Nations, where he can make the case for an ambitious international climate change agreement. Ahead of the visit, Audible.com released a free recording of the pope's climate change encyclical.

In their respectful welcome to the pope, most Republicans are employing a strategy aimed at limiting the political blowback that accompanied Gosar's public pronouncement that he would boycott the speech because of the pope's climate advocacy. Despite Republicans' disagreement with the pope on climate change, none have announced plans to join Gosar's boycott of the pope to protest his climate activism. A Gosar spokesman had said other Republicans have expressed interest in joining the boycott but would not name any of the members.

"If you use that logic then you would never attend a State of the Union Address," Sen. Jim Risch (R-Idaho), who is Catholic, said of Gosar's boycott. "So whether you agree or disagree on issues, I don't think that should in any way undermine the respect that should be shown him."

Republicans have long seen the pope as an ally on issues like abortion, and they don't want to give Democrats an opening to make political hay out of their disagreement on climate.

"Look, even Catholics have problems with various popes. But that doesn't stop from recognizing the importance of papal leadership," said Sen. Orrin Hatch (R-Utah), who is Mormon. "And even though there are many in Congress who are not members of the Catholic faith, I think every one of us has tremendous respect for church leaders like the pope who are willing to stand up for principles."

But that hasn't stopped Democrats and their progressive allies from trying to shine a bright spotlight on the pontiff's climate message through speeches on the Senate floor and in rallies steps away from the U.S. Capitol.

Others have taken a more creative approach. For example, SumOfUs, a group that opposes the power of large corporations, and the Franciscan Action Network released a spoof of Donald Trump's "Apprentice" reality TV show that pits the pope against the GOP presidential candidates.

It's an effort to put pressure on recalcitrant climate skeptics and to give Democrats and their supporters another wedge against Republicans ahead of the 2016 elections.

Climate activists haven't given up hope that the pope's message will help convince moderate Republicans to come around on climate change in the

long term. They point to a recent resolution drafted by Republican Rep. Chris Gibson that acknowledges the threats posed by climate change and vows to address them. The resolution has 10 Republican co-sponsors.

"We've seen more willingness to talk about it, but it's going to take a while," said Patrick Carolan, executive director of the Franciscan Action Network.

Catholic observers also say the pope's message on climate change fits in with Republicans' anti-abortion stance.

"He views climate change as a pro-life issue. It's very possible that when he talks about climate change that he'll couple it for caring for unborn children," said Christopher Hale, the executive director of Catholics in Alliance for the Common Good.

"The way Pope Francis talks about climate change is not from the perspective of a secular environmental group," Hale added. "When the pope imagines climate change, he imagines refugees, not whales. And that is a message that could resonate with the GOP."

Back

As Clinton leans green, the oil industry frets Back

By Elana Schor | 09/24/2015 05:48AM EDT

Leaders of the oil and gas industry had long hoped that Hillary Clinton could be an easier president to work with than Barack Obama - but now they have reason to worry.

In the past three weeks, Clinton has leaped to the left on three of Big Oil's most prized goals: Arctic offshore drilling, the GOP's plan to allow U.S. oil exports and the Keystone XL pipeline. And fossil-fuel supporters are starting to ask whether the Democrat who once struggled to connect with her party's green base will prove to be a bigger problem for the industry than they had expected.

Oil and gas players are well aware that Clinton, reckoning with an unexpectedly close primary challenge from Sen. Bernie Sanders in Iowa and New Hampshire, has reasons to build her appeal among activists who oppose any new fossil-fuel production. But they wonder if this will herald a permanent policy shift for Clinton, who had rankled greens as secretary of state by overseeing a series of pro-Keystone environmental studies and creating a program to promote fracking overseas.

"In the industry, there's starting to be a real disconnect here" when it comes

to Clinton, said Marty Durbin, president of America's Natural Gas Alliance and a former Democratic aide. "I don't know how you put the pieces back together to say, 'This could be a president that really recognizes the opportunity we have here to meet all of our goals.'"

Rep. Kevin Cramer (R-N.D.), a close ally of his home state's oil and gas drillers, said he had sensed from them that they "hope that she'd be a more pragmatic liberal than the current occupant of the White House." But now, amid Clinton's new appeals to the environmental movement, Cramer offered the industry some advice: "Don't panic."

"Everything has to be put in the context of the situation, and clearly she's trying to stop the slip of polling in her own primary," he said.

Yet Clinton's camp sought to portray her Keystone opposition as anything but a recent move to bolster her standing against Sanders. Labor union officials knew in advance about her stance, an aide said Tuesday, and the campaign worked with the White House on the timing of the announcement.

Clinton followed her Keystone comments on Tuesday with a longer statement on Wednesday that called for a stronger global focus on climate change and an infrastructure plan that emphasized securing the nation's existing energy systems rather than new construction.

"I'm concerned when she says these things that it gives license to those who say 'She's with us, we can stop any project that's out there,'" said ANGA's Durbin. "We're not going to get to her vision of what we need for this country without getting the necessary infrastructure to make it happen."

Tom Pyle, president of the conservative group American Energy Alliance, urged the oil and gas industry to see Clinton's approach to energy as closer to Obama - whom Cramer called a "true believer" - than her husband.

"At the end of the day, they're not going to get Bill Clinton, that's for sure," he said.

Earlier this year, however, leaders of the American Petroleum Institute sent more positive signals about Clinton than they had offered Obama during his second term.

Regardless of who wins the White House in 2016, "it's going to be better than what we have now," American Petroleum Institute director Erik Milito told an audience at April's Conservative Political Action Conference.

Milito praised former President Bill Clinton for having "actually signed a piece of positive energy legislation" while in office, the industry-friendly

Deepwater Royalty Relief Act. But he warned dryly that Hillary Clinton's campaign chairman, John Podesta, is known as far from "supportive of policies that would help the oil and gas industry."

API President Jack Gerard, a close friend of Mitt Romney, told TheStreet.com in April that "if there's anybody that understands the need for lifting the crude export ban, it's Hillary Clinton."

Clinton's time as secretary of state shows that "she knows those European nations are clamoring to have our energy," Gerard added. API declined to comment further for this story.

Clinton formed the Global Shale Gas Initiative in 2010, marshaling U.S. expertise and technology to help foreign nations develop their expertise in tapping the type of rock that has been behind the domestic oil and gas boom. She acknowledged in a speech that year that touting natural gas "in some places is controversial," a nod to green groups' resistance to the fossil fuel with a lower carbon footprint than coal or oil.

"But natural gas is the cleanest fossil fuel available for power generation today," Clinton added then.

David Goldwyn, who worked alongside Clinton on shaping that program as her special envoy for international energy, said oil and gas has nothing to fear from her potential administration - so long as the industry agrees to "stop blocking" any plans to tackle climate change.

"She is somebody they can deal with who is less ideological than the current administration but no less committed to climate," Goldwyn said, predicting that if she is elected, "both the industry and environmental movement will see more concrete action in the next four years than the last."

But first Clinton has to dispatch Sanders and Gov. Martin O'Malley in the primary. Both of her Democratic rivals tout their long-standing opposition to Keystone and Arctic drilling as proof that the national front-runner is late to climate activists' party.

And some of those environmentalists, while elated by Clinton's recent moves, want to see her go still further left. May Boeve, executive director of 350 Action, said her green group is "still looking for the rest of Hillary Clinton's plan - to stand up to fossil fuel companies by committing to keep vast majorities of known carbon reserves underground."

Despite her opposition to Keystone and Arctic drilling, the oil and gas industry still has reasons to see Clinton as a possible partner.

Her comments on oil exports left room for an eventual deal on the issue, so long as any measure to end the 1970s-era ban on overseas crude sales "strikes the right balance." When a New Hampshire activist pressed her on greens' campaign to ban drilling on public lands, her positive but vague response mentioned only the possibility of "cutting back over time."

Goldwyn said her approach to national security "understands the importance of a robust production base" for fuel even as "she demands we have serious action on climate at the same time."

Still, as congressional Republicans lambaste Clinton for calling Obama's EPA emissions regulations "the floor, not the ceiling," the industry is likely to face its own choice between reaching out to Clinton or criticizing her more directly.

Oil interests are "still treating her like they expect her to win and somehow be their friends when she does," GOP energy lobbyist Michael McKenna said. "They are wrong on both counts."

Back

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From: Cohen, Janet
Sent: Thur 9/24/2015 11:42:49 AM
Subject: RE: From Janet

Ex. 5

From: Grundler, Christopher
Sent: Thursday, September 24, 2015 7:41 AM
To: Birgfeld, Erin; Hengst, Benjamin; Cohen, Janet; Bunker, Byron
Subject: From Janet

Need all hands on deck for press call prep

Christopher Grundler, Director

Office of Transportation and Air Quality

U.S. EPA

202-564-1682 (DC)

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> **Date:** September 24, 2015 at 7:36:58 AM EDT
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>
> Ok.

Note that the press is starting to turn to why we didn't catch this sooner. Ex. 5

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By Eric Wolff | 09/24/2015 05:48AM EDT

With help from Alex Guillén and Darius Dixon

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FIGHTIN' IRISH MEETS FIGHTIN' IRISH: EPA chief Gina McCarthy will voyage to Notre Dame tomorrow to talk up climate change and the Obama administration's agenda. It's quite the timing coup for McCarthy, a Catholic, who will talk in part about the school's recent encyclical-inspired decision to pare back its use of coal-fired electricity. Her agenda includes a discussion on clean energy with students and professors and a press conference with the school's president. An EPA spokeswoman noted that

Notre Dame plays the University of Massachusetts - McCarthy's alma mater - in football on Saturday.

CBO - STREAM ACT WOULD SAVE $1 MILLION A YEAR: The Congressional Budget Office says that implementing a House GOP bill blocking the Interior Department's rewrite of the stream buffer zone rule would lead to net savings of about $1 million per year between 2020 and 2023. Rep. Alex Mooney's H.R. 1644, which cleared the Natural Resources Committee earlier this month, requires Interior to conduct a study of the original 1983 regulation and then wait a year before moving forward with a rewrite, essentially a three-year delay on the rule. The study would cost $2 million, but that is offset by royalties from federal leases that would be lost if the rule were implemented on schedule, CBO concluded. The score: http://1.usa.gov/1NUvan7

DIESEL GROUP: VOLKSWAGEN WHO? NEVER HEARD OF THEM : Earlier in the week, news broke that certain models of diesel-engine Volkswagens had been installed with devices intended to fool emissions tests. Now as the hammer falls on Volkswagen -- the company's CEO jumped ship yesterday -- the Diesel Technology Forum, a trade group, is trying to avoid getting flattened. "The circumstances involving a single manufacturer do not define an entire technology, or an industry," the group said in a statement yesterday. "Vehicle manufacturers and engine makers have invested billions of dollars in research and development to successfully meet the most aggressive emissions standards in the world. They continue to work closely and cooperatively with the Environmental Protection Agency, California Air Resources Board, international regulatory bodies, as well as environmental and other interest groups toward common goals."

The modified VWs pumped an extra 950,000 tons of NO2 into the air each year, the equivalent of the entire United Kingdom power sector, according to an anlaysis by The Guardian. Looking at some EPA data, that's about half the 2014 NO2 emissions from U.S. power generation, and about a fifth of the NO2 emissions from all highway vehicles.

QUICK HITS

"Fracking Firms That Drove Oil Boom Struggle to Survive," WSJ: http://on.wsj.com/1Wk2qFQ

"Trader facing large FERC penalties could see big payoff as whistleblower in bank case," SNL: http://bit.ly/1LOEy5O

"US coal companies see a bright spot: pizza ovens," Boston Globe: http://bit.ly/1Fvbrrf

"Portable Wind Turbines Power Phones or Homes," Discovery News: http://bit.ly/1R1nGgz

HAPPENING THURSDAY

7:30 a.m. - 12:30 - "Rally With Pope Francis in the Call to Moral Action for Climate Justice," The National Mall, Between 4th & 7th, http://bit.ly/1MkXRq9

9:20 a.m. - Pope scheduled to arrive at the Capitol

10 a.m. - Pope Francis makes speech a Joint Session of Congress

11 a.m. - Pope Francis makes appearance on West Front of Capitol

4 p.m. - Pope Francis leaves for Joint Base Andrews and departure to New York City.

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To view online: https://www.politicopro.com/tipsheets/morning-energy/2015/09/pro-morning-energy-wolff-013811

Stories from POLITICO Pro

Pope praises Obama on climate, calls for 'serious' action Back

By Andrew Restuccia | 09/24/2015 05:48AM EDT

Pope Francis praised President Barack Obama today for taking steps to cut greenhouse gas emissions, and he warned that climate change "is a problem which can no longer be left to a future generation."

The pope, speaking in English in front of the White House, said he is "encouraged" by the president's global warming agenda, which includes first-ever climate regulations for the country's fleet of power plants.

The pope made climate change a central part of his remarks, a signal that the issue will take center stage during his trip through the United States, and possibly during his speech to a joint session of Congress on Thursday.

He said countries "still have time to make the change needed" to tackle climate change, offering a hopeful message that "things can change."

The pope also warned of the effect that global warming has on the world's poor and vulnerable populations, calling for a "serious" response to climate change that takes into account "the millions of people living under a system which has overlooked them."

The comments appear to be intended to send a signal to those who have been reluctant to help fund poor countries' effort deal with the effects of climate change. Republicans in Congress, for example, are resisting Obama's pledge to put $3 billion over several years into the Green Climate Fund, which helps vulnerable countries adapt to the warming planet.

Invoking the words of Martin Luther King, Jr., the pope said the world hasn't done enough to solve the problem. "We can say that we have defaulted on a promissory note and now is the time to honor it," he said.

Back

Pope's climate message unlikely to sway Republicans Back

By Andrew Restuccia and Darren Goode | 09/24/2015 05:48AM EDT

The pope's pleas to take action on climate change will fall on deaf ears with many Republicans when he speaks before a joint session of Congress.

Pope Francis has already made the issue a prominent part of his visit to Washington, using brief remarks at the White House on Wednesday to call climate change "a problem which can no longer be left to (a) future generation," and he praised President Barack Obama for efforts to curtail U.S. greenhouse gas emissions.

"When it comes to the care of our common home, we are living at a critical moment of history," Pope Francis said.

It's those type of comments that have prompted Republican Rep. Paul Gosar to vow to skip the Pontiff's address to lawmakers on Thursday, though most Republicans largely plan to remain reverential during his swing through Washington, agreeing to disagree with the pope on climate change without drawing too much attention.

And lawmakers said this week that the pope's statements about the moral imperative of tackling global warming won't change Republicans' nearly-universal skepticism about climate science and their opposition to most

comprehensive policies to rein in greenhouse gas emissions.

"I'll certainly listen respectfully, but I don't think that his speech is going to change my mind on it," Sen. John Barrasso, who rejects mainstream climate science, told POLITICO.

The pope's historic speech dovetails with a Hail Mary campaign by greens to persuade Republicans to back policies aimed at fighting climate change. But Democrats agreed that the pope's pleas are unlikely to change the stalemate in Congress any time soon.

"Progressives are usually right, but too soon. Politics is not for sprinters; it's for marathoners," Massachusetts Sen. Ed Markey, a Catholic Democrat, said during an event hosted by the Center for American Progress Monday.

"I think we have to be realistic about how quickly social change and opinion move," Rep. Ruben Gallego (D-Ariz.) told reporters on a conference call on Tuesday.

It remains to be seen how much time the pope will devote to climate change when he speaks to Congress on Thursday. Some observers predicted he would reserve most of his climate-related comments for a speech on Friday at the United Nations, where he can make the case for an ambitious international climate change agreement. Ahead of the visit, Audible.com released a free recording of the pope's climate change encyclical.

In their respectful welcome to the pope, most Republicans are employing a strategy aimed at limiting the political blowback that accompanied Gosar's public pronouncement that he would boycott the speech because of the pope's climate advocacy. Despite Republicans' disagreement with the pope on climate change, none have announced plans to join Gosar's boycott of the pope to protest his climate activism. A Gosar spokesman had said other Republicans have expressed interest in joining the boycott but would not name any of the members.

"If you use that logic then you would never attend a State of the Union Address," Sen. Jim Risch (R-Idaho), who is Catholic, said of Gosar's boycott. "So whether you agree or disagree on issues, I don't think that should in any way undermine the respect that should be shown him."

Republicans have long seen the pope as an ally on issues like abortion, and they don't want to give Democrats an opening to make political hay out of their disagreement on climate.

"Look, even Catholics have problems with various popes. But that doesn't stop from recognizing the importance of papal leadership," said Sen. Orrin

Hatch (R-Utah), who is Mormon. "And even though there are many in Congress who are not members of the Catholic faith, I think every one of us has tremendous respect for church leaders like the pope who are willing to stand up for principles."

But that hasn't stopped Democrats and their progressive allies from trying to shine a bright spotlight on the pontiff's climate message through speeches on the Senate floor and in rallies steps away from the U.S. Capitol.

Others have taken a more creative approach. For example, SumOfUs, a group that opposes the power of large corporations, and the Franciscan Action Network released a spoof of Donald Trump's "Apprentice" reality TV show that pits the pope against the GOP presidential candidates.

It's an effort to put pressure on recalcitrant climate skeptics and to give Democrats and their supporters another wedge against Republicans ahead of the 2016 elections.

Climate activists haven't given up hope that the pope's message will help convince moderate Republicans to come around on climate change in the long term. They point to a recent resolution drafted by Republican Rep. Chris Gibson that acknowledges the threats posed by climate change and vows to address them. The resolution has 10 Republican co-sponsors.

"We've seen more willingness to talk about it, but it's going to take a while," said Patrick Carolan, executive director of the Franciscan Action Network.

Catholic observers also say the pope's message on climate change fits in with Republicans' anti-abortion stance.

"He views climate change as a pro-life issue. It's very possible that when he talks about climate change that he'll couple it for caring for unborn children," said Christopher Hale, the executive director of Catholics in Alliance for the Common Good.

"The way Pope Francis talks about climate change is not from the perspective of a secular environmental group," Hale added. "When the pope imagines climate change, he imagines refugees, not whales. And that is a message that could resonate with the GOP."

Back

As Clinton leans green, the oil industry frets Back

By Elana Schor | 09/24/2015 05:48AM EDT

Leaders of the oil and gas industry had long hoped that Hillary Clinton could be an easier president to work with than Barack Obama - but now they have reason to worry.

In the past three weeks, Clinton has leaped to the left on three of Big Oil's most prized goals: Arctic offshore drilling, the GOP's plan to allow U.S. oil exports and the Keystone XL pipeline. And fossil-fuel supporters are starting to ask whether the Democrat who once struggled to connect with her party's green base will prove to be a bigger problem for the industry than they had expected.

Oil and gas players are well aware that Clinton, reckoning with an unexpectedly close primary challenge from Sen. Bernie Sanders in Iowa and New Hampshire, has reasons to build her appeal among activists who oppose any new fossil-fuel production. But they wonder if this will herald a permanent policy shift for Clinton, who had rankled greens as secretary of state by overseeing a series of pro-Keystone environmental studies and creating a program to promote fracking overseas.

"In the industry, there's starting to be a real disconnect here" when it comes to Clinton, said Marty Durbin, president of America's Natural Gas Alliance and a former Democratic aide. "I don't know how you put the pieces back together to say, 'This could be a president that really recognizes the opportunity we have here to meet all of our goals.'"

Rep. Kevin Cramer (R-N.D.), a close ally of his home state's oil and gas drillers, said he had sensed from them that they "hope that she'd be a more pragmatic liberal than the current occupant of the White House." But now, amid Clinton's new appeals to the environmental movement, Cramer offered the industry some advice: "Don't panic."

"Everything has to be put in the context of the situation, and clearly she's trying to stop the slip of polling in her own primary," he said.

Yet Clinton's camp sought to portray her Keystone opposition as anything but a recent move to bolster her standing against Sanders. Labor union officials knew in advance about her stance, an aide said Tuesday, and the campaign worked with the White House on the timing of the announcement.

Clinton followed her Keystone comments on Tuesday with a longer statement on Wednesday that called for a stronger global focus on climate change and an infrastructure plan that emphasized securing the nation's existing energy systems rather than new construction.

"I'm concerned when she says these things that it gives license to those who say 'She's with us, we can stop any project that's out there,'" said ANGA's

Durbin. "We're not going to get to her vision of what we need for this country without getting the necessary infrastructure to make it happen."

Tom Pyle, president of the conservative group American Energy Alliance, urged the oil and gas industry to see Clinton's approach to energy as closer to Obama - whom Cramer called a "true believer" - than her husband.

"At the end of the day, they're not going to get Bill Clinton, that's for sure," he said.

Earlier this year, however, leaders of the American Petroleum Institute sent more positive signals about Clinton than they had offered Obama during his second term.

Regardless of who wins the White House in 2016, "it's going to be better than what we have now," American Petroleum Institute director Erik Milito told an audience at April's Conservative Political Action Conference.

Milito praised former President Bill Clinton for having "actually signed a piece of positive energy legislation" while in office, the industry-friendly Deepwater Royalty Relief Act. But he warned dryly that Hillary Clinton's campaign chairman, John Podesta, is known as far from "supportive of policies that would help the oil and gas industry."

API President Jack Gerard, a close friend of Mitt Romney, told TheStreet.com in April that "if there's anybody that understands the need for lifting the crude export ban, it's Hillary Clinton."

Clinton's time as secretary of state shows that "she knows those European nations are clamoring to have our energy," Gerard added. API declined to comment further for this story.

Clinton formed the Global Shale Gas Initiative in 2010, marshaling U.S. expertise and technology to help foreign nations develop their expertise in tapping the type of rock that has been behind the domestic oil and gas boom. She acknowledged in a speech that year that touting natural gas "in some places is controversial," a nod to green groups' resistance to the fossil fuel with a lower carbon footprint than coal or oil.

"But natural gas is the cleanest fossil fuel available for power generation today," Clinton added then.

David Goldwyn, who worked alongside Clinton on shaping that program as her special envoy for international energy, said oil and gas has nothing to fear from her potential administration - so long as the industry agrees to "stop blocking" any plans to tackle climate change.

"She is somebody they can deal with who is less ideological than the current administration but no less committed to climate," Goldwyn said, predicting that if she is elected, "both the industry and environmental movement will see more concrete action in the next four years than the last."

But first Clinton has to dispatch Sanders and Gov. Martin O'Malley in the primary. Both of her Democratic rivals tout their long-standing opposition to Keystone and Arctic drilling as proof that the national front-runner is late to climate activists' party.

And some of those environmentalists, while elated by Clinton's recent moves, want to see her go still further left. May Boeve, executive director of 350 Action, said her green group is "still looking for the rest of Hillary Clinton's plan - to stand up to fossil fuel companies by committing to keep vast majorities of known carbon reserves underground."

Despite her opposition to Keystone and Arctic drilling, the oil and gas industry still has reasons to see Clinton as a possible partner.

Her comments on oil exports left room for an eventual deal on the issue, so long as any measure to end the 1970s-era ban on overseas crude sales "strikes the right balance." When a New Hampshire activist pressed her on greens' campaign to ban drilling on public lands, her positive but vague response mentioned only the possibility of "cutting back over time."

Goldwyn said her approach to national security "understands the importance of a robust production base" for fuel even as "she demands we have serious action on climate at the same time."

Still, as congressional Republicans lambaste Clinton for calling Obama's EPA emissions regulations "the floor, not the ceiling," the industry is likely to face its own choice between reaching out to Clinton or criticizing her more directly.

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Byron Bunker

Director Compliance Division

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Environmental Protection Agency

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Ann Arbor, MI 48105

Bunker.Byron@epa.gov

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in the United States."

SHOW ME THE MO...TION TO RECONSIDER THE MERGER: Exelon Corp. and Pepco Holdings have until the end of today to ask the D.C. Public Service Commission to reconsider regulators' rejection of the companies' merger last month. The two utilities haven't wavered from their plans to pursue the $6.8 billion deal and intend to press their case that putting Pepco under Exelon's roof is in the "public interest" for D.C. residents even though local regulators thought otherwise, and said so in no uncertain terms.

FIGHTIN' IRISH MEETS FIGHTIN' IRISH: EPA chief Gina McCarthy will voyage to Notre Dame tomorrow to talk up climate change and the Obama administration's agenda. It's quite the timing coup for McCarthy, a Catholic, who will talk in part about the school's recent encyclical-inspired decision to pare back its use of coal-fired electricity. Her agenda includes a discussion on clean energy with students and professors and a press conference with the school's president. An EPA spokeswoman noted that Notre Dame plays the University of Massachusetts - McCarthy's alma mater - in football on Saturday.

CBO - STREAM ACT WOULD SAVE $1 MILLION A YEAR: The Congressional Budget Office says that implementing a House GOP bill blocking the Interior Department's rewrite of the stream buffer zone rule would lead to net savings of about $1 million per year between 2020 and 2023. Rep. Alex Mooney's H.R. 1644, which cleared the Natural Resources Committee earlier this month, requires Interior to conduct a study of the original 1983 regulation and then wait a year before moving forward with a rewrite, essentially a three-year delay on the rule. The study would cost $2 million, but that is offset by royalties from federal leases that would be lost if the rule were implemented on schedule, CBO concluded. The score: http://1.usa.gov/1NUvan7

DIESEL GROUP: VOLKSWAGEN WHO? NEVER HEARD OF THEM : Earlier in the week, news broke that certain models of diesel-engine Volkswagens had been installed with devices intended to fool emissions tests. Now as the hammer falls on Volkswagen -- the company's CEO jumped ship yesterday -- the Diesel Technology Forum, a trade group, is trying to avoid getting flattened. "The circumstances involving a single manufacturer do not define an entire technology, or an industry," the group said in a statement yesterday. "Vehicle manufacturers and engine makers have invested billions of dollars in research and development to successfully meet the most aggressive emissions standards in the world. They continue to work closely and cooperatively with the Environmental Protection Agency, California Air Resources Board, international regulatory bodies, as well as environmental and other interest groups toward common goals."

The modified VWs pumped an extra 950,000 tons of NO2 into the air each year, the equivalent of the entire United Kingdom power sector, according to an anlaysis by The Guardian. Looking at some EPA data, that's about half the 2014 NO2 emissions from U.S. power generation, and about a fifth of the NO2 emissions from all highway vehicles.

QUICK HITS

"Fracking Firms That Drove Oil Boom Struggle to Survive," WSJ: http://on.wsj.com/1Wk2qFQ

"Trader facing large FERC penalties could see big payoff as whistleblower in bank case," SNL: http://bit.ly/1LOEy5O

"US coal companies see a bright spot: pizza ovens," Boston Globe: http://bit.ly/1Fvbrrf

"Portable Wind Turbines Power Phones or Homes," Discovery News: http://bit.ly/1R1nGgz

HAPPENING THURSDAY

7:30 a.m. - 12:30 - "Rally With Pope Francis in the Call to Moral Action for Climate Justice," The National Mall, Between 4th & 7th, http://bit.ly/1MkXRq9

9:20 a.m. - Pope scheduled to arrive at the Capitol

10 a.m. - Pope Francis makes speech a Joint Session of Congress

11 a.m. - Pope Francis makes appearance on West Front of Capitol

4 p.m. - Pope Francis leaves for Joint Base Andrews and departure to New York City.

** **A message from the American Lung Association**: Americans deserve air to breathe that does not make them sick or die prematurely. Studies show that breathing too much ozone pollution can trigger asthma attacks, and send people with heart or lung disease to the emergency room, or worse. So join the 73 percent of Americans who support stricter limits on smog. Let's make the air outside safer for our kids to breathe: www.fightingforair.org **

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Stories from POLITICO Pro

Pope praises Obama on climate, calls for 'serious' action Back

By Andrew Restuccia | 09/24/2015 05:48AM EDT

Pope Francis praised President Barack Obama today for taking steps to cut greenhouse gas emissions, and he warned that climate change "is a problem which can no longer be left to a future generation."

The pope, speaking in English in front of the White House, said he is "encouraged" by the president's global warming agenda, which includes first-ever climate regulations for the country's fleet of power plants.

The pope made climate change a central part of his remarks, a signal that the issue will take center stage during his trip through the United States, and possibly during his speech to a joint session of Congress on Thursday.

He said countries "still have time to make the change needed" to tackle climate change, offering a hopeful message that "things can change."

The pope also warned of the effect that global warming has on the world's poor and vulnerable populations, calling for a "serious" response to climate change that takes into account "the millions of people living under a system which has overlooked them."

The comments appear to be intended to send a signal to those who have been reluctant to help fund poor countries' effort deal with the effects of climate change. Republicans in Congress, for example, are resisting Obama's pledge to put $3 billion over several years into the Green Climate Fund, which helps vulnerable countries adapt to the warming planet.

Invoking the words of Martin Luther King, Jr., the pope said the world hasn't done enough to solve the problem. "We can say that we have defaulted on a promissory note and now is the time to honor it," he said.

Back

Pope's climate message unlikely to sway Republicans Back

By Andrew Restuccia and Darren Goode | 09/24/2015 05:48AM EDT

The pope's pleas to take action on climate change will fall on deaf ears with many Republicans when he speaks before a joint session of Congress.

Pope Francis has already made the issue a prominent part of his visit to Washington, using brief remarks at the White House on Wednesday to call climate change "a problem which can no longer be left to (a) future generation," and he praised President Barack Obama for efforts to curtail U.S. greenhouse gas emissions.

"When it comes to the care of our common home, we are living at a critical moment of history," Pope Francis said.

It's those type of comments that have prompted Republican Rep. Paul Gosar to vow to skip the Pontiff's address to lawmakers on Thursday, though most Republicans largely plan to remain reverential during his swing through Washington, agreeing to disagree with the pope on climate change without drawing too much attention.

And lawmakers said this week that the pope's statements about the moral imperative of tackling global warming won't change Republicans' nearly-universal skepticism about climate science and their opposition to most comprehensive policies to rein in greenhouse gas emissions.

"I'll certainly listen respectfully, but I don't think that his speech is going to change my mind on it," Sen. John Barrasso, who rejects mainstream climate science, told POLITICO.

The pope's historic speech dovetails with a Hail Mary campaign by greens to persuade Republicans to back policies aimed at fighting climate change. But Democrats agreed that the pope's pleas are unlikely to change the stalemate in Congress any time soon.

"Progressives are usually right, but too soon. Politics is not for sprinters; it's for marathoners," Massachusetts Sen. Ed Markey, a Catholic Democrat, said during an event hosted by the Center for American Progress Monday.

"I think we have to be realistic about how quickly social change and opinion move," Rep. Ruben Gallego (D-Ariz.) told reporters on a conference call on Tuesday.

It remains to be seen how much time the pope will devote to climate change when he speaks to Congress on Thursday. Some observers predicted he would reserve most of his climate-related comments for a speech on Friday at the United Nations, where he can make the case for an ambitious international climate change agreement. Ahead of the visit, Audible.com released a free recording of the pope's climate change encyclical.

In their respectful welcome to the pope, most Republicans are employing a strategy aimed at limiting the political blowback that accompanied Gosar's

public pronouncement that he would boycott the speech because of the pope's climate advocacy. Despite Republicans' disagreement with the pope on climate change, none have announced plans to join Gosar's boycott of the pope to protest his climate activism. A Gosar spokesman had said other Republicans have expressed interest in joining the boycott but would not name any of the members.

"If you use that logic then you would never attend a State of the Union Address," Sen. Jim Risch (R-Idaho), who is Catholic, said of Gosar's boycott. "So whether you agree or disagree on issues, I don't think that should in any way undermine the respect that should be shown him."

Republicans have long seen the pope as an ally on issues like abortion, and they don't want to give Democrats an opening to make political hay out of their disagreement on climate.

"Look, even Catholics have problems with various popes. But that doesn't stop from recognizing the importance of papal leadership," said Sen. Orrin Hatch (R-Utah), who is Mormon. "And even though there are many in Congress who are not members of the Catholic faith, I think every one of us has tremendous respect for church leaders like the pope who are willing to stand up for principles."

But that hasn't stopped Democrats and their progressive allies from trying to shine a bright spotlight on the pontiff's climate message through speeches on the Senate floor and in rallies steps away from the U.S. Capitol.

Others have taken a more creative approach. For example, SumOfUs, a group that opposes the power of large corporations, and the Franciscan Action Network released a spoof of Donald Trump's "Apprentice" reality TV show that pits the pope against the GOP presidential candidates.

It's an effort to put pressure on recalcitrant climate skeptics and to give Democrats and their supporters another wedge against Republicans ahead of the 2016 elections.

Climate activists haven't given up hope that the pope's message will help convince moderate Republicans to come around on climate change in the long term. They point to a recent resolution drafted by Republican Rep. Chris Gibson that acknowledges the threats posed by climate change and vows to address them. The resolution has 10 Republican co-sponsors.

"We've seen more willingness to talk about it, but it's going to take a while," said Patrick Carolan, executive director of the Franciscan Action Network.

Catholic observers also say the pope's message on climate change fits in with

Republicans' anti-abortion stance.

"He views climate change as a pro-life issue. It's very possible that when he talks about climate change that he'll couple it for caring for unborn children," said Christopher Hale, the executive director of Catholics in Alliance for the Common Good.

"The way Pope Francis talks about climate change is not from the perspective of a secular environmental group," Hale added. "When the pope imagines climate change, he imagines refugees, not whales. And that is a message that could resonate with the GOP."

Back

As Clinton leans green, the oil industry frets Back

By Elana Schor | 09/24/2015 05:48AM EDT

Leaders of the oil and gas industry had long hoped that Hillary Clinton could be an easier president to work with than Barack Obama - but now they have reason to worry.

In the past three weeks, Clinton has leaped to the left on three of Big Oil's most prized goals: Arctic offshore drilling, the GOP's plan to allow U.S. oil exports and the Keystone XL pipeline. And fossil-fuel supporters are starting to ask whether the Democrat who once struggled to connect with her party's green base will prove to be a bigger problem for the industry than they had expected.

Oil and gas players are well aware that Clinton, reckoning with an unexpectedly close primary challenge from Sen. Bernie Sanders in Iowa and New Hampshire, has reasons to build her appeal among activists who oppose any new fossil-fuel production. But they wonder if this will herald a permanent policy shift for Clinton, who had rankled greens as secretary of state by overseeing a series of pro-Keystone environmental studies and creating a program to promote fracking overseas.

"In the industry, there's starting to be a real disconnect here" when it comes to Clinton, said Marty Durbin, president of America's Natural Gas Alliance and a former Democratic aide. "I don't know how you put the pieces back together to say, 'This could be a president that really recognizes the opportunity we have here to meet all of our goals.'"

Rep. Kevin Cramer (R-N.D.), a close ally of his home state's oil and gas drillers, said he had sensed from them that they "hope that she'd be a more pragmatic liberal than the current occupant of the White House." But now,

amid Clinton's new appeals to the environmental movement, Cramer offered the industry some advice: "Don't panic."

"Everything has to be put in the context of the situation, and clearly she's trying to stop the slip of polling in her own primary," he said.

Yet Clinton's camp sought to portray her Keystone opposition as anything but a recent move to bolster her standing against Sanders. Labor union officials knew in advance about her stance, an aide said Tuesday, and the campaign worked with the White House on the timing of the announcement.

Clinton followed her Keystone comments on Tuesday with a longer statement on Wednesday that called for a stronger global focus on climate change and an infrastructure plan that emphasized securing the nation's existing energy systems rather than new construction.

"I'm concerned when she says these things that it gives license to those who say 'She's with us, we can stop any project that's out there,'" said ANGA's Durbin. "We're not going to get to her vision of what we need for this country without getting the necessary infrastructure to make it happen."

Tom Pyle, president of the conservative group American Energy Alliance, urged the oil and gas industry to see Clinton's approach to energy as closer to Obama - whom Cramer called a "true believer" - than her husband.

"At the end of the day, they're not going to get Bill Clinton, that's for sure," he said.

Earlier this year, however, leaders of the American Petroleum Institute sent more positive signals about Clinton than they had offered Obama during his second term.

Regardless of who wins the White House in 2016, "it's going to be better than what we have now," American Petroleum Institute director Erik Milito told an audience at April's Conservative Political Action Conference.

Milito praised former President Bill Clinton for having "actually signed a piece of positive energy legislation" while in office, the industry-friendly Deepwater Royalty Relief Act. But he warned dryly that Hillary Clinton's campaign chairman, John Podesta, is known as far from "supportive of policies that would help the oil and gas industry."

API President Jack Gerard, a close friend of Mitt Romney, told TheStreet.com in April that "if there's anybody that understands the need for lifting the crude export ban, it's Hillary Clinton."

Clinton's time as secretary of state shows that "she knows those European nations are clamoring to have our energy," Gerard added. API declined to comment further for this story.

Clinton formed the Global Shale Gas Initiative in 2010, marshaling U.S. expertise and technology to help foreign nations develop their expertise in tapping the type of rock that has been behind the domestic oil and gas boom. She acknowledged in a speech that year that touting natural gas "in some places is controversial," a nod to green groups' resistance to the fossil fuel with a lower carbon footprint than coal or oil.

"But natural gas is the cleanest fossil fuel available for power generation today," Clinton added then.

David Goldwyn, who worked alongside Clinton on shaping that program as her special envoy for international energy, said oil and gas has nothing to fear from her potential administration - so long as the industry agrees to "stop blocking" any plans to tackle climate change.

"She is somebody they can deal with who is less ideological than the current administration but no less committed to climate," Goldwyn said, predicting that if she is elected, "both the industry and environmental movement will see more concrete action in the next four years than the last."

But first Clinton has to dispatch Sanders and Gov. Martin O'Malley in the primary. Both of her Democratic rivals tout their long-standing opposition to Keystone and Arctic drilling as proof that the national front-runner is late to climate activists' party.

And some of those environmentalists, while elated by Clinton's recent moves, want to see her go still further left. May Boeve, executive director of 350 Action, said her green group is "still looking for the rest of Hillary Clinton's plan - to stand up to fossil fuel companies by committing to keep vast majorities of known carbon reserves underground."

Despite her opposition to Keystone and Arctic drilling, the oil and gas industry still has reasons to see Clinton as a possible partner.

Her comments on oil exports left room for an eventual deal on the issue, so long as any measure to end the 1970s-era ban on overseas crude sales "strikes the right balance." When a New Hampshire activist pressed her on greens' campaign to ban drilling on public lands, her positive but vague response mentioned only the possibility of "cutting back over time."

Goldwyn said her approach to national security "understands the importance of a robust production base" for fuel even as "she demands we have serious

action on climate at the same time."

Still, as congressional Republicans lambaste Clinton for calling Obama's EPA emissions regulations "the floor, not the ceiling," the industry is likely to face its own choice between reaching out to Clinton or criticizing her more directly.

Oil interests are "still treating her like they expect her to win and somehow be their friends when she does," GOP energy lobbyist Michael McKenna said. "They are wrong on both counts."

Back

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By Colleen Leahy

Today's Washington Brief

- Pope Francis will address a joint session of Congress today, and he's expected to issue a strong call for action on climate change that may fall on some deaf ears with the House slated to debate legislation this afternoon that would bar federal agencies from considering the "social cost of carbon" in environmental reviews and permitting decisions. (National Journal)

- The pontiff spent much of his White House speech yesterday addressing climate change, voicing support for President Obama's Clean Power Plan. (The New York Times)

- The greater sage grouse won't be included on the endangered species list, but the Bureau of Land Management and the U.S. Forest Service have plans to essentially block oil and gas development across tens of millions of acres of the bird's habitat. Republicans say that will have the same effect as listing the bird. (Morning Consult)

Today's Business Brief

- Volkswagen Chief Executive Officer Martin Winterkorn resigned amid the German automaker's emissions-falsification scandal. (CNN)

- French multinational oil and gas company Total SA said it would invest $500 million annually in renewables. (Bloomberg News)

- As companies like Tesla drive up the demand for cobalt, a chemical element used in batteries, mining companies are racing to become cobalt's top producer. Eurasian Resources Group is leading that charge with a $2.2 billion mining project in the Democratic Republic of Congo. (Bloomberg News)

Today's Chart Review

Coal mine starts continue to decline

U.S. Energy Information Administration

Mark Your Calendars (All Times Eastern)

Thursday
Conference on ecology & transportation @ 7:30 a.m.
NRC public meeting on proposed Emergency Preparedness FAQs @ 8:30 a.m.
AWEA webinar on recommended practices for turbine end-of-warranty inspections @ 12 p.m.
Heritage discussion of Xi Jinping's upcoming visit @ 3 p.m.
FERC public meeting on Oregon LNG Terminal & Pipeline Project @ 9 p.m.

Friday
NRC public meeting on the Revised Fuel Cycle Oversight Process @ 8:30 a.m.
CSIS discussion of global natural gas markets @ 10 a.m

General

After Pope's Speech, House Turns to Bill That Bars Tallying "Social Cost" of Carbon
Ben Geman, National Journal

Con-gress will wel-come Pope Fran-cis with open arms Thursday, but the hours after his speech will likely bring fresh evid-ence that his calls for cli-mate-change ac-tion are un-likely to al-ter House GOP policy goals.

Volkswagen CEO quits over 'grave crisis'
Mark Thompson and Chris Liakos, CNN

Volkswagen chief executive Martin Winterkorn resigned Wednesday as a growing scandal over falsified emissions tests rocked the world's biggest carmaker.

Republicans, Environmentalists Grouse Over Protection Plans
Reid Wilson, Morning Consult

After more than 15 years of internal debate and court fights, the Interior Department said Tuesday it will not include the greater sage grouse on the endangered species list. Instead, the agency said BLM and the U.S. Forest Service would finalize land-

use plans that would help conserve tens of millions of acres of sage grouse habitat, effectively locking those lands off from development.

Senate Dems see energy bill as catnip for voters
Jean Chemnick and Hannah Northey, E&E

Senate Democrats who unveiled a sweeping energy bill yesterday are hoping their long list of clean power provisions attracts voters next fall. Combining clean energy and jobs is "an electric combination that I believe is going to take the country by storm, that I believe will be a major issue in the 2016 campaign," Sen. Chuck Schumer (D-N.Y.) said as the bill was unveiled on Capitol Hill yesterday.

Tesla Battery Push Spurs ENRC Owner to Target Cobalt Mining
Yuliya Fedorinova, Bloomberg News

Eurasian Resources Group plans to use a $2.2 billion project in the Democratic Republic of Congo to become the world's top cobalt producer and tap growing demand for batteries from companies including Tesla Motors Inc.

EPA announces $1.2 million in new funds to clean up contaminated sites in Maine
Gillian Graham, Portland Press Herald

The Environmental Protection Agency on Wednesday announced grants totaling more than $4 million to clean up contaminated industrial sites across New England. The $4.3 million in supplemental funds will go to a variety of so-called "brownfield" sites across the region, including $1.2 million for cleanup and redevelopment projects in Maine.

Schumer Stakes Out Budget Positions for Democrats
Will Dobbs-Allsopp, Morning Consult

Senate Majority Leader Mitch McConnell (R-Ky.) on Tuesday took the first step in trying to avert a shutdown at the end of the month, when appropriations for the current fiscal year are set to expire, by introducing a short-term funding bill that would keep the government open through Dec. 11. But even before McConnell introduced the continuing resolution, Sen. Chuck Schumer (D-N.Y.) and fellow Senate Democrats were already looking past the immediate government funding debate to stake out positions on spending and budget priorities for the oncoming clash later this fall.

U.S. Stock-Index Futures Decline Ahead of Yellen's Speech
Sofia Horta E Costa, Bloomberg News

Uncertainty over the Federal Reserve's stimulus policy prevailed among investors, sending U.S. stock-index futures lower, with the Standard & Poor's 500 Index at its

lowest level in almost three weeks. S&P 500 E-mini contracts expiring in December slipped 1 percent to 1,909 at 7:19 a.m. in New York, after swinging between gains and losses. The equity gauge fell for the fourth time in five days yesterday as a rout in crude prices weighed on commodity stocks. Dow Jones Industrial Average futures dropped 142 points, also 0.9 percent to 16,045 today.

Oil & Natural Gas

Oil rebounds near $48 after sharp fall
Reuters

Oil steadied at around $48 a barrel on Thursday, as investors sought bargains after crude futures fell sharply the previous day on an unexpectedly large buildup in U.S. gasoline stocks and a tepid demand outlook.

Fracking Firms That Drove Oil Boom Struggle to Survive
Alison Sider, The Wall Street Journal

A wave of bankruptcies and closures is sweeping across the oil patch, with dozens of hydraulic-fracturing companies at risk, industry experts say.

Total Cuts 2017 Oil Output Target
Inti Landauro, The Wall Street Journal

French oil giant Total SA will pump less oil than expected in 2017 amid new cost cuts intended to protect its ability to pay investor dividends during a period of low oil prices, company officials said.

Wyoming Seeks More Funds to Clean Up Abandoned Wells
Dam Frosch, The Wall Street Journal

Wyoming is moving forward with sweeping new rules to double the money oil and gas companies must put aside before drilling new wells, a measure prompted by the large number of abandoned wells that litter the state.

Traders Spooked by El Nino Grind Winter Gas to a 16-Year Low
Naureen Malik and Brian K. Sullivan, Bloomberg News

Gas prices are tumbling as signs of El Nino mount and temperatures in Manhattan top 80 degrees Fahrenheit (27 Celsius) in late September. Gas for January delivery, when prices typically peak with winter heating demand, is heading into winter at a 16-year low.

Walker to call Alaska Legislature for special session on gas pipeline
Nathaniel Herz, Alaska Dispatch News

Alaska — along with three oil producers and a pipeline company — is in the process of developing a huge gas pipeline project from the North Slope. A special session this fall to address specific aspects of the project, like property taxes, has been under discussion for months.

Utilities & Infrastructure

3 Midwest utilities set up competitive transmission developers
Robert Walton, Utility Dive

Three new competitive transmission companies have been established by established midwestern utilities to take advantage of new power line building opportunities in organized markets. The Federal Energy Regulatory Commission this month conditionally accepted rate proposals and other protocols for three competitive transmission developers: Midwest Power Transmission Arkansas, ATX Southwest and Kanstar Transmission.

Renewables

Total Plans $500 Million Annual Investment in Renewable Energy
Javier Blas, Bloomberg News

Total SA plans to invest $500 million a year in renewable energy, a step by Europe's second-largest oil and gas company to expand in biofuels and solar. The French company said in a presentation to investors it wanted to take "advantage of fast growing renewable market" to build a profitable business.

As solar cap looms, installers ask CA regulators for interim metering measures
Herman K. Trabish, Utility Dive

The California Public Utilities Commission (CPUC) Net Energy Metering 2.0 proceeding is required to create a new program to reward solar owners for the electricity their systems send to the grid by the end of the year, but a cap on rooftop solar installations could be reached before that new program is devised.

Younicos provides 1MW battery for OCI Solar Power Texas project
Tom Kenning, PV Tech

Battery-based energy storage integration and development company Younicos is to provide a 1MW turnkey battery system for a solar project in Texas from PV developer OCI Solar Power. This will be the first integrated grid-scale solar-plus-storage project to be deployed in the market covered by the Electric Reliability Council of Texas (ERCOT), which is the body responsible for operating the grid and managing the

deregulated market for three quarters of Texas.

Coal

EPA rules cloud future of Xcel's big Minnesota coal plant
Matt Sepic, Minnesota Public Radio News

Xcel Energy's Sherburne County Generating Station's coal furnaces are also the state's single largest source of carbon emissions, pumping out 20 million tons of CO2 every year from its stacks, according to the federal Environmental Protection Agency. Those emissions have put those furnaces at the center of a debate over climate change and economic growth in Minnesota.

Nuclear

When Radiation Isn't the Real Risk
George Johnson, The New York Times

No one has been killed or sickened by the radiation from the 2011 nuclear disaster at Fukushima — a point confirmed last month by the International Atomic Energy Agency. But about 1,600 people died from the stress of the evacuation — one that some scientists believe was not justified by the relatively moderate radiation levels at the Japanese nuclear plant.

Climate

Pope Francis, in Washington, Addresses Poverty and Climate
Peter Baker and Michael D. Shear, The New York Times

Pope Francis quietly but forcefully made his priorities clear during his first full day in the United States on Wednesday, urging in a pair of speeches a renewed emphasis on tackling global poverty, confronting climate change, caring for migrants and providing a welcoming church that is pastoral rather than doctrinaire.

Obama Takes on Climate Change: The Rolling Stone Interview
Jeff Goodell, Rolling Stone

"I don't want to get paralyzed by the magnitude of this thing. I'm a big believer that imagination can solve problems," says the president.

Big players in climate talks converge in the U.S. as new pledges are made
Lisa Friedman, E&E

At least a half-dozen key countries are expected this week to announce new greenhouse gas emissions targets that will make up the spine of the new accord that could be reached in Paris in December. Those plans — likely from India, Brazil, South Africa and a number of Latin American countries — are to be unveiled by the U.N. General Assembly opening in New York this weekend.

Washington state rules target greenhouse gases
Becky Kramer, The Spokesman-Review

Some of Washington's largest polluters will have to cut back greenhouse emissions under new rules state officials are developing. The rules would target about 35 industrial facilities jointly responsible for 60 percent of the heat-trapping gases produced in Washington.

A Message from the American Coalition for Clean Coal Electricity:

Supporting energy policies that raise prices on consumers is a political loser. Thirty-six Members of Congress lost their seats after voting for the highly unpopular 2009 cap and trade legislation. Now cap and trade is back in the form of President Obama's costly and illegal carbon plan. Find out what history holds for supporters of costly carbon policies like the president's plan.

Opinions, Editorials & Perspectives

Why I Oppose Keystone XL
Hillary Clinton, Medium

When I was secretary of state, the department began reviewing an application to build a pipeline that would bring Canadian oil sands crude across the border, run more than a thousand miles through the American heartland, and terminate in Nebraska—Keystone XL. As the secretary who initiated the review, I refrained from commenting on the pipeline after I left the federal government. I didn't want to get ahead of President Obama while the process was still underway—because the decision was and is his to make.

One step forward, two steps back on carbon emissions
Brent Erickson, The Hill

There are troubling inconsistencies over at EPA. EPA acknowledges that Congress in 2007 set aggressive standards for renewable fuel use in order to displace oil and thereby reduce greenhouse gas emissions in the transportation sector. Nevertheless, the agency is proposing to allow oil refiners to hold biofuel use below 10 percent of the transportation fuel mix for the foreseeable future and to completely rewrite the volumes set by Congress.

Are methane cuts worth pain? (A point-counterpoint)
Jim Marston, The Dallas Morning News

According to the EPA, compliance with new methane rules is expected to cost the industry up to $420 million a year — even as the industry fights through historic lows in oil and gas prices. Are the new regulations worth the pain they'll cause the industry, and by extension Texas, which relies on the industry for economic growth?

Green Illusions Fell an Auto CEO
Holman W. Jenkins Jr., The Wall Street Journal

Volkswagen bet its U.S. future on curing American drivers of their aversion to diesel.

What Was Volkswagen Thinking?
Editorial Board, The New York Times

It's incredible that anyone at VW imagined the company could get away with cheating on diesel emissions.

A Message from the American Coalition for Clean Coal Electricity:

President Obama's costly carbon plan is nothing more than a redo of his failed 2009 cap and trade legislation. This illegal plan is the most overreaching energy regulation in our nation's history and a political loser for any public official that supports it. Cap and trade advocates paid for their support with their seats in 2010. See what's in store for staunch supporters of the president's carbon plan this time around.

Research Reports, Issue Briefs & Case Studies

Economic impacts of carbon dioxide and methane released from thawing permafrost
Chris Hope and Kevin Schaefer, Nature Climate Change

The Arctic is warming roughly twice as fast as the global average. If greenhouse gas emissions continue to increase at current rates, this warming will lead to the widespread thawing of permafrost and the release of hundreds of billions of tonnes of CO2 and billions of tonnes of CH4 into the atmosphere. So far there have been no estimates of the possible extra economic impacts from permafrost emissions of CO2 and CH4… The extra impacts of the permafrost CO2 and CH4 are sufficiently high to justify urgent action to minimize the scale of the release.

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- Volkswagen Chief Executive Officer Martin Winterkorn resigned amid the German automaker's emissions-falsification scandal. (CNN)

- French multinational oil and gas company Total SA said it would invest $500 million annually in renewables. (Bloomberg News)

- As companies like Tesla drive up the demand for cobalt, a chemical element used in batteries, mining companies are racing to become cobalt's top producer. Eurasian Resources Group is leading that charge with a $2.2 billion mining project in the Democratic Republic of Congo. (Bloomberg News)

Today's Chart Review

Coal mine starts continue to decline

U.S. Energy Information Administration

Mark Your Calendars (All Times Eastern)

Thursday
Conference on ecology & transportation @ 7:30 a.m.
NRC public meeting on proposed Emergency Preparedness FAQs @ 8:30 a.m.
AWEA webinar on recommended practices for turbine end-of-warranty inspections @ 12 p.m.
Heritage discussion of Xi Jinping's upcoming visit @ 3 p.m.
FERC public meeting on Oregon LNG Terminal & Pipeline Project @ 9 p.m.

Friday
NRC public meeting on the Revised Fuel Cycle Oversight Process @ 8:30 a.m.
CSIS discussion of global natural gas markets @ 10 a.m

General

After Pope's Speech, House Turns to Bill That Bars Tallying "Social Cost" of Carbon
Ben Geman, National Journal

Con-gress will wel-come Pope Fran-cis with open arms Thursday, but the hours after his speech will likely bring fresh evid-ence that his calls for cli-mate-change ac-tion are un-likely to al-ter House GOP policy goals.

Volkswagen CEO quits over 'grave crisis'
Mark Thompson and Chris Liakos, CNN

Volkswagen chief executive Martin Winterkorn resigned Wednesday as a growing scandal over falsified emissions tests rocked the world's biggest carmaker.

Republicans, Environmentalists Grouse Over Protection Plans
Reid Wilson, Morning Consult

After more than 15 years of internal debate and court fights, the Interior Department said Tuesday it will not include the greater sage grouse on the endangered species list. Instead, the agency said BLM and the U.S. Forest Service would finalize land-

use plans that would help conserve tens of millions of acres of sage grouse habitat, effectively locking those lands off from development.

Senate Dems see energy bill as catnip for voters
Jean Chemnick and Hannah Northey, E&E

Senate Democrats who unveiled a sweeping energy bill yesterday are hoping their long list of clean power provisions attracts voters next fall. Combining clean energy and jobs is "an electric combination that I believe is going to take the country by storm, that I believe will be a major issue in the 2016 campaign," Sen. Chuck Schumer (D-N.Y.) said as the bill was unveiled on Capitol Hill yesterday.

Tesla Battery Push Spurs ENRC Owner to Target Cobalt Mining
Yuliya Fedorinova, Bloomberg News

Eurasian Resources Group plans to use a $2.2 billion project in the Democratic Republic of Congo to become the world's top cobalt producer and tap growing demand for batteries from companies including Tesla Motors Inc.

EPA announces $1.2 million in new funds to clean up contaminated sites in Maine
Gillian Graham, Portland Press Herald

The Environmental Protection Agency on Wednesday announced grants totaling more than $4 million to clean up contaminated industrial sites across New England. The $4.3 million in supplemental funds will go to a variety of so-called "brownfield" sites across the region, including $1.2 million for cleanup and redevelopment projects in Maine.

Schumer Stakes Out Budget Positions for Democrats
Will Dobbs-Allsopp, Morning Consult

Senate Majority Leader Mitch McConnell (R-Ky.) on Tuesday took the first step in trying to avert a shutdown at the end of the month, when appropriations for the current fiscal year are set to expire, by introducing a short-term funding bill that would keep the government open through Dec. 11. But even before McConnell introduced the continuing resolution, Sen. Chuck Schumer (D-N.Y.) and fellow Senate Democrats were already looking past the immediate government funding debate to stake out positions on spending and budget priorities for the oncoming clash later this fall.

U.S. Stock-Index Futures Decline Ahead of Yellen's Speech
Sofia Horta E Costa, Bloomberg News

Uncertainty over the Federal Reserve's stimulus policy prevailed among investors, sending U.S. stock-index futures lower, with the Standard & Poor's 500 Index at its

lowest level in almost three weeks. S&P 500 E-mini contracts expiring in December slipped 1 percent to 1,909 at 7:19 a.m. in New York, after swinging between gains and losses. The equity gauge fell for the fourth time in five days yesterday as a rout in crude prices weighed on commodity stocks. Dow Jones Industrial Average futures dropped 142 points, also 0.9 percent to 16,045 today.

Oil & Natural Gas

Oil rebounds near $48 after sharp fall
Reuters

Oil steadied at around $48 a barrel on Thursday, as investors sought bargains after crude futures fell sharply the previous day on an unexpectedly large buildup in U.S. gasoline stocks and a tepid demand outlook.

Fracking Firms That Drove Oil Boom Struggle to Survive
Alison Sider, The Wall Street Journal

A wave of bankruptcies and closures is sweeping across the oil patch, with dozens of hydraulic-fracturing companies at risk, industry experts say.

Total Cuts 2017 Oil Output Target
Inti Landauro, The Wall Street Journal

French oil giant Total SA will pump less oil than expected in 2017 amid new cost cuts intended to protect its ability to pay investor dividends during a period of low oil prices, company officials said.

Wyoming Seeks More Funds to Clean Up Abandoned Wells
Dam Frosch, The Wall Street Journal

Wyoming is moving forward with sweeping new rules to double the money oil and gas companies must put aside before drilling new wells, a measure prompted by the large number of abandoned wells that litter the state.

Traders Spooked by El Nino Grind Winter Gas to a 16-Year Low
Naureen Malik and Brian K. Sullivan, Bloomberg News

Gas prices are tumbling as signs of El Nino mount and temperatures in Manhattan top 80 degrees Fahrenheit (27 Celsius) in late September. Gas for January delivery, when prices typically peak with winter heating demand, is heading into winter at a 16-year low.

Walker to call Alaska Legislature for special session on gas pipeline
Nathaniel Herz, Alaska Dispatch News

Alaska — along with three oil producers and a pipeline company — is in the process of developing a huge gas pipeline project from the North Slope. A special session this fall to address specific aspects of the project, like property taxes, has been under discussion for months.

Utilities & Infrastructure

3 Midwest utilities set up competitive transmission developers
Robert Walton, Utility Dive

Three new competitive transmission companies have been established by established midwestern utilities to take advantage of new power line building opportunities in organized markets. The Federal Energy Regulatory Commission this month conditionally accepted rate proposals and other protocols for three competitive transmission developers: Midwest Power Transmission Arkansas, ATX Southwest and Kanstar Transmission.

Renewables

Total Plans $500 Million Annual Investment in Renewable Energy
Javier Blas, Bloomberg News

Total SA plans to invest $500 million a year in renewable energy, a step by Europe's second-largest oil and gas company to expand in biofuels and solar. The French company said in a presentation to investors it wanted to take "advantage of fast growing renewable market" to build a profitable business.

As solar cap looms, installers ask CA regulators for interim metering measures
Herman K. Trabish, Utility Dive

The California Public Utilities Commission (CPUC) Net Energy Metering 2.0 proceeding is required to create a new program to reward solar owners for the electricity their systems send to the grid by the end of the year, but a cap on rooftop solar installations could be reached before that new program is devised.

Younicos provides 1MW battery for OCI Solar Power Texas project
Tom Kenning, PV Tech

Battery-based energy storage integration and development company Younicos is to provide a 1MW turnkey battery system for a solar project in Texas from PV developer OCI Solar Power. This will be the first integrated grid-scale solar-plus-storage project to be deployed in the market covered by the Electric Reliability Council of Texas (ERCOT), which is the body responsible for operating the grid and managing the

deregulated market for three quarters of Texas.

Coal

EPA rules cloud future of Xcel's big Minnesota coal plant
Matt Sepic, Minnesota Public Radio News

Xcel Energy's Sherburne County Generating Station's coal furnaces are also the state's single largest source of carbon emissions, pumping out 20 million tons of CO2 every year from its stacks, according to the federal Environmental Protection Agency. Those emissions have put those furnaces at the center of a debate over climate change and economic growth in Minnesota.

Nuclear

When Radiation Isn't the Real Risk
George Johnson, The New York Times

No one has been killed or sickened by the radiation from the 2011 nuclear disaster at Fukushima — a point confirmed last month by the International Atomic Energy Agency. But about 1,600 people died from the stress of the evacuation — one that some scientists believe was not justified by the relatively moderate radiation levels at the Japanese nuclear plant.

Climate

Pope Francis, in Washington, Addresses Poverty and Climate
Peter Baker and Michael D. Shear, The New York Times

Pope Francis quietly but forcefully made his priorities clear during his first full day in the United States on Wednesday, urging in a pair of speeches a renewed emphasis on tackling global poverty, confronting climate change, caring for migrants and providing a welcoming church that is pastoral rather than doctrinaire.

Obama Takes on Climate Change: The Rolling Stone Interview
Jeff Goodell, Rolling Stone

"I don't want to get paralyzed by the magnitude of this thing. I'm a big believer that imagination can solve problems," says the president.

Big players in climate talks converge in the U.S. as new pledges are made
Lisa Friedman, E&E

At least a half-dozen key countries are expected this week to announce new greenhouse gas emissions targets that will make up the spine of the new accord that could be reached in Paris in December. Those plans — likely from India, Brazil, South Africa and a number of Latin American countries — are to be unveiled by the U.N. General Assembly opening in New York this weekend.

Washington state rules target greenhouse gases
Becky Kramer, The Spokesman-Review

Some of Washington's largest polluters will have to cut back greenhouse emissions under new rules state officials are developing. The rules would target about 35 industrial facilities jointly responsible for 60 percent of the heat-trapping gases produced in Washington.

A Message from the American Coalition for Clean Coal Electricity:

Supporting energy policies that raise prices on consumers is a political loser. Thirty-six Members of Congress lost their seats after voting for the highly unpopular 2009 cap and trade legislation. Now cap and trade is back in the form of President Obama's costly and illegal carbon plan. Find out what history holds for supporters of costly carbon policies like the president's plan.

Opinions, Editorials & Perspectives

Why I Oppose Keystone XL
Hillary Clinton, Medium

When I was secretary of state, the department began reviewing an application to build a pipeline that would bring Canadian oil sands crude across the border, run more than a thousand miles through the American heartland, and terminate in Nebraska—Keystone XL. As the secretary who initiated the review, I refrained from commenting on the pipeline after I left the federal government. I didn't want to get ahead of President Obama while the process was still underway—because the decision was and is his to make.

One step forward, two steps back on carbon emissions
Brent Erickson, The Hill

There are troubling inconsistencies over at EPA. EPA acknowledges that Congress in 2007 set aggressive standards for renewable fuel use in order to displace oil and thereby reduce greenhouse gas emissions in the transportation sector. Nevertheless, the agency is proposing to allow oil refiners to hold biofuel use below 10 percent of the transportation fuel mix for the foreseeable future and to completely rewrite the volumes set by Congress.

Are methane cuts worth pain? (A point-counterpoint)
Jim Marston, The Dallas Morning News

According to the EPA, compliance with new methane rules is expected to cost the industry up to $420 million a year — even as the industry fights through historic lows in oil and gas prices. Are the new regulations worth the pain they'll cause the industry, and by extension Texas, which relies on the industry for economic growth?

Green Illusions Fell an Auto CEO
Holman W. Jenkins Jr., The Wall Street Journal

Volkswagen bet its U.S. future on curing American drivers of their aversion to diesel.

What Was Volkswagen Thinking?
Editorial Board, The New York Times

It's incredible that anyone at VW imagined the company could get away with cheating on diesel emissions.

A Message from the American Coalition for Clean Coal Electricity:

President Obama's costly carbon plan is nothing more than a redo of his failed 2009 cap and trade legislation. This illegal plan is the most overreaching energy regulation in our nation's history and a political loser for any public official that supports it. Cap and trade advocates paid for their support with their seats in 2010. See what's in store for staunch supporters of the president's carbon plan this time around.

Research Reports, Issue Briefs & Case Studies

Economic impacts of carbon dioxide and methane released from thawing permafrost
Chris Hope and Kevin Schaefer, Nature Climate Change

The Arctic is warming roughly twice as fast as the global average. If greenhouse gas emissions continue to increase at current rates, this warming will lead to the widespread thawing of permafrost and the release of hundreds of billions of tonnes of CO2 and billions of tonnes of CH4 into the atmosphere. So far there have been no estimates of the possible extra economic impacts from permafrost emissions of CO2 and CH4… The extra impacts of the permafrost CO2 and CH4 are sufficiently high to justify urgent action to minimize the scale of the release.

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Washington District of Columbia 20038
United States

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To: McCabe, Janet[McCabe.Janet@epa.gov]
From: Grundler, Christopher
Sent: Thur 9/24/2015 12:20:40 PM
Subject: Fwd: BMW

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

Begin forwarded message:

From: "Grundler, Christopher" <grundler.christopher@epa.gov>
Date: September 24, 2015 at 8:19:57 AM EDT
To: "Purchia, Liz" <Purchia.Liz@epa.gov>
Cc: "Millett, John" <Millett.John@epa.gov>, "Birgfeld, Erin" <Birgfeld.Erin@epa.gov>, "Cohen, Janet" <cohen.janet@epa.gov>
Subject: Re: BMW

Reporting is about European diesels. BMW flat out denial they use defeat device

Ex. 5

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

On Sep 24, 2015, at 8:13 AM, Purchia, Liz <Purchia.Liz@epa.gov> wrote:

There's a series of stories this morning saying that some of their cars may not meet emissions tests and ICCT is testing

http://www.autonews.com/article/20150924/OEM11/150929892?template=mobile

Liz Purchia
U.S. EPA
202-564-6691
202-841-2230

On Sep 24, 2015, at 8:08 AM, Grundler, Christopher <grundler.christopher@epa.gov> wrote:

Any news on BMW? See Janet note below

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

Begin forwarded message:

From: "McCabe, Janet" <McCabe.Janet@epa.gov>
Date: September 24, 2015 at 8:03:06 AM EDT
To: "Grundler, Christopher" <grundler.christopher@epa.gov>
Subject: BMW

I was just going down into the metro with my iPod radio on and caught a few words about bmw and excess emissions and then I lost signal. Can we find out if anything' going on?

Sent from my iPhone

From: Belser, Evan
Location: Redacted
Importance: Normal
Subject: EPA-NY Coordination Discussion re VW
Start Date/Time: Fri 9/25/2015 2:30:00 PM
End Date/Time: Fri 9/25/2015 3:00:00 PM

Evan Belser

Chief, Mobile Source Enforcement Branch, Air Enforcement Division

National Coordinator for Administrative Litigation, Office of Civil Enforcement

Office of Enforcement and Compliance Assurance

United States Environmental Protection Agency

202-564-6850

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To: Argyropoulos, Paul[Argyropoulos.Paul@epa.gov]; Berrier, Judi[Berrier.Judi@epa.gov]; Blubaugh, Jim[Blubaugh.Jim@epa.gov]; Bradish, Tracey[bradish.tracey@epa.gov]; Brusstar, Matt[brusstar.matt@epa.gov]; Caldwell, Amy[caldwell.amy@epa.gov]; Cook, Leila[cook.leila@epa.gov]; Cooper, Nanette[cooper.nanette@epa.gov]; Curtis, Rhonda[Curtis.Rhonda@epa.gov]; Derksen, Kimberly[derksen.kimberly@epa.gov]; Birgfeld, Erin[Birgfeld.Erin@epa.gov]; Fearnside, Judy[Fearnside.Judy@epa.gov]; Gonzalez, Gail[Gonzalez.Gail@epa.gov]; Galano, Fidel[Galano.Fidel@epa.gov]; Greuel, Justin[Greuel.Justin@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]; Haley, Mike[Haley.Mike@epa.gov]; Haugen, David[haugen.david@epa.gov]; Iffland, JoNell[Iffland.JoNell@epa.gov]; Jackson, Cleophas[jackson.cleophas@epa.gov]; Johnson, Francene[Johnson.Francene@epa.gov]; Jones, Jacqueline[Jones.Jacqueline@epa.gov]; Kolowich, Bruce[kolowich.bruce@epa.gov]; Larson, Robert[larson.robert@epa.gov]; Le, Madison[Le.Madison@epa.gov]; McQueen, Lyndia[mcqueen.lyndia@epa.gov]; Meekins, Tanya[Meekins.Tanya@epa.gov]; Miller, Debra L.[Miller.DebraL@epa.gov]; Mylan, Christopher[Mylan.Christopher@epa.gov]; Nelson, Suzanne[nelson.suzanne@epa.gov]; Paff, Patricia[paff.patricia@epa.gov]; Patterson, Susan[Patterson.Susan@epa.gov]; Peralta, Maria[Peralta.Maria@epa.gov]; Sabourin, Michael[sabourin.michael@epa.gov]; Sargeant, Kathryn[sargeant.kathryn@epa.gov]; Shaffer, Patricia[Shaffer.Patricia@epa.gov]; Simon, Karl[Simon.Karl@epa.gov]; Soth, Judith[Soth.Judith@epa.gov]; Stewart, Gwen[Stewart.Gwen@epa.gov]; Sutton, Tia[sutton.tia@epa.gov]; Moore, Theresa[Moore.Theresa@epa.gov]; Vawters, Katie[Vawters.Katie@epa.gov]; Waite, Sherry[waite.sherry@epa.gov]; Wasenko, Barbara[Wasenko.Barbara@epa.gov]; Watkins, Erica[Watkins.Erica@epa.gov]; Wehrly, Linc[wehrly.linc@epa.gov]; Weihrauch, John[Weihrauch.John@epa.gov]; White, SharonB[White.SharonB@epa.gov]; Zaremski, Sara[zaremski.sara@epa.gov]
From: Shaffer, Patricia
Sent: Thur 9/24/2015 12:27:18 PM
Subject: Grundler, Christopher Calendar
Grundler Christopher Calendar.ics

CHRISTOPHER GRUNDLER

CALENDAR
THURSDAY, SEPTEMBER 24, 2015

DC OFFICE

Non-Responsive

11:00 AM – 12:00 PMCONFIRMED: Potential Call with German MOT Secretary – VW

Non-Responsive

To: Kaul, Meetu[Kaul.Meetu@epa.gov]
From: Werner, Kathrin
Sent: Thur 9/24/2015 12:28:24 PM
Subject: Question by German newspaper

Dear Ms. Kaul,

I hope this email finds you well. I am one of the U.S. correspondents of Sueddeutsche Zeitung, the largest quality daily newspaper in Germany (www.sueddeutsche.de). I was wondering if you were available today for a telephone conversation about Volkswagen and how the EPA is going to deal with the emission cheating. Could I give you a call?

Thank you and best regards,

Kathrin

Kathrin Werner

U.S. Correspondent

Sueddeutsche Zeitung, the leading German National Daily

New York, NY 10002
Phone: +1 (347) 944 9047

kathrin@szgermany.com

kathrin.werner@sueddeutsche.de

www.sueddeutsche.de

Follow me on Twitter: @Kathrin_Werner

Cc: Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Simon, Karl[Simon.Karl@epa.gov]
To: Blubaugh, Jim[Blubaugh.Jim@epa.gov]
From: Grundler, Christopher
Sent: Thur 9/24/2015 12:42:23 PM
Subject: Fwd: Visit to DC by UK Dept for Transport

Can u handle? I'm completely booked. Note chief scientist not programmatic guy

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

Begin forwarded message:

From: Bradley.Keelor <Bradley.Keelor@fconet.fco.gov.uk>
Date: September 24, 2015 at 6:59:41 AM EDT
To: <Grundler.christopher@Epa.gov>
Subject: Visit to DC by UK Dept for Transport

Hi Chris,

My name is Brad Keelor and I work on the Science and Innovation team at the British Embassy. We facilitate research collaboration in all disciplines. I have Phil Blythe, the Chief Scientist at the UK Department for Transport, and Miles Elsden, his deputy, coming to town next week for a conference. They're doing side meetings on Monday, and I'm hoping you're available to meet! They'd like to talk about your office and its role generally, and more specifically, they'd like to talk about VW, I think. They're available in the middle of the day if that works for you. WE'll be wrapping up a meeting at the Embassy at about 12, and they need to be at DOT on NJ Ave at 3, but can meet anytime in between (including for lunch if that works for you). Let me know what you think. Hope to talk to you soon!
Brad

Bradley Keelor
Science and Innovation Team
British Embassy, Washington
TEL 1 202 588 6677
FTN 8430-6677
bradley.keelor@fconet.fco.gov.uk

****
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****

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Automotive News
Sent: Thur 9/24/2015 12:46:53 PM
Subject: A.M. NEWSCAST: VW to identify culprits | Ford shows aluminum F-Series Super Duty | '16 Chevy Silverado reveal | Buick Cascada pricing | Nissan exec: Upside to diesel crisis

September 24, 2015

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To: Wehrly, Linc[wehrly.linc@epa.gov]
From: Automotive News
Sent: Thur 9/24/2015 12:47:17 PM
Subject: A.M. NEWSCAST: VW to identify culprits | Ford shows aluminum F-Series Super Duty | '16 Chevy Silverado reveal | Buick Cascada pricing | Nissan exec: Upside to diesel crisis

September 24, 2015

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customerservice@autonews.com

To: Phillips, Anna[Phillips.Anna@epa.gov]
From: Albus, Christoph
Sent: Thur 9/24/2015 12:51:00 PM
Subject: WG: EPA charges against VW -- Telephone Call with EPA on September 24 CONFIRMED

Dear Anna

Some additional information:

Mr. Zielke is Head of Directorate LA2 (Road Traffic and Transport). This directorate is also responsible for the requirements of approval and registration of vehicles, as well as for market surveillance issues.

Please inform me in case you need some more information in advance of the phone call.

Best Regards

Christoph

Von: Albus, Christoph
Gesendet: Donnerstag, 24. September 2015 12:27
An: 'Phillips, Anna'
Betreff: AW: EPA charges against VW -- Telephone Call with EPA on September 24 CONFIRMED

Dear Anna

I will send you soon more detailed information about Mr. Zielke. He is my boss and is deeply involved in the work of the task force group, lead by state secretary Odenwald.

Currently our plan is, that the following persons will attend from our side to the phone conference:

Mr. Zielke will phone with Mr. Grundler

Mr. Zinke, president of our type approval agency (KBA) will also attend, as well as my colleague

Mr. Redmann and myself.

Best Regards

Christoph

Von: Phillips, Anna [mailto:Phillips.Anna@epa.gov]
Gesendet: Mittwoch, 23. September 2015 19:29
An: Albus, Christoph
Cc: Müller, Steffen; '.WASH VERK-1 Zass, Stephan Klaus (verk-1@wash.auswaertiges-amt.de)'; Zielke, Guido; Redmann, Stephan; Blubaugh, Jim; Walsh, Juliana; ZinsmeisterEL@state.gov; .WASH WI-2 Weber, Michael; Kasman, Mark
Betreff: Re: EPA charges against VW -- Telephone Call with EPA on September 24 CONFIRMED

Christoph, thank you for informing us that Mr. Odenwald will not be available but we appreciate your confirming the call with Director Zielke on **Thursday, September 24th at 11:00 a.m.** Washington time. Can you please provide additional information on Director Zielke's position in the Ministry?

We can use the following conference lines:

From Germany (toll free): 08001818637

From the U.S. (toll free) 1-866-299-3188

Conference Code: **Non-Responsive**

I also am copying colleagues at the U.S. Embassy in Berlin so that they are aware of the call and can participate if schedules permit.

Best regards,

Anna

~~~~~~

Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

Office of International & Tribal Affairs

Washington, D.C. 20460

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427

e-mail: phillips.anna@epa.gov

http://www2.epa.gov/international-cooperation

~~~~~~

From: Albus, Christoph <christoph.albus@bmvi.bund.de>
Sent: Wednesday, September 23, 2015 1:15 PM
To: Phillips, Anna
Cc: Müller, Steffen; '.WASH VERK-1 Zass, Stephan Klaus (verk-1@wash.auswaertiges-amt.de)'; Zielke, Guido; Redmann, Stephan
Subject: AW: EPA charges against VW -- Telephone Call with EPA on September 24

Dear Ms. Phillips,

Unfortunately state secretary Mr. Odenwald will not be available for a call tomorrow. On behalf of him, Director Zielke from the German Ministry for Transport and Digital Infrastructure would like to phone with Director Grundler tomorrow, 11:00 a.m. Washington time (as proposed by you). Please provide me with the contact information.

Best Regards

Christoph Albus

Von: Phillips, Anna <Phillips.Anna@epa.gov>

Gesendet: Mittwoch, 23. September 2015 17:31

An: .WASH VERK-1 Zass, Stephan Klaus; .WASH WI-2 Weber, Michael

Cc: Blubaugh, Jim; Walsh, Juliana; ZinsmeisterEL@state.gov; Kasman, Mark; Müller, Steffen

Betreff: Re: EPA charges against VW -- Telephone Call with EPA on September 24

Dear Stephan,

Due to a recent change in Mr. Grundler's schedule, he will no longer be available for a call with Mr. Odenwald on Tuesday, September 29th as we originally offered. As I'm sure you can imagine, this issue is putting tremendous pressure on his schedule which is subject to constant changes.

Mr. Grundler is still available for a call tomorrow (Thursday, September 24th) at 11:00 a.m Washington time but I'm afraid that is the only near-term option available at this point.

Please let us know as soon as possible whether it will be possible to arrange the call tomorrow so we can finalize the logistics.

Also FYI, we have received a separate information request on this issue from an expert within the Federal Ministry of Transportation. We are planning to recommend that they coordinate internally so that there is a single channel of communication with EPA to increase efficiency and to avoid confusion and potential misinformation. I will copy you and Steffen directly on our response and would appreciate your help in facilitating

coordination on the German side.

Many thanks...

Anna

~~~~~~

Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

Office of International & Tribal Affairs

Washington, D.C. 20460

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427

e-mail: phillips.anna@epa.gov

http://www2.epa.gov/international-cooperation

~~~~~~

From: .WASH VERK-1 Zass, Stephan Klaus <verk-1@wash.auswaertiges-amt.de>
Sent: Tuesday, September 22, 2015 2:49 PM
To: Phillips, Anna; .WASH WI-2 Weber, Michael
Cc: Blubaugh, Jim; Walsh, Juliana; ZinsmeisterEL@state.gov; Kasman, Mark; Müller, Steffen
Subject: AW: EPA charges against VW -- Telephone Call with EPA

Dear Anna,

thank you very much for the quick response to our request. I have copied in Steffen Mueller, Personal Assistant to the State Secretary Odenwald who will be in touch with you shortly in order to arrange the phone call.

Best regards

Stephan

Dr. Stephan Zass M.A.

Counselor

Transportation, Digital Infrastructure and Building

EMBASSY OF THE FEDERAL REPUBLIC OF GERMANY /

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Von: Phillips, Anna [mailto:Phillips.Anna@epa.gov]
Gesendet: Dienstag, 22. September 2015 14:07
An: .WASH WI-2 Weber, Michael
Cc: .WASH VERK-1 Zass, Stephan Klaus; Blubaugh, Jim; Walsh, Juliana; ZinsmeisterEL@state.gov; Kasman, Mark
Betreff: Re: EPA charges against VW -- Telephone Call with EPA

Dear Michael,

I have consulted within EPA on this request and can confirm that Christopher Grundler, Director of EPA's Office of Transportation and Air Quality, is available for a telephone call with Secretary of State Odenwald at the following times:

Thursday, September 24, 2015, 11 AM -11:30 AM EDT

2) Tuesday, September 29, 2015, 9 AM – 10 AM EDT

Please let me know if these times will work for Mr. Odenwald and I will provide the call-in numbers.

I also am copying colleagues at the U.S. Embassy in Berlin for their information and to invite their participation.

Best,

Anna

~~~~~~

Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

Office of International & Tribal Affairs
~~~~~~

Washington, D.C. 20460

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427

e-mail: phillips.anna@epa.gov

http://www2.epa.gov/international-cooperation

~~~~~~

From: .WASH WI-2 Weber, Michael <wi-2@wash.auswaertiges-amt.de>
Sent: Tuesday, September 22, 2015 10:24 AM
To: Phillips, Anna
Cc: .WASH VERK-1 Zass, Stephan Klaus
Subject: AW: EPA charges against VW

Dear Anna,

Thanks for helping out on this matter.

The German Ministry for Transportation and Digital Infrastructure has established a task force under the chairmanship of State Secretary Michael Odenwald. The State Secretary would like to speak with the responsible EPA representatives. I am including my transport colleague Stephan Zass who will be able to give you further information and get you in touch with his German colleagues.

I hope you are able to help us out organizing a call or video conference.

Many thanks,

Michael
~~~~~~

Michael Weber

Energy Policy Advisor

Embassy of the Federal Republic of Germany

4645 Reservoir Road NW

Washington, DC 20007

Tel: +1 (202) 298 4381

Fax: +1 (202) 298 4391

E-mail: wi-2@wash.diplo.de

Our Choices Matter - www.transatlantic-climate-bridge.org

www.Germany.info

Von: Phillips, Anna [mailto:Phillips.Anna@epa.gov]
Gesendet: Dienstag, 22. September 2015 08:17
An: .WASH WI-2 Weber, Michael
Betreff: Re: EPA charges against VW

Michael, I have shared your questions with relevant EPA experts and I will let you know as soon as I receive their response.

Best,

Anna

~~~~~~
Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

Office of International & Tribal Affairs

Washington, D.C. 20460

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~~~~~~

From: .WASH WI-2 Weber, Michael <wi-2@wash.auswaertiges-amt.de>
Sent: Monday, September 21, 2015 1:44 PM
To: Phillips, Anna
Subject: EPA charges against VW

Dear Anna,

Good seeing you this morning. As briefly discussed, here are our questions regarding the Volkswagen law suit:

1. What is the judicial/legal process that will now follow (and how is the interplay between EPA and DoJ)?

2. Apart from a federal law suit, is there a possibility that Volkswagen will also face further court action by individual states (or even class action litigation)?

3. We understand the clean air act is the basis for EPA's action. Could you provide us with an overview of similar actions against car makers over the last years which were based on violations of the clean air act?

Many thanks for your help in this time sensitive matter.

Michael

Michael Weber

Energy Policy Advisor

Embassy of the Federal Republic of Germany

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Fax: +1 (202) 298 4391

E-mail: wi-2@wash.diplo.de

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www.Germany.info

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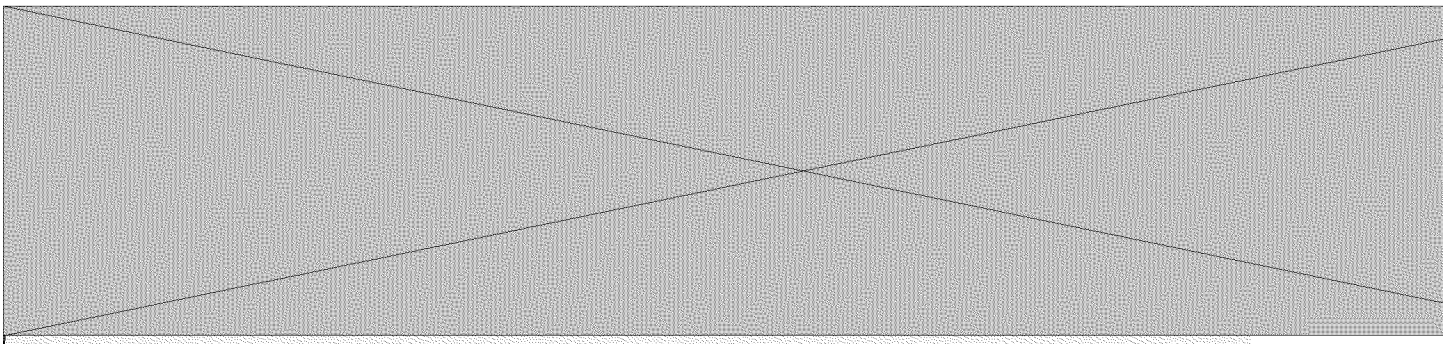
INVALID HTML

To: Snyder, Jim[Snyder.Jim@epa.gov]
From: Automotive Testing Expo North America 2015
Sent: Thur 9/24/2015 1:00:56 PM
Subject: Plan your trip

If you are having trouble viewing this email, click here to display it in your web browser



What's special every day at Automotive Testing Expo North America?

Free-to-attend - register now! CLICK HERE!

Tuesday October 20 highlights:

- Show opens at 9am until 5pm.
- Free entry!
- Over 300 exhibits displaying the very latest products that are all improving vehicle reliability, durability, safety and quality.

Among the new products to see are…

- New portable airflow meter
  Exhibitor Tescor is traveling to Novi to showcase it recently developed portable AFTB 200-PR model airflow meter. Uniquely constructed with easily interchangeable sections, the unit can be field-converted into a blow-through configuration from the standard draw-through arrangement when testing for air leakage.
  Automotive Testing Expo North America 2015 stand: 1014
- Cutting-edge test chamber control software
  Making the journey all the way from Italy, Angelantoni Test Technologies (ATT) will showcase MyKratos, an app that allows users to manage, control and monitor the company's new Discovery My T & RH environmental test chambers, from any place at any time, using a mobile or desktop device. As visitors to the show will discover, all that is required to use the app is a wi-fi or Ethernet connection, or even a GPRS/UMTS connection.
  Automotive Testing Expo North America stand: 2023

Open Technology Forum highlights of this day include:

- S&R verification on system level using shaker table and CAE - *Torgny Ljungberg, attribute leader, Volvo Car Group, Sweden*
- The H in NVH - *Reino Eskelinen, consultant - vehicle development, Reino Race Consulting, Germany*
- Real-world emissions: a case study of 1,000 tests - *Nick Molden, founder and CEO, Emissions Analytics, UK*

Wednesday October 21 highlights:

• Show opens at 9am until 5pm.

• **Free to attend, all-welcome drinks party from 5pm to 6.30pm within the exhibition hall**

Among the new products to see are…

- New mobile high-flow diesel systems
  Re-Sol will use this year's show to highlight its new line of mobile high-flow diesel systems for heavy-duty applications. The RS-481 system in particular has been designed to supply diesel and biodiesel fuels with a flow rate of up to 700kg/h. Two electrical heaters supply preheating and also engine supply heating, while a Coriolis flow meter measures fuel consumption.
  Automotive Testing Expo North America 2015 stand: 11055
- Non-destructive testing experts
  Fraunhofer EZRT/IZFP (Fraunhofer X-Ray Technology Development Center), in Saarbrücken, Germany, will have experts on hand to share its expertise and discuss more about its R&D in non-destructive testing (NDT) along the entire materials value chain. The institutes perform R&D for customers in the field of x-ray sensors, radioscopic and optical imaging and inspection, industrial computed tomography, image processing, optical inspection techniques and additional technologies for NDT.
  Automotive Testing Expo North America 2015 stand: 1034

Open Technology Forum highlights of this day include:

- Uploading in-vehicle data to the cloud - *Dr Juan Pimentel, professor, Kettering University, USA*
- Onboard diagnostic testing from the vehicle and tool sides - *Robert Gruszczynski, OBD communication expert, Volkswagen Group of America Inc*
- Driver-in-the-loop simulation for autonomous vehicle developments - *Phil Morse, technical liaison, Ansible Motion Ltd, USA*

Thursday October 22 highlights:

• Show opens from 9am to 3pm.

Among the new products to see are…

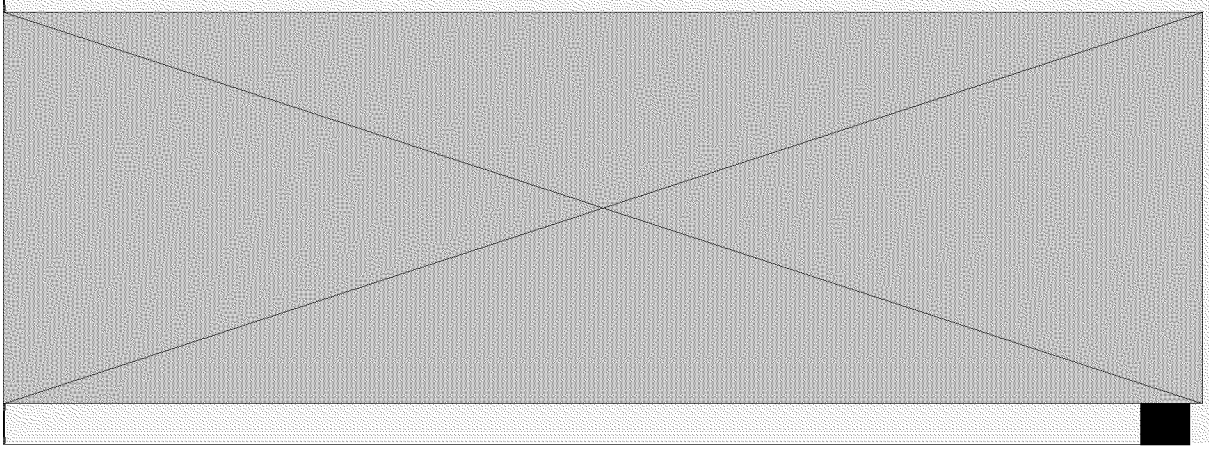
- Superior speed sensor
  On display at Racelogic's booth will be the latest VBOX speed sensor, featuring twin antennas as in the VBOX 3i SL, providing extremely accurate body heading and slip angle measurement. In the field of vehicle dynamics, the combination of fast GPS with an inertial measurement unit (IMU) enables consistent and high-quality testing.
  Automotive Tesing Expo North America 2015 stand: 6016
- Lightweight robots for ADAS development
  Make sure you visit AB Dynamics' booth to discover the latest robotic test systems designed for development of advanced driver assistance systems (ADAS), which involves interaction between multiple vehicles and/or pedestrians and cyclists. The company's lightweight SR15 Steering Robot and the Combined Brake and Accelerator Robot (CBAR) synchronize accurately the position of a test vehicle and the soft target.
  Automotive Testing Expo North America 2015 stand: 6006

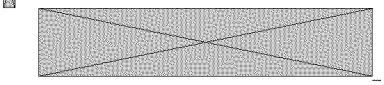
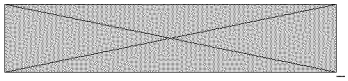
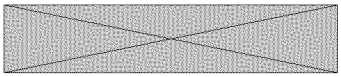
Open Technology Forum highlights of this day include:

- Applying real-world data to a research test program - *Hans Hauschild, senior research engineer, Medical College of Wisconsin, USA*
- Adapting industrial robots to simulate human interaction and durability testing - *Terry O'Bannon, chief scientist, OBannon Technologies, USA*

Click here to view the full exhibitor list

Free-to-attend - register now! CLICK HERE!



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To: Belser, Evan[Belser.Evan@epa.gov]
From: Kaul, Meetu
Sent: Thur 9/24/2015 1:11:00 PM
Subject: VW - I'll ask David to draft the parallel proceedings memo

And I'll ask they stop flooding you with emails.

Ms.Meetu Kaul, Attorney-Advisor

United States Environmental Protection Agency
Office of Civil Enforcement - Air Enforcement Division
WJC South, Room 1117B
1200 Pennsylvania Ave., N.W. (MC 2242A)
Washington D.C. 20460 (Courier 20004)
Direct: 202-564-5472
Fax: 202-564-0069
Email: kaul.meetu@epa.gov

To: Kaul, Meetu[Kaul.Meetu@epa.gov]; Belser, Evan[Belser.Evan@epa.gov]; OTAQ[OTAQ@epa.gov]
From: Senn, John
Sent: Thur 9/24/2015 1:11:05 PM
Subject: RE: EPA-VW

thanks, Meetu--I've sent to the press office so they can reach out to the reporters--will let you know what we hear back.
-John

From: Kaul, Meetu
Sent: Thursday, September 24, 2015 7:31 AM
To: Senn, John; Belser, Evan; OTAQ
Subject: FW: EPA-VW

Ms.Meetu Kaul, Attorney-Advisor
United States Environmental Protection Agency
Office of Civil Enforcement - Air Enforcement Division
WJC South, Room 1117B
1200 Pennsylvania Ave., N.W. (MC 2242A)
Washington D.C. 20460 (Courier 20004)
Direct: 202-564-5472
Fax: 202-564-0069
Email: kaul.meetu@epa.gov

From: Sanz Sánchez de Rojas. Fernando [mailto:FSanz@cincodias.es]
Sent: Thursday, September 24, 2015 7:09 AM
To: Kaul, Meetu
Cc: Navas Alonso. Noemi
Subject: EPA-VW

Dear Mr. Meetu,

We are Fernando Sanz and Noemi Navas. We are staff writers for the Spanish economic daily Cinco Dias. We have known on the documents posted on the website of the EPA that you has been appointed as the attorney in charge to address the conflict of Volkswagen diesel engines in the United States.

We would really appreciate to hold an interview with you, either by telephone or through a small questionnaire via email. It would be absolutely worthy for our readers in order to clarify how is the EPA investigation on VW will continue from now.
We're looking forward to hearing from you. We thank you on behalf for any kind of help you could give us.

Yours sincerely,

Noemi Navas, editor
Fernando Sanz, editor in chief

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To: Bunker, Byron[bunker.byron@epa.gov]; Charmley, William[charmley.william@epa.gov]; Simon, Karl[Simon.Karl@epa.gov]
From: Grundler, Christopher
Sent: Thur 9/24/2015 1:14:59 PM
Subject: Purge has begun

@GregKable: #Bild newspaper reports #Audi development boss Ulrich Hackenberg and #Porsche development boss Wolfgang Hatz have been dismissed #dieselgate

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

To: Kaul, Meetu[Kaul.Meetu@epa.gov]
Cc: Belser, Evan[Belser.Evan@epa.gov]
From: Senn, John
Sent: Thur 9/24/2015 1:17:08 PM
Subject: RE: Question by German newspaper

Passed this one along to the press folks, too--thanks.

From: Kaul, Meetu
Sent: Thursday, September 24, 2015 9:12 AM
To: Senn, John
Cc: Belser, Evan
Subject: FW: Question by German newspaper

John, here is another one.

Ms.Meetu Kaul, Attorney-Advisor
United States Environmental Protection Agency
Office of Civil Enforcement - Air Enforcement Division
WJC South, Room 1117B
1200 Pennsylvania Ave., N.W. (MC 2242A)
Washington D.C. 20460 (Courier 20004)
Direct: 202-564-5472
Fax: 202-564-0069
Email: kaul.meetu@epa.gov

From: Werner, Kathrin [mailto:kathrin.werner@sueddeutsche.de]
Sent: Thursday, September 24, 2015 8:28 AM
To: Kaul, Meetu
Subject: Question by German newspaper

Dear Ms. Kaul,

I hope this email finds you well. I am one of the U.S. correspondents of Sueddeutsche Zeitung, the largest quality daily newspaper in Germany (www.sueddeutsche.de<http://www.sueddeutsche.de>). I was wondering if you were available today for a telephone conversation about Volkswagen and how the EPA is going to deal with the emission cheating. Could I give you a call?

Thank you and best regards,

Kathrin

Kathrin Werner
U.S. Correspondent
Sueddeutsche Zeitung, the leading German National Daily
New York, NY 10002
Phone: +1 (347) 944 9047
kathrin@szgermany.com<mailto:kathrin@szgermany.com>
kathrin.werner@sueddeutsche.de<mailto:kathrin.werner@sueddeutsche.de>
www.sueddeutsche.de<http://www.sueddeutsche.de>

Follow me on Twitter: @Kathrin_Werner

To: Bunker, Byron[bunker.byron@epa.gov]
From: Grundler, Christopher
Sent: Thur 9/24/2015 1:21:00 PM
Subject: I hope you don't mind

Ex. 5

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

Begin forwarded message:

From: "Purchia, Liz" <Purchia.Liz@epa.gov>
Date: September 24, 2015 at 8:44:44 AM EDT
To: "Grundler, Christopher" <grundler.christopher@epa.gov>
Subject: RE: Volkswagen should suffer the consequences of its cheating - The Washington Post

Ex. 5

From: Grundler, Christopher
Sent: Thursday, September 24, 2015 8:40 AM
To: Purchia, Liz
Subject: Fwd: Volkswagen should suffer the consequences of its cheating - The Washington Post

Ex. 5

Christopher Grundler, Director

Office of Transportation and Air Quality

U.S. EPA

202-564-1682 (DC)

734-214-4207 (Ann Arbor)

Begin forwarded message:

From: "Bunker, Byron" <bunker.byron@epa.gov>
Date: September 24, 2015 at 8:27:30 AM EDT
To: "Grundler, Christopher" <grundler.christopher@epa.gov>, "Hengst, Benjamin" <Hengst.Benjamin@epa.gov>, "Birgfeld, Erin" <Birgfeld.Erin@epa.gov>, "Millett, John" <Millett.John@epa.gov>
Subject: RE: Volkswagen should suffer the consequences of its cheating - The Washington Post

That closing paragraph is ridiculously conclusory and provides a hollowly specious argument. While I do strongly believe we can always do better and must learn from this episode, the Post's argument seems to be the Agency should find problems BEFORE they are raised and even one cheater representing less than 0.5% of the vehicle market is one too many.

The only way for EPA to accomplish what the Post appears to think is appropriate coverage is to drive all 16 odd million cars produced each year accumulating 150,000 miles on each vehicle and verifying throughout that time they are compliant. Once we have completed this 100 percent inspection program so nothing can fall through the cracks unknown - we can then turn those vehicles over to consumers. The cost and burden of that much oversight to root out the less than 0.5% of vehicles is not the value proposition the American public deserves from us. This is silly.

WaPo's conclusion:
Meanwhile, the EPA also deserves blame. The agency must explain why it took so long to gather evidence and shut down VW's cheating. It admitted that it began closely scrutinizing the company's diesel cars only after a West Virginia University study found emissions anomalies. That's unacceptable.

****

Byron Bunker
Director Compliance Division
Office of Transportation and Air Quality
Environmental Protection Agency
2000 Traverwood Drive
Ann Arbor, MI 48105
Bunker.Byron@epa.gov
Phone: (734) 214-4155
Mobile: (734) 353-9623
****

-----Original Message-----
From: Grundler, Christopher
Sent: Thursday, September 24, 2015 7:01 AM
To: Bunker, Byron; Hengst, Benjamin; Birgfeld, Erin; Millett, John
Subject: Volkswagen should suffer the consequences of its cheating - The Washington Post

Note closing

https://www.washingtonpost.com/opinions/volkswagen-should-suffer-the-consequences-of-its-cheating/2015/09/23/6ff6e2c4-60a5-11e5-9757-e49273f05f65_story.html

Christopher Grundler, Director
Office of Transportation and Air Quality U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

Overview

icct
THE INTERNATIONAL COUNCIL ON CLEAN TRANSPORTATION

	US & California	European Union
Fuel quality	• Gasoline: 30 ppm sulfur average / 80 max (2006); 10 ppm average / 80 max (2017) • Diesel: 15 ppm sulfur max (2007)	• Gasoline & diesel: 50 ppm sulfur max (2005) • Gasoline & diesel: 10 ppm sulfur max (2009)
Test cycle	Federal Test Procedures + Supplemental Cycles: • FTP-75 (city cycle, includes cold start) • US06 (high speed) • SC03 (air conditioning) • HWFET (highway cycle, fuel economy only)	New European Drive Cycle: • NEDC (city and extra urban, includes cold start) World-Harmonized Light-Duty Vehicle Test Procedure: • WLTP (cold start, low, medium, high and aggressive driving in a single cycle) • Expected implementation in 2017
Coverage	Emissions: • Tier 2 standards cover all vehicles up to 3,855 kg GVWR and passenger vehicles up to 4,535 • LEV II and III and Tier 3 extend coverage to all complete vehicles up to 6,350 kg GVWR GHG: • Light-duty standards cover all LDVs (up to 3855 kg) and MDPVs (up to 4535kg) • Heavy-duty standards (all other on-road vehicles, including all trucks above 3855 kg)	Emissions: • Limit values set for passenger cars & light commercial vehicles by vehicle class/weight up to 2610 kg (RM) CO_2: • Passenger car standards apply to vehicles designed for the carriage of passengers (up to 3.5 tonnes GVWR) • Light commercial vehicle standards include all light trucks with RM up to 2610 kg in the N1 category (up to 3.5 tonnes GVWR)
Timeframe	Emissions: • US Tier 2 (phase in 2004-2009), Tier 3 (phase in 2017-2025) • California LEV II (phase in 2004-2010), LEV III (phase in 2015-2028) GHG: • Light-duty standards include 2012-2016 standards and 2017-2025 standards	Emissions: • Euro 4 (2005 for new vehicle type approval, 2006 all) • Euro 5a (2009 new, 2011 all); 5b (2011 new, 2013 all) • Euro 6 (2014 new, 2015 all); Euro 6c adds RDE (~2017) CO_2: • Current standards apply for the 2015 model year. 2020 standards are fully phased in for the 2021 model year and apply for all years beyond, until replaced.

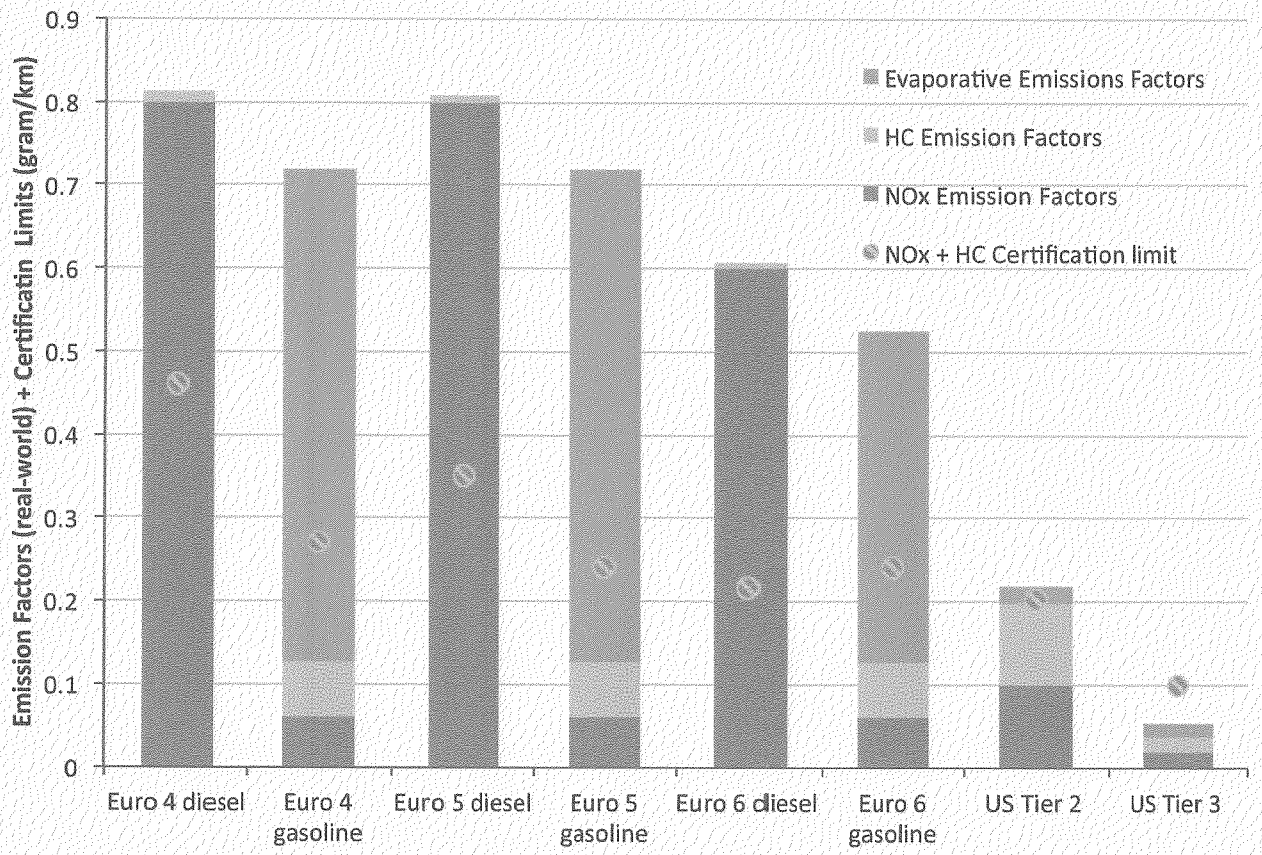
2017-FFP_026247
06/20/2017
VW FOIA, EPA

Overview continued

	US & California	European Union
Pollutants	Emissions: • NO_x + NMOG and CO (bin certification, fleet averaging) • HCHO (limit value) • PM mass (limit values, phased in) GHG: • CO_2 (fleet average) • CH_4, N_2O (limit values) • F-gases (credits available)	Emissions: • NO_x, HC, NO_x+HC (diesels), PM and PN (limit values per vehicle category) CO_2: • CO_2 (fleet average)
Design	Emissions: • All passenger vehicles and vehicles under 3,856 kg GVWR certify to a single set of bins, with a fleet average requirements • Different bins for medium-duty cargo vehicles (3,856 – 6,350 kg GVWR) • Standards phase in over time, as fleets are required to meet lower average emissions and/or higher-emission bins are eliminated GHG: • Annual, footprint-based standards, increasing in stringency each year. • Banking of credits and debits for annual targets. • Credits for off-cycle emissions, hybrid trucks, F-gases and air conditioning, and electric vehicles.	Emissions: • Different maximum limit values set for diesel and gasoline • Values stay stable until for multiple years, until new standards are introduced CO_2: • Single year, mass-based standard, applying to an increasing percentage of the fleet in preceding years. • Super credits (for vehicles with 50 g/km or less CO2 emissions) and eco-innovation credits (up to 7 g/km).
Durability (emissions)	• 193,000 km or 10 years (Tier 2/LEV II) • 240,000 km or 15 years (Tier 3/LEV III)	• 160,000 km or 5 years, whichever comes first

2017-FFP_026248
06/20/2017
VW FOIA, EPA

US and European standards are not equivalent



- Very little change from Euro 3 to 6 in exhaust emissions. Evaporative emissions go down for Euro 6 gasoline vehicles.
- Diesel emissions might decline as WLTC and Real Driving Emissions (RDE) are incorporated into Euro 6.
- Different test cycle complicate comparison: NEDC is a little stronger for gasoline vehicles (cold start is more important) but weaker for diesels (higher loads are more important). WLTP is more similar to FTP.
- US Tier 2 and 3 standards are fleet average standards, whereas Euro 6 is based on maximum limits. Current NOM 042 standards also set maximum value limits, which do not provide incentive to introduce cleaner models.

2017-FFP_026249
06/20/2017
VW FOIA, EPA

Table 3. Light- and heavy-duty tailpipe emissions and fuel sulfur standards, G20

Region	Total Vehicle Sales in 2014	Emission standards		Fuel sulfur standards	
		Light-duty	Heavy-duty	Gasoline	Diesel
China	23,491,893	**China 4**[a]	**China IV**	10 [2017]	10 [2017]
EU	16,841,973	Euro 6	Euro VI	10	10
US	14,935,563	Tier 3 [2017]	US 2010	10 [2017]	15
Japan[b]	5,562,887	PNLTES	PNLTES [2016]	10	10
Brazil[c]	3,498,012	L-6	P-7	50	500 (10)[d]
Germany	3,356,718	Euro 6	Euro VI	10	10
India	3,176,763	**Bharat III**[e]	**Bharat III**[e]	150 (50)	350 (50)
UK	2,843,025	Euro 6	Euro VI	10	10
Russia	2,545,666	Euro 5 [2016]	Euro V [2016]	10 [2016]	10 [2016]
France	2,210,927	Euro 6	Euro VI	10	10
Canada	1,889,437	Tier 2[f]	US 2010	30[g]	15
South Korea	1,730,322	Euro 6	Euro VI	10	10
Italy	1,492,642	Euro 6	Euro VI	10	10
Indonesia[h]	1,208,019	Euro 2	Euro II	500	3500 (avg.), (500)
Mexico	1,176,305	**Tier 1 / Euro 4**	**US 2004/Euro IV**	80 (30)	500 (15)
Australia[j]	1,113,224	Euro 6 [2018]	Euro V/US07/JE05	50	10
Saudi Arabia	828,200	Euro 2	Euro II		500[k]
Turkey	807,331	Euro 5	Euro VI	10	10
South Africa[l]	644,504	Euro 2	Euro II	500 (50)	500 (50)
Argentina[m]	613,848	Euro 5	Euro V	150	30 (10) [2016]
Total G-20	**80,063,947**				
Total World	**88,164,642**				
G-20 Share	**90.8%**				

Euro-equivalent[n]

No standard	Euro 2/II	Euro 3/III	Euro 4/IV	Euro 5/V	Euro 6/VI	Post Euro 6/VI

a Current standards are China 4/IV nationwide, while some regions, such as Beijing, Shanghai, and Guangdong province, have adopted China 5/V and 10 ppm sulfur fuel. Standards that have been adopted but not yet implemented are indicated with the first implementation year in brackets, such as China gasoline 10 ppm sulfur (expected implementation in 2018).

b PNLTES standing for Japan's Post-New Long-Term Emission Standard (2009) is the current emission standard for the country's heavy-duty and light-duty vehicles. Japan will implement a new 0.4 g/kWh NO_x standard for HDVs in 2016.

c PROCONVE L-6 (2013) is the current light-duty emission standard; PROCONVE P-7 (2012) is the current heavy-duty emission standard; PROCONVE stands for "Programa de Controle da Poluição do Ar por Veículos Automotores" (The motor vehicle emission control program in Brazil)

d Values in parentheses indicate higher-quality fuel is available sub-nationally, but not required nationwide.

e As of April 2014, Bharat IV standards were in effect in 33 cities including the national capital region; a nationwide implementation date has yet to be formally adopted.

f Canada issued a proposal to harmonize with the US Tier 3 regulation; however formal adoption is pending.

g Canada has proposed 10 ppm for gasoline sulfur standard.

h Indonesia's average sulfur content of diesel fuel in market is 3,500 ppm, though Euro II is implemented and 500 ppm diesel fuel is available in a few major cities; a move towards Euro 4 adoption is in progress, which will hopefully come true in 2016; Indonesia's national petroleum company is also moving to revitalize their refineries to be able to produce at least Euro 4 fuel.

j On Australia's regulation see TransportPolicy.net, http://transportpolicy.net/index.php?title=Australia:_Fuels:_Diesel_and_Gasoline

k As of January 2015, Saudi Arabia's diesel fuel standards are being updated to require Euro 5 sulfur levels in all the kingdom's refineries (http://www.unep.org/transport/new/pcfv).

l Information for South Africa from 1) http://www.unep.org/Transport/new/PCFV/pdf/10gpm/10GPM_AfricaRegionalUpdates.pdf and 2) Delphi Automotive, *Worldwide Emissions Standards: Passenger Cars and Light Duty Vehicles.*

m Emission and sulfur standards for Argentina, Turkey, Saudi Arabia, Mexico, South Africa and Indonesia are from http://www.unep.org/transport/new/pcfv); Argentina has Euro 5/V in 2014 for new models, and will adopt Euro 5/V for all models

n Euro-equivalent emission standards based on limit values

VW FOIA, EPA 06/20/2017 2017-FFP_026250

To: Blubaugh, Jim[Blubaugh.Jim@epa.gov]
From: Grundler, Christopher
Sent: Thur 9/24/2015 1:47:58 PM
Subject: RE: US v EU diesel standards (Pat - please print for Chris asap)

Non-Responsive

-----Original Message-----
From: Blubaugh, Jim
Sent: Thursday, September 24, 2015 9:44 AM
To: Grundler, Christopher
Cc: Simon, Karl
Subject: Re: US v EU diesel standards (Pat - please print for Chris asap)

OITA (Anna and maybe Mark) will be joining by phone. Also a US Embassy-Berlin staff person will listen in as well.

Also here is a little background that we just received from the Embassy:

Mr. Zielke is Head of Directorate (Road Traffic and Transport) - Ministry of Transport. This directorate is also responsible for the requirements of approval and registration of vehicles, as well as for market surveillance issues. Mr. Zinke, president of the type approval agency (KBA) will also attend.

Jim

From: Grundler, Christopher
Sent: Thursday, September 24, 2015 9:40 AM
To: Blubaugh, Jim
Cc: Simon, Karl; Shaffer, Patricia
Subject: RE: US v EU diesel standards (Pat - please print for Chris asap)

Thanks. do you know if OITA joining the call or coming to the office or skipping?

-----Original Message-----
From: Blubaugh, Jim
Sent: Thursday, September 24, 2015 9:37 AM
To: Grundler, Christopher
Cc: Simon, Karl; Shaffer, Patricia
Subject: Re: US v EU diesel standards (Pat - please print for Chris asap)

I have attached a few quick charts that I use that ICCT developed. The charts outline the program differences pretty well. As you read through these charts be reminded that the EU test cycle is very different from ours. Basically the EU cycle doesn't even include aggressive driving or high load conditions so that clearly makes any direct comparisons very difficult.

Pat - please print out the attachment for Chris asap.

Jim

From: Grundler, Christopher

Sent: Thursday, September 24, 2015 9:11 AM
To: Blubaugh, Jim
Cc: Simon, Karl
Subject: US v EU diesel standards

Ex. 5

Christopher Grundler, Director
Office of Transportation and Air Quality U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Blubaugh, Jim
Sent: Thur 9/24/2015 1:50:43 PM
Subject: Re: US v EU diesel standards (Pat - please print for Chris asap)

Anna Philips is the staff-level point person for EPA for European countries.
And I think you already know Mark Kasman.

From: Grundler, Christopher
Sent: Thursday, September 24, 2015 9:47 AM
To: Blubaugh, Jim
Subject: RE: US v EU diesel standards (Pat - please print for Chris asap)

Remind me who Anna is

-----Original Message-----
From: Blubaugh, Jim
Sent: Thursday, September 24, 2015 9:44 AM
To: Grundler, Christopher
Cc: Simon, Karl
Subject: Re: US v EU diesel standards (Pat - please print for Chris asap)

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From: Grundler, Christopher
Sent: Thursday, September 24, 2015 9:40 AM
To: Blubaugh, Jim
Cc: Simon, Karl; Shaffer, Patricia
Subject: RE: US v EU diesel standards (Pat - please print for Chris asap)

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-----Original Message-----
From: Blubaugh, Jim
Sent: Thursday, September 24, 2015 9:37 AM
To: Grundler, Christopher
Cc: Simon, Karl; Shaffer, Patricia
Subject: Re: US v EU diesel standards (Pat - please print for Chris asap)

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Pat - please print out the attachment for Chris asap.

Jim

From: Grundler, Christopher
Sent: Thursday, September 24, 2015 9:11 AM
To: Blubaugh, Jim
Cc: Simon, Karl
Subject: US v EU diesel standards

Can you get me a comparison for the 11:00 call

Christopher Grundler, Director
Office of Transportation and Air Quality U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

To: Grundler, Christopher[grundler.christopher@epa.gov]; Charmley, William[charmley.william@epa.gov]
Cc: Bunker, Byron[bunker.byron@epa.gov]
From: Simon, Karl
Sent: Thur 9/24/2015 1:58:31 PM
Subject: RE: Purge has begun

Chris and Byron,

When you think you have 30 minutes to breathe, I think it would be beneficial for us to get together as a team to talk through next steps for us. Think these actions cut across the office so I would appreciate some time to check in with you both. thanks

-----Original Message-----
From: Grundler, Christopher
Sent: Thursday, September 24, 2015 9:31 AM
To: Charmley, William
Cc: Bunker, Byron; Simon, Karl
Subject: Re: Purge has begun

If true I'm sure his will not be the last. Surprised at the speed, ahead of their own inquiry

Christopher Grundler, Director
Office of Transportation and Air Quality U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

> On Sep 24, 2015, at 9:29 AM, Charmley, William <charmley.william@epa.gov> wrote:
>
> If true this doesn't surprise me. Dr. Hatz was head of powertrain
> development for Volkswagen before his current appointment at Porsche
>
>
>
> Dr. Hackenberg was also in the leadership of Volkswagen in the
> 2007-2012 timeframe before his current appointment at Audi
>
>
>
>
> -----Original Message-----
> From: Grundler, Christopher
> Sent: Thursday, September 24, 2015 9:15 AM
> To: Bunker, Byron; Charmley, William; Simon, Karl
> Subject: Purge has begun
>
> @GregKable: #Bild newspaper reports #Audi development boss Ulrich
> Hackenberg and #Porsche development boss Wolfgang Hatz have been
> dismissed #dieselgate
>
> Christopher Grundler, Director
> Office of Transportation and Air Quality U.S. EPA
> 202-564-1682 (DC)
> 734-214-4207 (Ann Arbor)

To: Henderson, Heather (ENRD)[Heather.Henderson2@usdoj.gov]
Cc: GMoreira@ENRD.USDOJ.GOV[GMoreira@ENRD.USDOJ.GOV]; Van Eaton, Josh (ENRD)[Josh.Van.Eaton@usdoj.gov]; Kaul, Meetu[Kaul.Meetu@epa.gov]
From: Orehowsky, Gregory
Sent: Thur 9/24/2015 2:05:58 PM
Subject: RE: VW data on CDs

I can meet the person in the outside the building by the metro to save going through security. Can you let me know who will be picking up?

Greg Orehowsky

U.S. EPA

Office of Civil Enforcement

Air Enforcement Division

Phone 202-343-9292

From: Henderson, Heather (ENRD) [mailto:Heather.Henderson2@usdoj.gov]
Sent: Thursday, September 24, 2015 9:46 AM
To: Orehowsky, Gregory
Subject: VW data on CDs

Greg, what is the best location for our messenger to pick up the CD? Your office, or a mail room or another location?

Thanks,

Heather Henderson

U.S. Department of Justice

Environmental Enforcement Section

Environment and Natural Resources Division

P.O. Box 7611

Ben Franklin Station

Washington, DC 20044-7611

Phone: (202) 616-7647

Fax: (202) 616-6583

To: richard.thomas@vw.com[richard.thomas@vw.com]
From: Good, David
Sent: Thur 9/24/2015 2:08:24 PM
Subject: 2014 Volt (non-blended) and Ford Fusion PHEV (blended) and Panamera (blended) and Cayenne non-blended) Labels attached
2014 volt label image-from GM-6-10-2013.pdf
2014 Porsche Panamera PHEV FE Label-from Ross-3-31-2014.pdf
Cayenne S e-Hybrid Monroney Label 2015-from Ross-10-15-2014.pdf
2015 Fusion Energi (PHEV) label-from Ford-7-7-2014.pdf

Richard,

Here are some examples for you.

Note that the Fusion/C-Max PHEVs are "blended" but the gasoline engine doesn't come on during UDDS & hwy tests----so the label shows 0.0 kw-hr/100 mi during charge depleting operation.

Dave

◀ PULL THIS STRIP TO EXPOSE ADHESIVE

CHEVROLET

2014 CHEVROLET VOLT

EXTERIOR:
INTERIOR:

THIS IS A TEST LABEL

Visit us at www.chevy.com

THIS LABEL IS AFFIXED FOR SHIPPING PURPOSES ONLY BECAUSE COMPLETE VEHICLE PRICING INFORMATION WAS NOT AVAILABLE AT TIME OF SHIPMENT.

THIS VEHICLE IS NOT FOR SALE, NOR SHOULD IT BE DISPLAYED UNTIL A MANUFACTURER'S PRICE LABEL WITH COMPLETE SUGGESTED RETAIL PRICE INFORMATION IS AFFIXED.

EPA DOT Fuel Economy and Environment

Plug-In Hybrid Vehicle Electricity-Gasoline

Compact cars range from 14 to 105 MPGe.
The best vehicle rates 121 MPGe.

Fuel Economy

Electricity
Charge Time: 4 hours (240V)
98 MPGe
35 kW-hrs per 100 miles
combined city/highway

Gasoline Only
37 MPG
2.7 gallons per 100 miles
combined city/highway

Driving Range
All electric range: 0 – 38 miles
Gasoline only: 38 – 380 miles
(0, 15, 30, 55, 380)

You save $7,000 in fuel costs over 5 years compared to the average new vehicle.

AFS

Annual fuel cost $900

Fuel Economy & Greenhouse Gas Rating (tailpipe only): 10 (1 – 10 Best)

Smog Rating (tailpipe only): 6 (1 – 10 Best)

This vehicle emits 81 grams CO_2 per mile. The best emits 0 grams per mile (tailpipe only). Producing and distributing fuel & electricity also create emissions; learn more at fueleconomy.gov.

Actual results will vary for many reasons, including driving conditions and how you drive and maintain your vehicle. The average new vehicle gets 23 MPG and costs $11,500 to fuel over 5 years. Cost estimates are based on 15,000 miles per year at $3.75 per gallon and $0.12 per kW-hr. This is a dual fueled automobile. MPGe is miles per gasoline gallon equivalent. Vehicle emissions are a significant cause of climate change and smog.

fueleconomy.gov
Calculate personalized estimates and compare vehicles

Smartphone QR Code™

GOVERNMENT 5-STAR SAFETY RATINGS

This vehicle has not been rated by the government for overall vehicle score, frontal crash, side crash or rollover risk.

Source: National Highway Traffic Safety Administration (NHTSA)
www.safercar.gov or 1-888-327-4236

Equipped with the safety and connectivity of OnStar.

Push your blue button or visit onstar.com for details.

PARTS CONTENT INFORMATION

FOR VEHICLES IN THIS CARLINE:
U.S./CANADIAN PARTS CONTENT: 45%
MAJOR SOURCES OF FOREIGN PARTS CONTENT: JAPAN 17%
KOREA 19%
NOTE: PARTS CONTENT DOES NOT INCLUDE FINAL ASSEMBLY, DISTRIBUTION, OR OTHER NON-PARTS COSTS.

FOR THIS VEHICLE:
FINAL ASSEMBLY POINT:
DETROIT, MI U.S.A.
COUNTRY OF ORIGIN:
ENGINE: UNITED STATES
TRANSMISSION (ELECTRIC DRIVE UNIT): JAPAN

This label has been applied pursuant to Federal law - Do not remove prior to delivery to the ultimate purchaser. *Includes Manufacturer's Recommended Pre-Delivery Service. Does not include dealer installed options and accessories not listed above, focal taxes or license fees.

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GMLBL_PROD_0029 - 05/17/2013

ORDER NO QRSP31 SALES CODE N
SALES MODEL CODE 1RC66
DEALER NO 34130
FINAL ASSEMBLY:
DETROIT, MI U.S.A.

VIN 1G1RD6E47EU104679

DEALER TO WHOM DELIVERED
GENERAL MOTORS LLC
3300 GM ROAD BLDG 12 MC 483-312-00
MILFORD, MI 48380-3727

EPA DOT Fuel Economy and Environment

Plug-In Hybrid Vehicle
Electricity-Gasoline

Fuel Economy Large Cars range from 14 to 29 MPG. The best vehicle rates 119 MPGe.

Electricity + Gasoline
Charge Time: 3 hours (240V)

50 MPGe
0.5 gallons per 100 miles
52 kW-hrs per 100 miles
combined city/hwy

Gasoline Only

25 MPG
4.0 gallons per 100 miles
combined city/hwy

Driving Range

Electric + Gasoline: 0 — 4 — 10
Gasoline only: 16 — 22 — 540 miles

All Electric Range = 0 - 15 miles

You save $2,250
in fuel costs over 5 years
compared to the average new vehicle.

Annual fuel cost
$1,850

Fuel Economy & Greenhouse Gas Rating (tailpipe only)

MPG: 1 — 8 — 10
CO_2: 1 — 9 — 10 Best

Smog Rating (tailpipe only)

1 — 5 — 10 Best

This vehicle emits 206 grams CO_2 per mile. The best emits 0 grams per mile (tailpipe only). Producing and distributing fuel also create emissions; learn more at fueleconomy.gov.

Actual results will vary for many reasons, including driving conditions and how you drive and maintain your vehicle. The average new vehicle gets 23 MPG and costs $11,500 to fuel over 5 years. Cost estimates are based on 15,000 miles per year $3.75 per gallon and $0.12 per kW-hr. This is a dual fueled automobile. MPGe is miles per gasoline gallon equivalent. Vehicle emissions are a significant cause of climate change and smog.

fueleconomy.gov
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Smartphone QR Code™

EPA DOT Fuel Economy and Environment

Plug-In Hybrid Vehicle
Electricity-Gasoline

Fuel Economy Standard SUVs range from 13 to 26 MPG. The best vehicle rates 119 MPGe.

Electricity
Charge Time: 2 hours (240V)

47 MPGe
combined city/hwy

69 kW-hrs per 100 miles

Gasoline Only

22 MPG
combined city/hwy

4.5 gallons per 100 miles

You save $500
in fuel costs over 5 years
compared to the average new vehicle.

Driving Range

All electric range: 0 5 10 — Gasoline only: 100 — **14** miles

Annual fuel cost
$2,100

Fuel Economy & Greenhouse Gas Rating (tailpipe only)

MPG **7**
1 — 10 Best
CO_2 **8**

Smog Rating (tailpipe only)

5
1 — 10 Best

This vehicle emits 260 grams CO_2 per mile. The best emits 0 grams per mile (tailpipe only). Producing and distributing fuel also create emissions; learn more at fueleconomy.gov.

Actual results will vary for many reasons, including driving conditions and how you drive and maintain your vehicle. The average new vehicle gets 24 MPG and costs $11,000 to fuel over 5 years. Cost estimates are based on 15,000 miles per year $3.80 per gallon and $0.12 per kW-hr. This is a dual fueled automobile. MPGe is miles per gasoline gallon equivalent. Vehicle emissions are a significant cause of climate change and smog.

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ford.com

VEHICLE DESCRIPTION

FUSION ENERGI

FR 101441

2015 FUSION ENERGI SE
5-PASSENGER
2.0L IVCT I4 HEV
ECVT AUTO TRNS POWERSPLIT

EXTERIOR
INGOT SILVER METALLIC
INTERIOR
CHARCOAL BLK LTHR TRIM SEAT

STANDARD EQUIPMENT INCLUDED AT NO EXTRA CHARGE

EXTERIOR
- 17" ALUMINUM WHEELS
- AUTO HALOGEN HEADLAMPS
- EASY FUEL CAPLESS FILLER
- FOG LAMPS
- INTEGRATED SPOTTER MIRRORS
- KEYLESS ENTRY KEYPAD
- CONFIGURABLE DAYTIME RUNNING LAMPS
- MIRRORS-MAN FOLD DUAL PWR HEATED WITH APPROACH LAMP

INTERIOR
- LEATHER TRIMMED SEATS W/ 10 WAY HTD DR/6 WAY HTD P
- CENTER CONSOLE W/ARMREST
- DUAL ILLUM VANITY MIRRORS
- DUAL-ZONE ELECTRONIC AUTO CLIMATE CONTROL
- FRONT AND REAR FLOOR MATS
- LEATHER WRAPPED SHIFT KNOB
- LEATHER WRAPPED STR WHEEL W/CRUISE AND AUDIO CONTRO
- REAR A/C DUCTS
- SIRIUS SAT SVC N/A AK&HI

FUNCTIONAL
- AM/FM SINGLE CD/MP3, 6SPKR
- ELECTROCHROMIC MIRROR
- HILL START ASSIST
- INTERMITTENT SPEED WIPERS
- MESSAGE CENTER W/TRIP CPTR
- MYFORD MOBILE
- POWER LOCKS AND WINDOWS
- POWERPOINTS (3)
- POWER STEERING W/EPAS
- REAR WINDOW DEFROSTER
- REMOTE DECKLID RELEASE
- SYNC W/ MYFORD TOUCH
- 110V OUTLET
- REAR VIEW CAMERA
- REVERSE SENSING SYSTEM

SAFETY/SECURITY
- AIRBAG-DRIVER/PASS KNEE
- AIRBAGS - DUAL STAGE FRONT
- AIRBAGS - FRONT SEAT MOUNTED SIDE IMPACT
- AIRBAGS - SIDE AIR CURTAIN
- MYKEY
- PERIMETER ALARM
- TIRE MOBILITY KIT

WARRANTY
- 3YR/36,000 BUMPER / BUMPER
- 5YR/60,000 POWERTRAIN
- 5YR/60,000 ROADSIDE ASSIST
- 8YR/100,000 HYBRID UNIQUE COMPONENTS

INCLUDED ON THIS VEHICLE	(MSRP)
EQUIPMENT GROUP 700A	
OPTIONAL EQUIPMENT	
MOONROOF W/UNIV GAR DR OPENER	995.00
50 STATE EMISSIONS	NO CHARGE
NAVIGATION SYSTEM	795.00

PRICE INFORMATION	(MSRP)
BASE PRICE	$34,700.00
TOTAL OPTIONS	1,790.00
TOTAL VEHICLE & OPTIONS	36,490.00
DESTINATION & DELIVERY	825.00

SOLD TO	RAMP ONE	DEALER NO.
Sheridan Ford Sales 16A 213 4001 Kirkwood Highway Wilmington DE 19808	RA5R	16A 213
SHIP TO (IF OTHER THAN SOLD TO)	**RAMP TWO**	**FINAL ASSEMBLY PLANT**
		HERMOSILLO
SHIP THROUGH	**METHOD OF TRANSP.**	**ITEM #:** 16-7002 O/T 2
	RAIL	Ex. 6

TOTAL MSRP $37,315.00

This label is affixed pursuant to the Federal Automobile Information Disclosure Act. Gasoline, License, and Title Fees, State and Local taxes are not included. Dealer installed options or accessories are not included unless listed above.

EPA DOT Fuel Economy and Environment

Plug-In Hybrid Vehicle Electricity-Gasoline

Fuel Economy Midsize Cars range from 13 to 88 MPG. The best vehicle rates 119 MPGe.

Electricity + Gasoline
Charge Time: 2.5 hours (240V)
88 MPGe combined city/highway
0.0 gallons per 100 miles
37 kW-hrs per 100 miles

Gasoline Only
38 MPG combined city/highway
2.6 gallons per 100 miles

Driving Range
Electricity + Gasoline | Gasoline only
0 5 10 15 20 25 550
All Electric Range = 0 to 19 miles
20 miles

You save **$5,750** in fuel costs over 5 years compared to the average new vehicle.

Annual fuel cost **$1,050**

Fuel Economy & Greenhouse Gas Rating (tailpipe only) 10 (1 – 10 Best)

Smog Rating (tailpipe only) 7 (1 – 10 Best)

This vehicle emits 129 grams CO_2 per mile. The best emits 0 grams per mile (tailpipe only). Producing and distributing fuel and electricity also create emissions; learn more at fueleconomy.gov.

Actual results will vary for many reasons, including driving conditions and how you drive and maintain your vehicle. The average new vehicle gets 24 MPG and costs $11,000 to fuel over 5 years. Cost estimates are based on 15,000 miles per year at $3.50 per gallon and $0.12 per kW-hr. This is a dual fueled automobile. MPGe is miles per gasoline gallon equivalent. Vehicle emissions are a significant cause of climate change and smog.

fueleconomy.gov
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Smartphone QR Code™

GOVERNMENT 5-STAR SAFETY RATINGS

Overall Vehicle Score ★★★★★
Based on the combined ratings of frontal, side and rollover.
Should ONLY be compared to other vehicles of similar size and weight.

Frontal Crash Driver ★★★★★ Passenger ★★★★★
Based on the risk of injury in a frontal impact.
Should ONLY be compared to other vehicles of similar size and weight.

Side Crash Front seat ★★★★ Rear seat ★★★★★
Based on the risk of injury in a side impact.

Rollover ★★★★
Based on the risk of rollover in a single-vehicle crash.

Star ratings range from 1 to 5 stars (★★★★★), with 5 being the highest.
Source: National Highway Traffic Safety Administration (NHTSA).
www.safercar.gov or 1-888-327-4236

Ford Go Further

3FA6P0PU0FR101441

Scan this code to experience this vehicle or text 3FFR101441 to 48028
or Visit ford.com/windowsticker
Standard messaging & data plan rates may apply.

Ford Extended Service Plan
Ford ESP is the only extended service plan honored at every Ford dealership in the U.S. and Canada. See your dealer for additional details or visit www.FordOwner.com for more information.

Ford FORD CREDIT
Choose the vehicle you want. Whether you decide to lease or finance, you'll find the choices that are right for you. See your Ford Dealer for details or visit www.FordCredit.com.

From: McCabe, Janet
Required Attendees: Niebling, William; Grundler, Christopher; Hengst, Benjamin; Belser, Evan
Location: Ex. 6
Importance: Normal
Subject: Hearing Prep with OTAQ re: VW
Start Date/Time: Mon 9/28/2015 8:45:00 PM
End Date/Time: Mon 9/28/2015 9:15:00 PM
Monday call - VW

To: McCabe, Janet; Niebling, William; Grundler, Chris; Hengst, Ben; Belser, Even

To: Atkinson, Emily[Atkinson.Emily@epa.gov]
Cc: Hengst, Benjamin[Hengst.Benjamin@epa.gov]
From: Niebling, William
Sent: Thur 9/24/2015 1:27:27 PM
Subject: Monday call - VW

Emily – Janet would like to have a 30 min call on Monday with Chris, Ben, Even Belser, and anyone else they want to include, to discuss how she should respond if any VW questions come up at her Tuesday CPP/ozone hearing with Senate EPW. Do you mind finding a time? Thanks!

-Wm.

William L. Niebling

Office of Air and Radiation

U.S. Environmental Protection Agency

tel: 202.564.9616

fax: 202.564.1408

To: Orehowsky, Gregory[Orehowsky.Gregory@epa.gov]
From: Kaul, Meetu
Sent: Thur 9/24/2015 2:44:32 PM
Subject: RE: VW data on CDs

Greg, thank you for all the hours you put in getting these documents together. I know it was tedious work, but it was super important to get done.

Ms.Meetu Kaul, Attorney-Advisor

United States Environmental Protection Agency
Office of Civil Enforcement - Air Enforcement Division
WJC South, Room 1117B
1200 Pennsylvania Ave., N.W. (MC 2242A)
Washington D.C. 20460 (Courier 20004)
Direct: 202-564-5472
Fax: 202-564-0069
Email: kaul.meetu@epa.gov

From: Orehowsky, Gregory
Sent: Thursday, September 24, 2015 10:06 AM
To:
Cc: Ex. 7 Kaul, Meetu
Subject: RE: VW data on CDs

I can meet the person in the outside the building by the metro to save going through security. Can you let me know who will be picking up?

Greg Orehowsky

U.S. EPA

Office of Civil Enforcement

Air Enforcement Division

Phone 202-343-9292

From: Ex. 7
Sent: Thursday, September 24, 2015 9:46 AM
To: Orehowsky, Gregory
Subject: VW data on CDs

Greg, what is the best location for our messenger to pick up the CD? Your office, or a mail room or another location?

Thanks,

Ex. 7

U.S. Department of Justice

Environmental Enforcement Section

Environment and Natural Resources Division

P.O. Box 7611

Ben Franklin Station

Washington, DC 20044-7611

Ex. 7

Fax: (202) 616-6583

From: Hengst, Benjamin
Required Attendees: Purchia, Liz; Conger, Nick; Valentine, Julia; Reynolds, Thomas; Bunker, Byron; Leila Cook; Janet Cohen (cohen.janet@epa.gov); Wehrly, Linc; Birgfeld, Erin; John Millett (Millett.John@epa.gov); Grundler, Christopher
Location: Chris Grundler's office; [redacted]
Importance: Normal
Subject: OPA/OTAQ prep for Friday VW announcement
Start Date/Time: Thur 9/24/2015 5:00:00 PM
End Date/Time: Thur 9/24/2015 5:45:00 PM

Non-Responsive

To: Kelley, Rosemarie[Kelley.Rosemarie@epa.gov]
Cc: Chapman, Apple[Chapman.Apple@epa.gov]; Belser, Evan[Belser.Evan@epa.gov]; Brooks, Phillip[Brooks.Phillip@epa.gov]
From: Werner, Jacqueline
Sent: Thur 9/24/2015 3:01:22 PM
Subject: VW and comp time

Rosemarie- as you know, Meetu and Greg Orehowsky have been working diligently on the VW matter for the last 2 weeks. The time crunch has been substantial and necessitates that they do some work in addition to/outside of their normal work hours. I am not certain if Phill raised it with you prior to his departure, so I want to bring it up now and confirm that AED managers can approve comp time, as necessary, for Meetu Kaul and Greg Orehowsky in order for VW work to be accomplished within the time constraints that may arise. We will, of course, be aware of the budgetary concerns and only approve the comp time when it is necessary to meet a specific deadline/time sensitive requirement.

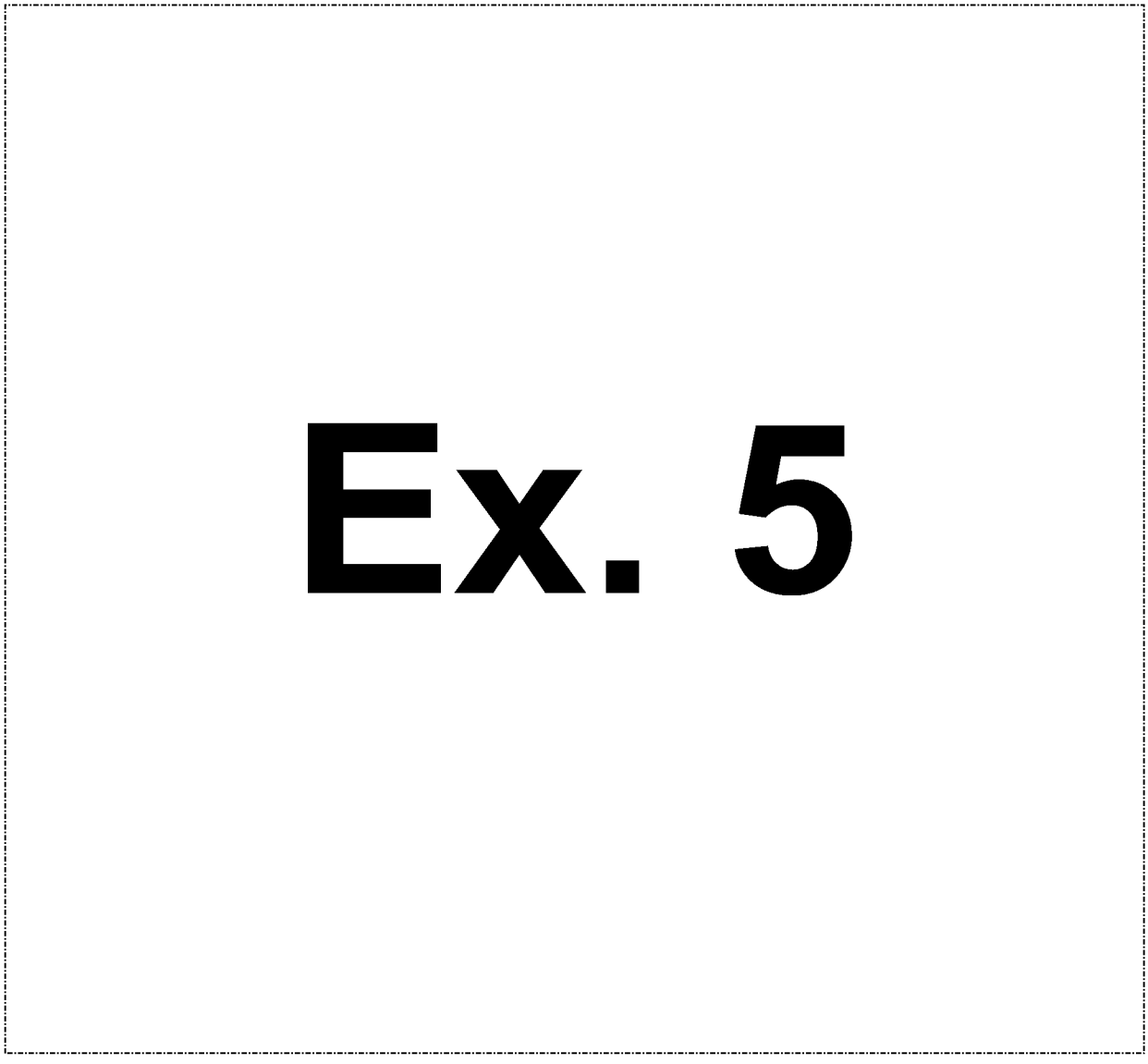
Please let me know if you have any questions/concerns.

Thanks,
Jacqueline

Sent from my iPhone

Jacqueline Robles Werner
Associate Director
Air Enforcement Division
W: 202-564-1036

To: Grundler, Christopher[grundler.christopher@epa.gov]; Blubaugh, Jim[Blubaugh.Jim@epa.gov]; Olechiw, Michael[olechiw.michael@epa.gov]
Cc: Simon, Karl[Simon.Karl@epa.gov]
From: Charmley, William
Sent: Thur 9/24/2015 3:02:42 PM
Subject: RE: US v EU diesel standards (Pat - please print for Chris asap)



-----Original Message-----
From: Blubaugh, Jim
Sent: Thursday, September 24, 2015 9:37 AM
To: Grundler, Christopher
Cc: Simon, Karl; Shaffer, Patricia
Subject: Re: US v EU diesel standards (Pat - please print for Chris asap)

I have attached a few quick charts that I use that ICCT developed. The charts outline the program differences pretty well. As you read through these charts be reminded that the EU test cycle is very different from ours. Basically the EU cycle doesn't even include aggressive driving or high load conditions so that clearly makes any direct comparisons very difficult.

Pat - please print out the attachment for Chris asap.

Jim

From: Grundler, Christopher
Sent: Thursday, September 24, 2015 9:11 AM
To: Blubaugh, Jim
Cc: Simon, Karl
Subject: US v EU diesel standards

Can you get me a comparison for the 11:00 call

Christopher Grundler, Director
Office of Transportation and Air Quality U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

To: Stewart, Lori[Stewart.Lori@epa.gov]; Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Sutton, Tia[sutton.tia@epa.gov]; Brooks, Phillip[Brooks.Phillip@epa.gov]; Werner, Jacqueline[Werner.Jacqueline@epa.gov]
From: Belser, Evan
Sent: Thur 9/24/2015 3:07:40 PM
Subject: RE: Draft OAR Shout Out on VW for your review

No concerns. **Ex. 5**

Thanks,
Evan

Evan Belser

Chief, Mobile Source Enforcement Branch, Air Enforcement Division

National Coordinator for Administrative Litigation, Office of Civil Enforcement

Office of Enforcement and Compliance Assurance

United States Environmental Protection Agency

202-564-6850

From: Stewart, Lori
Sent: Thursday, September 24, 2015 10:56 AM
To: Hengst, Benjamin; Sutton, Tia; Brooks, Phillip; Werner, Jacqueline; Belser, Evan
Subject: Draft OAR Shout Out on VW for your review

All, Janet plans to send a shout out on the VW case tomorrow. I am pasting the draft below (and attaching it) for your review. Janet wants to be sure that there is nothing here that hasn't already gone public, either thru the NOV or press material, etc. Can you please verify that? Other suggestions for edits, etc. are also welcome. She'll need to send this out before 1:00 tomorrow so please reply by around 5 today. Thanks very much.

Ex. 5

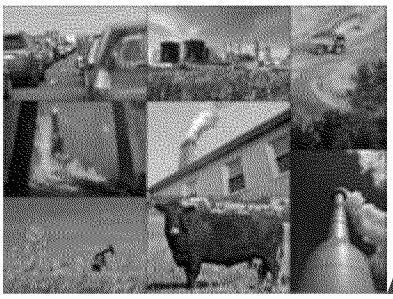
Ex. 5

To: Chapman, Apple[Chapman.Apple@epa.gov]; Werner, Jacqueline[Werner.Jacqueline@epa.gov]; Belser, Evan[Belser.Evan@epa.gov]; Kaul, Meetu[Kaul.Meetu@epa.gov]; Brooks, Phillip[Brooks.Phillip@epa.gov]
From: Chapman, Apple
Sent: Thur 9/24/2015 3:13:52 PM
Subject: Volkswagen should suffer the consequences of its cheating from The Washington Post

http://wpo.st/yfzb0

To: Allnutt, David[Allnutt.David@epa.gov]; Anderson, Lea[anderson.lea@epa.gov]; Anderson, Steve[Anderson.Steve@epa.gov]; Aranda, Amber[aranda.amber@epa.gov]; Averback, Jonathan[Averback.Jonathan@epa.gov]; Belser, Evan[Belser.Evan@epa.gov]; Bianco, Karen[Bianco.Karen@epa.gov]; Bogoshian, Matthew[Bogoshian.Matt@epa.gov]; Branning, Amy[Branning.Amy@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Chapman, Apple[Chapman.Apple@epa.gov]; Choi, Jake[Choi.Jake@epa.gov]; Cozad, David[Cozad.David@epa.gov]; Crum, Lynda[Crum.Lynda@epa.gov]; Crystal, Roy[crystal.roy@epa.gov]; Davis, Julian[davis.julian@epa.gov]; Dickinson, David[Dickinson.David@epa.gov]; Dierker, Carl[Dierker.Carl@epa.gov]; Dolph, Becky[Dolph.Becky@epa.gov]; Doster, Brian[Doster.Brian@epa.gov]; Dubey, Susmita[dubey.susmita@epa.gov]; Dubois, Roland[Dubois.Roland@epa.gov]; Frey, Bert[frey.bertram@epa.gov]; Froikin, Sara[Froikin.Sara@epa.gov]; Giles-AA, Cynthia[Giles-AA.Cynthia@epa.gov]; Graham, Cheryl[Graham.Cheryl@epa.gov]; Harrison, Ben[Harrison.Ben@epa.gov]; Hoffman, Howard[hoffman.howard@epa.gov]; Hogan, Stephanie[Hogan.Stephanie@epa.gov]; Holmes, Carol[Holmes.Carol@epa.gov]; Igoe, Sheila[Igoe.Sheila@epa.gov]; Jordan, Scott[Jordan.Scott@epa.gov]; Kaplan, Robert[kaplan.robert@epa.gov]; Kataoka, Mark[Kataoka.Mark@epa.gov]; Klepp, Robert[Klepp.Robert@epa.gov]; Knapp, Kristien[Knapp.Kristien@epa.gov]; Lee, Michael[lee.michaelg@epa.gov]; Lovett, Lauren[Lovett.Lauren@epa.gov]; Mackey, Cyndy[Mackey.Cyndy@epa.gov]; Manners, Mary[manners.mary@epa.gov]; Marks, Matthew[Marks.Matthew@epa.gov]; Matthews, Julie[Matthews.Juliane@epa.gov]; McConkey, Diane[Mcconkey.Diane@epa.gov]; Mclean, Kevin[Mclean.Kevin@epa.gov]; Moore, Bruce[Moore.Bruce@epa.gov]; Morgan, Jeanette[Morgan.Jeanette@epa.gov]; Moyer, Robert[Moyer.Robert@epa.gov]; Muller, Sheldon[Muller.Sheldon@epa.gov]; Niebling, William[Niebling.William@epa.gov]; Nguyen, Quoc[Nguyen.Quoc@epa.gov]; Adair, Jocelyn[Adair.Jocelyn@epa.gov]; Odendahl, Steve[Odendahl.Steve@epa.gov]; Okoye, Winifred[Okoye.Winifred@epa.gov]; Orlin, David[Orlin.David@epa.gov]; Pastorkovich, Anne-Marie[Pastorkovich.Anne-Marie@epa.gov]; Roberts, Martha[Roberts.Martha@epa.gov]; Rodman, Sonja[Rodman.Sonja@epa.gov]; Rowland, John[Rowland.John@epa.gov]; Schaaf, Eric[Schaaf.Eric@epa.gov]; Schmidt, Lorie[Schmidt.Lorie@epa.gov]; Senn, John[Senn.John@epa.gov]; Shenkman, Ethan[Shenkman.Ethan@epa.gov]; Silverman, Steven[silverman.steven@epa.gov]; Smith, Kristi[Smith.Kristi@epa.gov]; Snyder, Doug[Snyder.Doug@epa.gov]; Srinivasan, Gautam[Srinivasan.Gautam@epa.gov]; Stahle, Susan[Stahle.Susan@epa.gov]; Starfield, Lawrence[Starfield.Lawrence@epa.gov]; Stern, Allyn[Stern.Allyn@epa.gov]; Tate, Ragan[Tate.Ragan@epa.gov]; Thrift, Mike[thrift.mike@epa.gov]; Tierney, Jan[tierney.jan@epa.gov]; Ting, Kaytrue[Ting.Kaytrue@epa.gov]; Tsirigotis, Peter[Tsirigotis.Peter@epa.gov]; Versace, Paul[Versace.Paul@epa.gov]; Vetter, Rick[Vetter.Rick@epa.gov]; Walker, Mike[Walker.Mike@epa.gov]; Ward, W. Robert[Ward.Robert@epa.gov]; Werner, Jacqueline[Werner.Jacqueline@epa.gov]; Wilcox, Geoffrey[wilcox.geoffrey@epa.gov]; Williams, Brent[Williams.Brent@epa.gov]; Williams, Melina[Williams.Melina@epa.gov]; Williamson, Timothy[Williamson.Tim@epa.gov]; Zenick, Elliott[Zenick.Elliott@epa.gov]; Wills, Jennifer[Wills.Jennifer@epa.gov]; Conger, Nick[Conger.Nick@epa.gov]; Blake, Wendy[Blake.Wendy@epa.gov]; Schramm, Daniel[Schramm.Daniel@epa.gov]; Vergeront, Julie[Vergeront.Julie@epa.gov]; Tozzi, Lauren[Tozzi.Lauren@epa.gov]; Coursen, David[Coursen.David@epa.gov]; Pilchen, Zach[Pilchen.Zach@epa.gov]; Skinner-Thompson, Jonathan[Skinner-Thompson.Jonathan@epa.gov]; Vijayan, Abi[Vijayan.Abi@epa.gov]; Roder, Aileen[Roder.Aileen@epa.gov]; Walker, Denise[Walker.Denise@epa.gov]; Caballero, Kathryn[Caballero.Kathryn@epa.gov]; Thompson, Christopher[Thompson.Christopher@epa.gov]; Williams, Christopher[Williams.Christopher@epa.gov]; Matthew, Dayna[Matthew.Dayna@epa.gov]; Reid, Lauren[Reid.Lauren@epa.gov]; Sweet, Andrew[Sweet.Andrew@epa.gov]; Hammons, Jeffrey[Hammons.Jeffrey@epa.gov]; Morris, Rachel[Morris.Rachel@epa.gov]; Nguyen, DucH[Nguyen.DucH@epa.gov]; Jordan, Deborah[Jordan.Deborah@epa.gov]; Charlton, Tom[Charlton.Tom@epa.gov]; Kulschinsky, Edward[Kulschinsky.Edward@epa.gov]; Portmess, Jessica[Portmess.Jessica@epa.gov]; kaminer, joan[Kaminer.Joan@epa.gov]
From: Turley, Jennifer
Sent: Thur 9/24/2015 3:21:58 PM

Subject: Air & Radiation Law News for September 24, 2015



Air & Radiation Law News

for September 24, 2015

Bloomberg BNA **Daily Environment Report™**

Air Pollution

Colorado Called Model for EPA Oil, Gas Methane Rule

The Environmental Protection Agency should look to Colorado's 2014 rules as it develops regulations to cut methane emissions from the oil and gas sector, speakers said at a public hearing in Denver. ...

Air Pollution

Official: Unclear if VW Emissions Cheating Included EU

Differences between vehicle emissions tests in the European Union and the U.S. should not be assumed to mean that "defeat devices," such as the software uncovered in some Volkswagen cars in the U.S., are being used in the EU, the European...

Air Pollution

Supreme Court Asked to Review Feedlot Emissions

Four Iowa residents have asked the U.S. Supreme Court to consider whether the Environmental Protection Agency has a nondiscretionary duty to update its list of criteria pollutants and sources of air pollutants under the Clean Air Act (Zook...

Air Pollution

Texas Groups Tout Emissions Gains at Methane Hearing

Texas environmental groups and members of the general public called upon federal officials to go beyond the current scope of the Environmental Protection Agency's proposed methane rule for oil and natural gas production to include existing...

Air Pollution

Volkswagen CEO Resigns Over Emissions Scandal

Martin Winterkorn, chief executive officer of Volkswagen AG, resigned from his position following allegations that the company knowingly programmed its diesel engine cars to cheat on air pollution emissions tests....

Climate Change

Obama Optimistic on Paris Talks, Climate Solutions

President Barack Obama said he is "cautiously optimistic" the world will forge an international accord to address climate change later this year in Paris and ultimately will come together to solve the problem, according to an interview...

Climate Change

Pope Francis Says Climate Change Action Can't Wait

It is not too late to save the planet from the damage of climate change, but the world faces a "critical moment" to address the problem, Pope Francis said Sept. 23 at the White House. ...

Elections

Clinton: Improve Energy Infrastructure Safety, Funding

Hillary Clinton Sept. 23 released her proposal to improve energy infrastructure safety, security and funding, maintaining that resolving these issues also would address climate change....

Impact Assessment

Canada Says Inspections Show Uranium Sites Safe

The Canadian Nuclear Safety Commission (CNSC) Sept. 18 said independent environmental monitoring program 2014 results for Cameco Corp.'s northern Saskatchewan Key Lake uranium mill and McArthur River uranium mine confirm the environment...

Regulatory Policy

Senators Seeking Restrictions on Agency Guidance

A Senate subcommittee is looking to address a long-standing "exception" to the rulemaking process that allows federal agencies to issue legally nonbinding regulatory guidance that ends up, many senators argued, enforceable in...

Renewable Energy

Moody's: Risks Dissipating for Renewable Energy in Europe

Europe’s renewable energy industry is becoming less risky, because investor appetite for the assets is rising and more projects are able to refinance at attractive rates, a report by Moody’s said....

Renewable Energy

U.S. to Auction 340,000 Acres for Offshore Wind Power

The federal government will auction 343,833 acres of land off the coast of New Jersey for wind energy projects in a competitive lease sale Nov. 9, the Interior Department and the Bureau of Ocean Energy Management (BOEM) announced Sept. 23....

Renewable Energy

Wal-Mart, Other Major Brands Join Renewables Pledge

The number of companies seeking to obtain 100 percent of their electricity from renewable sources has nearly tripled in the last year as brands such as Wal-Mart, Goldman Sachs and Procter & Gamble have pledged to pursue cleaner power sources....

Vehicle Fuels

Automakers Started Cheating on Emissions in 1970s

Almost as soon as governments began testing vehicle emissions, automakers found ways to cheat....

Vehicle Fuels

VW Cheating Added to Air Pollution

Volkswagen AG bragged its diesel models were some of the cleanest on the highways. ...

Inside EPA's **Weekly Report,** 09/25/2015

http://insideepa.com/newsletters/inside-epa

Latest News

OTC Proposes Voluntary Plan To Reduce VOCs From Consumer Products

The Ozone Transport Commission (OTC) of Northeast and Mid-Atlantic states is proposing a voluntary program for manufacturers of consumer products and architectural coatings to reduce ozone-forming volatile organic compounds (VOCs) from the products, in lieu of stricter state or federal regulations to mandate cuts in VOCs.

News Briefs

D.C. Circuit Reopens CAFO Air Suit, Recalls Mandate

The U.S. Court of Appeals for the District of Columbia Circuit has recalled a mandate it issued in 2010 in a toxics reporting case, triggering a new court review of the legality of a 2008 EPA rule that exempted concentrated animal feeding operations (CAFOs) from reporting requirements governing hazardous substance air emissions.

Greenwire

CLIMATE:

Pope praises Obama emissions rule, urges strong U.S. action

Jean Chemnick, E&E reporter

Published: Wednesday, September 23, 2015

Pope Francis endorsed U.S. EPA's Clean Power Plan today in a White House Rose Garden appearance with President Obama.

"Mr. President, I find it encouraging that you are proposing an initiative for reducing air pollution," the leader of the Roman Catholic Church said.

The pope then urged "all men and women of good will in this great nation" to consider the impact of global warming for future generations of Americans and "millions of people living under a system that has overlooked them."

"It seems clear to me also that climate change is a problem which can no longer be left to our future generation," Francis said. "When it comes to the care of our common home, we are living at a critical moment of history. We still have time to make the change needed to bring about a sustainable and integral development, for we know that things can change."

In his June encyclical on the environment, the pope cast climate change as a threat to the world's poor, who would suffer most from dangerous warming and scarcer resources because wealthier nations have benefited from the use of fossil fuels (*Greenwire*, June 18).

Francis has said this December's United Nations negotiations on climate change must yield an agreement on curbing heat-trapping emissions that also protects vulnerable people.

He called on Americans today to "support the efforts of the international community to protect the vulnerable in our world and to stimulate integral and inclusive models of development, so that our brothers and sisters everywhere may know the blessings of peace and prosperity which God wills for all his children."

Referencing a quote from the Rev. Martin Luther King Jr., he said, "We have defaulted on a promissory note, and now is the time to honor it."

Francis will appear tomorrow before a joint session of Congress in the House chamber, where Republicans have voted several times to defund U.S. participation in the U.N. Framework Convention on

Climate Change and to jettison funding for the United Nations' Green Climate Fund. Obama has promised $3 billion over four years for the fund, which will help poor countries cope with warming and reduce their own carbon emissions.

The developed world collectively has pledged to provide $100 billion a year in public and private funding for poor nations beginning in 2020 as part of the larger deal on emissions.

Providing that money and compensation for loss and damage from man-made warming are likely to be flashpoints during discussions between developed and developing nations at U.N. talks in Paris in December. Some environmental advocates say the United States should do more. And a coalition of faith groups this month called on the U.S. to pledge $5 billion a year in international climate aid between 2020 and 2025 (*Greenwire*, Sept. 10).

But that pledge would require the cooperation of Congress, and Republican lawmakers have said they plan to use the power of the purse to frustrate any international climate deal that might bind the United States. The Clean Power Plan for slashing emissions from the U.S. power sector is also a hot-button legislative issue this fall, and Republican leaders are preparing a bid to veto it using the Congressional Review Act.

Obama in his remarks welcoming Francis made a brief reference to climate change.

"You remind us that we have a sacred obligation to protect our planet, God's magnificent gift to us," he told the pope. "We support your call to all world leaders to support the communities most vulnerable to a changing climate."

Francis' remarks gave some hint of the issues he plans to address later in his visit, including immigration and family issues. He referred to himself as a son of immigrants -- his father moved to Argentina from Italy. And he noted that he will visit the World Meeting of Families in Philadelphia this weekend "to celebrate and support the institutions of marriage and family."

AIR POLLUTION:

Volkswagen chief steps down over emissions scandal

Sean Reilly, E&E reporter

Published: Wednesday, September 23, 2015

Martin Winterkorn, CEO of Volkswagen AG, announced his resignation this morning, saying the German automaker needs "a fresh start" in the midst of a spiraling emissions-testing scandal involving millions of its diesel-fueled cars.

"As CEO I accept responsibility for the irregularities that have been found in diesel engines and have therefore requested the supervisory board to agree on terminating my function as CEO of the Volkswagen Group," Winterkorn said in an online statement. "I am doing this in the interests of the company even though I am not aware of any wrongdoing on my part."

Winterkorn, 68, has been VW's chief executive since 2007. In a separate statement, the board's executive committee said recommendations for "new personnel" will be made Friday, adding that it would voluntarily file a complaint with German prosecutors. "In the view of the executive committee, criminal proceedings may be relevant due to the irregularities," the statement said. The committee said Winterkorn "had no knowledge of the manipulation of emissions data" and thanked him for his willingness to take responsibility.

Today's announcement comes five days after U.S. EPA and California state regulators accused Volkswagen of installing software in almost a half-million vehicles from model years 2009 to 2015 that applied full pollution controls when the vehicles were being tested but allowed nitrogen oxide emissions far above EPA standards under normal driving conditions (*Greenwire*, Sept. 18). Affected models include the Audi A3, Beetle, Golf, Jetta and Passat. Worldwide, some 11 million vehicles have been outfitted with the "defeat devices," Volkswagen officials said this week.

From Friday until yesterday, the share price of Volkswagen AG, the parent company of Volkswagen Group, dropped by about a third.

On Sunday, Winterkorn apologized for breaking customers' trust and said VW would fully cooperate with regulators (*Greenwire*, Sept. 21).

"The process of clarification and transparency must continue," he said in today's statement. "This is the only way to win back trust. I am convinced that the Volkswagen Group and its team will overcome this grave crisis."

CLIMATE:

Polar bear groupie tails pope, scores wave

Robin Bravender, E&E reporter

Published: Wednesday, September 23, 2015

When Pope Francis arrived at the White House this morning, he may have seen the man in the fluffy white polar bear costume holding a sign declaring, "The Pope Gives Me Climate Hope."

Frostpaw the polar bear, a creation of the Center for Biological Diversity, was stationed near 1600 Pennsylvania Ave. when the pope arrived ahead of his meeting with President Obama.

Frostpaw the polar bear is tracking Pope Francis around Washington, D.C. Photo courtesy of the Center for Biological Diversity.

"He actually waved to us," said Stephanie Kurose, a legal fellow at the environmental group who is traveling with Frostpaw today. The pope was waving to the crowd that had gathered to see him this morning, and "he may have seen us," Kurose said. "It's kind of hard to miss the polar bear."

The bear is making an appearance, Kurose said, "supporting the pope, who's been a great climate supporter and climate activist."

Frostpaw -- played today by volunteer Carl McMahon -- and his entourage will be following the pontiff during his three-day visit to Washington. The group plans to make an appearance at the parade near the White House and at St. Matthew's Cathedral later today. Tomorrow, CBD attorney Bill Snape is planning to don the bear costume outside the U.S. Capitol as the pope addresses Congress and will then attend a climate rally on the National Mall.

This isn't the first time Frostpaw has tried to get noticed by a world leader.

In late 2013, Snape as Frostpaw tracked Obama around Hawaii while the president was on vacation. There, Snape and other environmentalists sought to draw Obama's attention to their cause opposing the controversial Keystone XL pipeline.

After getting a tip that Obama was going golfing, Snape parked himself at a chain-link fence near the 18th hole. After waiting for two "painfully long, hot hours" for Obama to appear, Frostpaw got his attention. "Hey, polar bear," Obama said, to Snape's delight (*Greenwire*, Jan. 2, 2014).

CLIMATE:

Obama talks 'balance' on warming in *Rolling Stone* interview

Jean Chemnick, E&E reporter

Published: Wednesday, September 23, 2015

President Obama used an interview with *Rolling Stone* magazine published today to explain why support for some fossil fuels and nuclear development might square with his ardent belief in addressing climate change.

He told contributing editor Jeff Goodell during last month's trip to the Alaskan Arctic that a president is not free to shut down fossil fuels and nuclear development instantly, as some environmentalists have demanded.

"And regardless of how urgent I think the science is, if I howl at the moon without being able to build a political consensus behind me, it's not going to get done," he said. "And in fact, we end up potentially marginalizing supporters or people who recognize there's a need to act but also have some real interests at stake."

Obama gave his interview during a historic trip to the Arctic in which he charged that none of the mostly wealthy nations represented in the Arctic Council is moving fast enough to contain emissions that are threatening the north, and by extension the world (*Greenwire*, Sept. 1).

But environmentalists said at the time that Obama's message was undercut by his recent decision to allow Royal Dutch Shell PLC to drill for oil in the Chukchi Sea for the first time in 24 years. Some groups protested his trip, accusing the president of hypocrisy.

In his *Rolling Stone* interview, Obama defended support for some fossil fuels development as important to securing a durable response to climate change that would garner broad support. He noted that Alaskan villages that are threatened by warming sometimes have fossil fuels interests. Bans on drilling in very vulnerable areas must be offset with some development in less risky regions, he suggested, to ensure supply and economic development.

"And somebody who is not involved in politics may say, 'Well, the shortest line between two points is just a straight line; let's just go straight to it,'" he said. "Well, unfortunately, in a democracy, I may have to zig and zag occasionally, and take into account very real concerns and interests."

He compared his administration's approval of new nuclear power plants in the South -- also panned by some environmentalists -- with his slow reversal of the rule against gays serving openly in the military. More time was needed to shore up Pentagon support for an end to "don't ask, don't tell," he said.

"So there's always this balance," he said. He also said that he had no opportunity to help enact a carbon cap-and-trade bill during the first two years of his presidency, despite Democratic majorities in Congress, because Republican opposition made it impossible to overcome a filibuster.

Members like Sen. John McCain (R-Ariz.), his 2008 rival for the presidency, got "caught up in a feverish opposition to anything I proposed," he said, reversing their past support for a climate bill. "Which meant that getting the numbers that we needed was going to be too difficult."

The Arctic trip, like the pope's visit to the United States this week, was intended to build momentum

toward the round of high-stakes international climate talks later this year in Paris.

Obama said he had saved the 2009 United Nations talks in Copenhagen, Denmark -- which he called a "disorganized mess" -- by "strong-arming" large developing countries into participating constructively.

But he expressed hope that this year's talks would yield the kind of agreement on emissions the world needs.

"I believe that when we get to Paris at the end of this year, we're now in a position for the first time to have all countries recognize their responsibilities to tackle the problem, and to have a meaningful set of targets as well as the financing required to help poor countries adapt," he said.

Major developing emitters like China, India and Brazil have already come to the table, he noted, adding that this year's agreement need not lay out the final set of emissions-reduction commitments.

"I'm less concerned about the precise number, because let's stipulate right now, whatever various country targets are, it's still going to fall short of what the science requires," he said. "So a percent here or a percent there coming from various countries is not going to be a deal-breaker."

Advocates who track international climate issues say the commitments major emitting nations have floated ahead of this year's talks do not add up to what would be needed to keep warming to no more than 2 degrees Celsius above preindustrial levels -- the threshold that scientists say would trigger the worst effects of climate change. But Obama said this year's agreement would create an annual evaluation and increasing commitments in later years.

One unanswered question in the climate negotiations is whether an agreement will provide a mechanism for countries to revisit their emissions reduction commitments.

CAMPAIGN 2015:

Another Ky. ad takes whack at Democrat's Obama coal ties

Jennifer Yachnin, E&E reporter

Published: Wednesday, September 23, 2015

The ads just keep on coming in Kentucky, where a super PAC backing GOP gubernatorial nominee Matt Bevin today fired the latest salvo in the battle over which candidate is a better advocate for the state's coal industry.

The Fight for Kentucky super political action committee launched a two-minute video that touts Bevin's promises to support the coal industry and features clips of newscasters discussing the "war on coal," as Republicans commonly refer to President Obama's efforts to reduce carbon emissions.

The video is the latest in a series of ads from both major-party candidates in recent days, as Kentucky Attorney General Jack Conway (D) looks to paint himself as an opponent of U.S. EPA and Bevin works to tie Conway to the White House (*Greenwire*, Sept. 22).

Fight for Kentucky spokesman Matt Mackowiak said the new spot is a "low five-figure" buy that will focus on digital viewers in the state's eastern and western reaches.

The ad starts off with clips of various newscasters discussing the "war on coal" and the reduction in coal

mining jobs nationally, as well as often-used footage of Obama in a 2008 interview with the *San Francisco Chronicle* in which he promoted greenhouse gas regulations by asserting they would end the construction of new coal-fired power plants.

The spot then shifts to audio of Bevin as he states, "Coal is still the No. 1 producer of electricity in this country and in this state certainly.

"Never in the history of the world has there been more demand for coal than there is now. How is it that we're not participating in Kentucky?" Bevin continues. "So the idea that coal is dead is wrong. I disagree with that, and I will not just be a friend of coal, I will fight to ensure that we mine coal."

Bevin and Conway are competing in a three-way race along with independent candidate Drew Curtis for the right to replace term-limited Gov. Steve Beshear (D).

PEOPLE:

Trump, Moniz talk climate change and labs on Colbert show

Katherine Ling, E&E reporter

Published: Wednesday, September 23, 2015

Yes, his famous founding fathers-like hairdo is all real hair, Energy Secretary Ernest Moniz assured Stephen Colbert yesterday on "The Late Show," before launching into more serious topics.

Moniz also guaranteed that national laboratories can detect nuclear weapons activities months after any illicit activity, a key safeguard in the Obama administration's Iran agreement.

"There have been allusions to throwing drugs down the toilet," Moniz said, describing critics' complaints about the Iranians' ability to delay inspections for up to almost a month after they are requested.

"It doesn't work that way with nuclear material. First of all, we already have a history of catching this after six months, let alone 24 days. Secondly, we have done experiments in our laboratories, and it is really, really hard to clean up nuclear particles," he said to great applause.

During the show, Moniz also highlighted the groundbreaking work by fellow nuclear physicists, DOE and its national laboratories to maintain and reduce the U.S. nuclear weapons stockpile with no nuclear testing. That ultimately supports President Obama's goal for a future with no nuclear weapons, although it is "a ways off," he said.

The audience enthusiastically applauded ridding the world of nuclear weapons -- what Colbert called a "super pander" by Moniz -- while the Iran nuclear deal received very few claps at first.

"By the way, stopping a nuclear weapon got three people clapping," Colbert said to Moniz, explaining it was "great" because it meant "we are not that worried about it."

Colbert on the other hand failed to verify the authenticity of the hair of his first guest on the show last night, Republican presidential candidate Donald Trump, later saying he forgot to ask the billionaire -- who is quite sensitive about his famous coif -- about it.

Trump stuck to his script on illegal immigration and the power of money in politics during his appearance but did mistakenly attribute a comment he had made about climate change to the over-the-top

conservative pundit character that Colbert played on his previous show on Comedy Central, "The Colbert Report."

Colbert asked Trump which one of them had said the quote, "'It's freezing in New York. We need global warming!'" during a game called "Trump or Colbert."

"Well, I think it's you, but it is close to being me," Trump said.

"It's you," Colbert told Trump.

Trump did correctly attribute five of seven other quotes.

CAMPAIGN 2016:

Senate Dems see energy bill as catnip for voters

Jean Chemnick and Hannah Northey, E&E reporters

Published: Wednesday, September 23, 2015

Senate Democrats who unveiled a sweeping energy bill yesterday are hoping their long list of clean power provisions attracts voters next fall.

Combining clean energy and jobs is "an electric combination that I believe is going to take the country by storm, that I believe will be a major issue in the 2016 campaign," Sen. Chuck Schumer (D-N.Y.) said as the bill was unveiled on Capitol Hill yesterday. Schumer is slated to become the chamber's top Democrat after Senate Minority Leader Harry Reid (D-Nev.) retires at the end of this Congress.

The draft "American Energy Innovation Act," Schumer said, reflects the "wide gulf" between Democrats and Republicans on climate change and clean energy.

"This is going to be a huge issue in the 2016 campaign, with millennials and the whole electorate. It's going to help Democrats big-time," he said.

The draft measure sponsored by the Senate Energy and Natural Resources Committee's top Democrat, Sen. Maria Cantwell of Washington, with input from senior Democrats on the Finance and Environment & Public Works committees, is a list of provisions aimed at boosting natural gas use, renewable energy and efficiency without the pro-coal and oil provisions that would usually be required to garner Republican backing.

While the measure wouldn't cap emissions linked to climate change, the bill sets a goal of reducing greenhouse gas emissions by at least 2 percent per year through the use of "appropriate authorities and available technologies." The target tracks roughly with the White House's pledge that the United States will cut its emissions between 26 and 28 percent by 2025.

The measure also endorses the Obama administration's quest for a global agreement on warming -- an ambition Republican lawmakers are preparing to target in any way they can.

Although the draft language won't go far in a Republican-controlled Congress where next year's presidential election is already crimping the legislative agenda, sources say the measure does offer a marker for amendments that Democrats could offer should the Senate take up a comprehensive energy bill.

Sara Chieffo, vice president of government affairs for the League of Conservation Voters, said ideas about curbing emissions and boosting clean energy in the Senate package will likely be elevated in races across the country.

In fact, Chieffo said that's already happening in a Wisconsin race, where LCV joined with the Environmental Defense Action Fund to launch a television ad critical of Republican Sen. Ron Johnson, who is running against former Sen. Russ Feingold (D). The ad criticizes Johnson over his opposition to the Clean Power Plan and calling on the first-term lawmaker to back regulations aimed at reducing carbon pollution from existing power plants (*E&ENews PM*, Sept. 22).

Even Republicans opposed to the Democrat's energy bill acknowledged the language had a political bent.

Sen. John Barrasso (R-Wyo.) told reporters on Capitol Hill yesterday that the Cantwell draft seemed calculated to prop up former Secretary of State Hillary Clinton, the front-runner for her party's nomination. Barrasso noted that Clinton has said that President Obama's Climate Action Plan should be "a floor, not a ceiling."

Clinton, notably, came out yesterday in opposition to the proposed Keystone XL oil pipeline, a position that Sen. Bernie Sanders (I-Vt.) took long ago but that Obama has yet to weigh in on.

"So you have the Democrats today in the Senate, the party in the minority ... I think just doing part of the bidding for the presidential nominee for 2016, just based on what Hillary has said about energy and the president's climate initiative," Barrasso said.

'Political winds shifting'

Despite Republican opposition, green groups are seizing on the Democratic Senate bill as another sign that the politics of climate change are changing.

"We've been seeing momentum throughout this year, and I think this is another data point on that shift," Chieffo said. "You've also seen candidate and politicians alike move away from straight-up climate denial to 'I'm not a scientist, I don't know how much of a role we're playing.'"

Jeremy Symons, a senior adviser for Environmental Defense Fund Action, said that far from providing the Democratic contenders with a pro-active energy and climate platform, the Cantwell bill finally catches up to where they and most voters already are.

"Congress has been stuck on climate," Symons said, adding that "you can definitely see the political winds shifting."

Last week, 11 House Republicans signed on to a resolution ahead of Pope Francis' visit this week that seemed to endorse the science of man-made climate change and endorse some action on it. The wording was vague, but a resolution by Rep. Chris Gibson (R-N.Y.) deviated from the position that many GOP lawmakers have taken -- that virtually any federal policy explicitly tailored to address climate change would be harmful to the economy.

Rep. Raúl Grijalva (D-Ariz.) said on a call yesterday hosted by NextGen Climate that Democrats would put out a more aggressive resolution of their own after the pope's visit that called for higher targets on emissions reduction and renewable energy deployment.

And EDF's Symons said that even Congress' most strident opponents of U.S. EPA climate regulations seem to be moving the defeat of those regulations lower on their to-do list.

Senate Majority Leader Mitch McConnell (R-Ky.) is not pressing for a policy rider to stopgap funding legislation that would scuttle the Clean Power Plan, despite his past devotion to killing the utility carbon rule. McConnell is still expected to use the Congressional Review Act to challenge the rule once it is published in the *Federal Register*, but that strategy has virtually no chance of becoming law.

"The pressure point was always on the budget, and clearly they're getting advice that any kind of showdown over EPA doing its job is bad politics," Symons said. "If it was good politics, they'd be doing it."

Some proponents of climate action -- Energy and Natural Resources Chairwoman Lisa Murkowski (R-Alaska) among them -- have long held that energy policy is the best way to tackle climate change, and the Energy and Natural Resources Committee produced a bill in 2009 that pared efficiency and renewable energy incentives with greater access to fossil fuels development.

But Symons said those previous efforts weren't a good deal for the climate, because they didn't explicitly set a carbon reduction goal and because they often did as much for carbon-intensive sources as for clean energy.

"It was always one step forward, two steps back," he said.

AIR POLLUTION:

Sponsor of rule-curbing bill targets EPA ozone plan

Amanda Reilly, E&E reporter

Published: Wednesday, September 23, 2015

The sponsor of legislation meant to check the executive-branch rulemaking today used U.S. EPA's proposal to tighten the Clean Air Act standard for ozone to promote the bill.

Rep. Todd Young (R-Ind.) said the ozone proposal would hamstring manufacturing in his home state, citing industry estimates that a tighter standard would cost the U.S. economy as much as $140 billion a year.

"Hidden taxes in the form of regulations have to be made more transparent," Young said on a conference call organized by industry groups.

Young's bill -- the "Regulations From the Executive in Need of Scrutiny (REINS) Act" -- would require congressional approval for major agency rules. The House in July easily passed the act by a vote of 243-165 (*E&E Daily*, July 29).

But the measure stands little chance of becoming law given that it carries a veto threat by President Obama.

Young, a conservative Republican who is running for the Senate seat of retiring Sen. Dan Coats (R-Ind.), said EPA's proposal to tighten the ozone standard was an example of a regulation that should be reviewed by Congress.

He said he worried that EPA's proposal struck an "improper balance" that would help the environment and public health at the expense of the economy.

EPA proposed in November to lower the national ozone standard from 75 parts per billion -- set in 2008 during the George W. Bush administration -- to between 65 and 70 ppb based on a review of public health data. Areas found to be out of compliance with the new standard would have to put in place pollution control plans.

"I've got real concerns about the impact of these sorts of regulations on communities that are already in nonattainment ... specifically lower-income communities," Young said.

Another Indiana Republican, Rep. Jackie Walorski, also today called for the enactment of the REINS Act based on the ozone proposal, citing the need for a "balance" between the environment and the economy. Both Young and Walorski earlier this summer signed onto a letter in the House calling on EPA to retain the 75 ppb standard.

"I spend most of my days battling and struggling with the overregulation of the EPA in this district. That's where I spend most of my time. It's way, way, way heavy-handed," she said. Lowering the ozone standard "would be the nail in the coffin to job creation in the state of Indiana and lead to a complete spiral."

The lawmakers said nearly all of Indiana would be named out of attainment under a 65 ppb standard. Their comments came as industry and business groups launched a statewide ad campaign against a tighter ozone standard in the Hoosier state.

EPA is poised to release its final ozone limit by an Oct. 1 court-ordered deadline; the agency is reportedly leaning toward the upper end of its proposed range.

Public health and environmental groups have called on EPA to set an even lower limit of 60 ppb on the grounds that studies have linked ozone concentrations above that level with adverse health effects.

Today, the Sierra Club pushed back against industry estimates of how many counties would be out of compliance with a tighter ozone standard. The club said that, based on 2013-15 air quality data, only 100 counties across the nation would be in nonattainment under a 70 ppb standard. An additional 214 counties would be out of compliance with a 65 ppb standard.

EPA says most areas of the country would meet a tighter standard by 2025 based on other air quality regulations that are in place.

The American Petroleum Institute, on the other hand, has circulated a map based on 2011-13 data showing that nearly the entire country, including more than 90 percent of Indiana, would be out of compliance with a 65 ppb limit.

VEHICLES:

Sen. Nelson urges FTC to act on VW emissions scandal

Sean Reilly, E&E reporter

Published: Wednesday, September 23, 2015

The Federal Trade Commission should seek redress for Volkswagen and Audi customers who bought cars on the false assumption that they were "clean diesel" vehicles, the top Democrat on the Senate panel that oversees consumer protection policy said yesterday.

While U.S. EPA and the Justice Department are respectively exploring civil and criminal cases against the German automaker, the commission "also has an appropriate role in investigating the company's actions," Sen. Bill Nelson of Florida wrote in a letter to FTC Chairwoman Edith Ramirez.

Although the agency cannot seek fines under the section of the FTC Act that bars deceptive practices, "it could force Volkswagen to launch a comprehensive corrective marketing campaign that would cure the deception and inform consumers about their remedial options," Nelson said.

Commission spokesman Mitchell Katz acknowledged receipt of Nelson's letter but, citing agency policy, declined to say whether any investigation is planned or under way.

Since EPA officials accused Volkswagen last Friday of using sophisticated software to game emissions standards, the company has acknowledged that about 11 million diesel-powered vehicles worldwide have been outfitted with the "defeat devices" (*Greenwire*, Sept. 22).

Nelson is ranking member on the Senate Commerce, Science and Transportation Committee. While the panel is following the unfolding scandal "very carefully," Chairman John Thune (R-S.D.) told reporters yesterday, he noted that the Senate Environment and Public Works Committee has lead responsibility for emission issues.

"The good news, I guess, in this, if there's any, is that they're saying it's not a safety issue," Thune said. "But it's obviously something that there's going to have to be accountability for, and people are going to have to be held accountable."

Although the EPW Committee currently has no plans to wade into the controversy, a spokeswoman said, the House Energy and Commerce Subcommittee on Oversight and Investigations will hold a hearing in the next few weeks, leaders announced Monday (*E&E Daily*, Sept. 22).

Reporter Geof Koss contributed.

RAIL:

Dems blast lawmaker for taking credit for Amtrak contract

Published: Wednesday, September 23, 2015

Officials from the Democratic Congressional Campaign Committee have decried a move by Rep. Tom Reed (R-N.Y.) to claim credit for a new Amtrak contract bringing 400 jobs to Alstom Transportation in Hornell, N.Y.

The officials referenced Reed's June vote for a transportation bill that would have cut Amtrak's funding by $242 million.

"When it comes to Amtrak funding, Congressman Reed is talking out of both sides of his mouth," DCCC official Meredith Kelly said. "First, he votes to cut millions of dollars from Amtrak's annual budget, and then goes home, applauds and takes credit for a massive Amtrak investment in his district."

Reed was dismissive of the attack, despite the fact that he was not invited to join Sen. Charles Schumer (D-N.Y.) at the announcement event.

"I think that's a lot of political theater," he said. "We've stood firm with this investment in our rail systems" (James Post, Corning, [N.Y.] *Leader*, Sept. 22). **-- BTP**

COAL:

Mine numbers drop to record lows -- EIA

Manuel Quiñones, E&E reporter

Published: Wednesday, September 23, 2015

The year 2013 saw the lowest number of active coal mines on record, the U.S. Energy Information Administration said in a brief report released this morning.

EIA also said the number of new and reactivated coal mines that began production in 2013 dropped to 103, the lowest level in a decade. Companies closed or idled 271 sites the same year.

EIA said the 2013 total of new or reactivated mines was 14 percent lower than 2012 and 397 fewer sites compared with 2008, when the agency said coal production was high.

"Although preliminary 2014 data on coal production from the Mine Safety and Health Administration indicate a slight increase both in production and in new and reactivated mines for 2014, these levels will still be below previous levels," EIA said.

While the new numbers are dated, they provide a snapshot of the coal industry's ongoing woes. EIA pointed to competition from natural gas, saturated global markets and regulations.

Separately this week, Goldman Sachs Group Inc. sent a note to clients saying that peak coal is "coming sooner than expected," before the end of the decade.

"The industry does not require new investment given the ability of existing assets to satisfy flat demand, so prices will remain under pressure as the deflationary cycle continues," Goldman said, according to Reuters.

Goldman, which has been shedding coal investments and whose analysts have been more skeptical of coal's future than other firms, pointed to slower growth in China and a drop in that country's imports.

Also this week, Alaska media outlets reported that Usibelli Coal Mine Inc., which owns Alaska's top coal mine, had paused exports amid the market slump. Producers in the state had wanted to increase production.

COAL:

Groups accuse Ore.-based utility of manipulating cost data

Manuel Quiñones, E&E reporter

Published: Wednesday, September 23, 2015

Environmental groups accused Portland, Ore.-based utility PacifiCorp yesterday of manipulating research into power needs and costs to justify extending the life of its coal-fired power plants.

The Sierra Club, the Western Clean Energy Campaign and other groups point to a report by Synapse Energy Economics Inc. that crunched data for the groups using utility-industry software.

Synapse models call for PacifiCorp, a unit of Berkshire Hathaway Inc., to retire boilers at five company-owned coal plants, describing the retirements as the most cost-effective option.

"Rather than objectively letting the data point the way to the most cost-effective plan for consumers, it appears that PacifiCorp is 'putting its fingers on the scales' to keep aging coal-fired power plants operating longer and at unwarranted customer cost," said Bill Arthur, associate regional campaign director with the Sierra Club's Beyond Coal campaign.

PacifiCorp, the groups say, also overpriced renewables and downplayed potential efficiency gains.

Just hours after releasing the study, the Sierra Club said it was contesting PacifiCorp rate requests in California. Groups are also involved as the company discusses resource plans with regulators in Oregon, Utah, Wyoming and Washington.

A PacifiCorp spokesman questioned the accuracy of the groups' assertions, saying efficiency was a major part of the company's resource management plan.

The company's plan could not fully account for U.S. EPA's Clean Power Plan -- which is aimed at curbing greenhouse gas emissions from the utility sector -- because the rule had yet to be finalized, the spokesman said. Regulators, he added, would be scrutinizing PacifiCorp's documents.

NATURAL GAS:

FERC accuses Total of manipulating markets

Published: Wednesday, September 23, 2015

French natural gas firm Total SA and two traders rigged natural gas markets for years, the Federal Energy Regulatory Commission alleged yesterday.

Total made trades at a loss to sway natural gas index prices at least 38 times from 2009 to 2012, FERC alleged. Those losses were then offset by larger gains on other trades.

The company's scheme involved "largely uneconomic trades for physical natural gas during bidweek designed to move indexed market prices in a way that benefited the company's related positions," FERC said.

FERC previously settled similar allegations against JPMorgan Chase & Co., which paid $285 million in fines over the practice in 2013 (*Greenwire*, July 30, 2013). Barclays PLC and BP PLC are disputing similar allegations made against their firms.

A spokeswoman for Total said the company did not believe it had acted improperly and has cooperated with FERC's investigation (Scott DiSavino, Reuters, Sept. 22). **-- SP**

NUCLEAR WASTE:

Contamination plagues former lab near L.A.

Published: Wednesday, September 23, 2015

Acres of chemical and radioactive contamination remain in Southern California nearly 20 years after work ceased at the Santa Susana Field Laboratory, a Los Angeles television station reported, and the lab may have released radiation all across the Los Angeles area.

The lab lies on more than 2,800 acres in the Simi Hills near Simi Valley and the West San Fernando Valley. It was a remote section of Los Angeles and Ventura counties when first developed in 1947, but now there are more than half a million people living within 10 miles of the site.

The Santa Susana Field Lab was home to 10 experimental nuclear reactors and thousands of energy, weapons and rocket tests. Various sections of it were owned by different companies over the years, and NASA used parts of it for scientific experiments and rocket tests.

Area IV was where the nuclear experiments took place, and besides the 10 reactors, this 209-acre section also included a plutonium fuel fabrication facility, a uranium fuel facility and a "hot lab" for remotely cutting up dangerous radioactive material.

Area IV was also home to several nuclear accidents, including one considered by some to be worse than the Three Mile Island incident.

While the Atomic Energy Commission maintained that there was "no release of radioactive materials" from the meltdown, former SSFL employee John Pace counters that assertion. He said that radiation was vented into the atmosphere through both a door and an exhaust vent for weeks after the partial meltdown of the Sodium Reactor Experiment.

"[The radiation] traveled wherever it decided it wanted to travel to," Pace said.

In a statement, the Department of Energy said it's working to clean up the SSFL.

"DOE is committed to the safe cleanup of the Energy Technology Engineering Center and is actively working on groundwater characterization having already completed soil characterization. We look forward to continuing to work with the State of California, Congress, the Chumash tribe, and local stakeholders in fulfillment of this important mission," the agency said (Grover/Glasser, KNBC, Sept. 22). **-- BTP**

CLIMATE:

Major companies commit to renewables

Published: Wednesday, September 23, 2015

Nine major companies today will commit to a long-term goal of moving their operations to be powered by renewable energy, while investment managers controlling about $2.6 trillion in assets agreed yesterday to divest from fossil fuels.

The companies include Johnson & Johnson, Procter & Gamble Co., Starbucks Corp., Wal-Mart Store Inc. and Goldman Sachs Group Inc. The companies that have not already reached 100 percent renewable energy are setting high interim goals, including Procter & Gamble's plan to increase to 30 percent renewable energy from 7 percent now.

"We've been very clear that we think climate change is something that's real and needs to be addressed," said Len Sauers, P&G's vice president for global sustainability. "People that use our products expect a

company like P&G to be responsible."

Meanwhile, Arabella Advisors, a firm specializing in socially responsible finance, reported that its divestment commitment had grown to $2.6 trillion, showing the movement's rapid spread from college campuses to Wall Street as money managers start to think fossil fuels may be a risky investment (*ClimateWire*, Sept. 23).

"That's real money," said Ellen Dorsey, executive director of the Wallace Global Fund, a charity that has backed divestment.

Some of the world's major pension funds and other investment capital pools are now committed to divestment. Leonardo DiCaprio's charitable foundation was the latest to commit yesterday.

In a briefing yesterday, officials from the American Petroleum Institute attacked the divestment campaign as unrealistic and disseminated a report saying the oil industry is helping to fund technologies that reduce greenhouse gas emissions.

"There are those who would advocate for no fossil fuels at all, which is frankly irresponsible, since the United States depends on fossil fuels to meet 80 percent of its energy needs," said Jack Gerard, president of API (Gillis/St. Fleur, *New York Times*, Sept. 23). **-- BTP**

COAL:

Blackhawk snaps up Patriot mines at auction

Published: Wednesday, September 23, 2015

Blackhawk Mining LLC bought half a dozen active coal mines yesterday during an auction central to Patriot Coal Corp.'s second bankruptcy proceeding in the past three years.

While the winning bid has not been released, Blackhawk President Nick Glancy said it was "an expected result" as his Kentucky-based company beat out the designated backup bidder, Connecticut-based Coronado Coal LLC.

Blackhawk, which already operates mines in Kentucky, Indiana and West Virginia, will take over Patriot's West Virginia mines -- Panther, Rocklick, Wells, Kanawha Eagle, Paint Creek and Midland Trail.

The U.S. Bankruptcy Court in Richmond, Va., must approve the deal with Blackhawk, which has seized on the coal industry's slide, acquiring James River Coal Co.'s assets at a bankruptcy sale last year.

Meanwhile, Patriot asked the court to relieve their obligation to pay health care benefits for approximately 6,433 retired workers and dependents, arguing the obligations scare off potential buyers and threaten to destroy the company.

The United Mine Workers of America were not immediately available for comment on the move or auction, but the union has been in talks with Blackhawk about a new collective-bargaining agreement for UMWA-represented miners with the threat of labor strife ahead.

Aaron Isherwood, managing attorney with the Sierra Club, said Patriot's Chapter 11 exit plan doesn't do enough to deal with environmental damage at its mines.

"They have an obligation, even in bankruptcy, to clean up their contamination, and we will fight to ensure

that Patriot is held accountable," Isherwood said (Peg Brickley, *Wall Street Journal*, Sept. 22). **-- DTB**

FEDERAL WORKFORCE:

OPM finds more employees' fingerprints stolen in data breach

Kevin Bogardus, E&E reporter

Published: Wednesday, September 23, 2015

The Office of Personnel Management has determined that more federal employees' fingerprints went missing in this year's massive data breach -- more than five times what the agency originally estimated.

In a statement today, OPM press secretary Samuel Schumach said roughly 5.6 million workers have had their fingerprints stolen in the breach, according to archived data that weren't at first analyzed by the agency and the Department of Defense.

"The subset of individuals whose fingerprints have been stolen has increased from a total of approximately 1.1 million to approximately 5.6 million," Schumach said.

The OPM official said that federal experts believe fingerprint data can be misused in only limited ways but that the government is looking into what ways the hackers could abuse the information.

"An interagency working group with expertise in this area -- including the FBI, [Department of Homeland Security], DOD, and other members of the Intelligence Community -- will review the potential ways adversaries could misuse fingerprint data now and in the future," Schumach said.

In July, OPM disclosed that Social Security numbers and other sensitive information for 21.5 million people were stolen from the agency's background investigation databases. That included the original estimate of 1.1 million people having their fingerprints stolen (*E&E Daily*, July 10).

Nevertheless, the larger figure of those affected by the breach has not changed. In his statement, Schumach noted that the new information regarding more missing fingerprint data "does not increase the overall estimate of 21.5 million individuals impacted by the incident."

The OPM official said those affected by the breach are eligible for free identify theft and fraud protection services. In addition, the agency and DOD are mailing notices to the people whose data were stolen.

The data breach has become a huge headache for OPM. It led to the resignation of Katherine Archuleta, its director, earlier this year (*Greenwire*, July 10).

Further, OPM's latest disclosure on those affected by the data breach is not going to win the agency more fans on Capitol Hill.

"OPM keeps getting it wrong," said Rep. Jason Chaffetz (R-Utah), chairman of the House Oversight and Government Reform Committee, in a statement. "This breach continues to worsen for the 21.5 million Americans affected. I have zero confidence in OPM's competence and ability to manage this crisis. OPM's IT management team is not up to the task. They have bungled this every step of the way."

DOE:

Audit finds 'limited' White House role in FOIA process

Kevin Bogardus, E&E reporter

Published: Wednesday, September 23, 2015

The White House has reviewed a small number of the Department of Energy's responses to public records requests, according to a new inspector general report, which found few problems with DOE's Freedom of Information Act process.

The special report, released today and signed by DOE Inspector General Gregory Friedman, reviewed 55 FOIA cases and 10 appeal cases. In addition, investigators interviewed more than 20 FOIA officers and related staff.

In four of the 55 cases, the IG found the department's Office of the General Counsel provided a proposed FOIA response to the White House.

The department watchdog couldn't ascertain what changes, if any, the White House made to the FOIA responses before they were released to their requesters due to missing documentation.

"Without full retention of case documentation, particularly documents showing changes to redactions or exemptions used, it was impossible to know with certainty what changes were made when the documents went outside the Department for review," the report says.

In addition, "pertinent FOIA-related correspondence between the Department and the White House was not retained in the FOIA files for the four cases," according to the IG.

The department shared the FOIA responses with the White House in response to an April 2009 memorandum by then-White House counsel Gregory Craig. That memo said agencies should consult with his office regarding records requests, including FOIAs, that could disclose documents that involve "White House equities."

Republicans on Capitol Hill have blasted the memo, arguing it makes government less transparent. At a hearing in June, Rep. Jason Chaffetz (R-Utah), chairman of the House Oversight and Government Reform Committee, said the "heart" of the Obama administration's FOIA request backlog lies with the memo (*E&E Daily*, June 3).

Nevertheless, the DOE watchdog saw little wrong with the department's FOIA process.

For example, the IG couldn't find any interference by the department's political appointees in blocking FOIA responses.

"While noncareer personnel, in a few instances, may have been involved in FOIA requests, we were unable to identify any cases where involvement of these individuals resulted in withholding any document or portions of any document that could have otherwise been released or resulted in any undue delay of a response to FOIA requests," said the report.

The IG recommended that DOE management update its FOIA manual if needed and issue guidance on documentation requirements. Management agreed with the recommendation, with the Office of the General Counsel saying it's looking at ways to improve the document control process, according to the inspector general.

EPA:

Agency updates shutdown plan

Kevin Bogardus, E&E reporter

Published: Wednesday, September 23, 2015

U.S. EPA is preparing a contingency plan for a possible government shutdown.

Lawmakers haven't been able to resolve a budget impasse stemming from federal funding for Planned Parenthood, with the government's money now set to run out by the end of this month. So EPA and other agencies are scurrying to update shutdown plans that could lead to the furloughs of thousands of employees.

In an agencywide message sent yesterday, acting Deputy Administrator Stan Meiburg told employees that EPA was updating its shutdown plan in case Congress fails to agree to new funding for the government in time.

"As we saw in 2013, a lapse would mean that a number of government activities would cease due to a lack of appropriated funding, and that a number of employees would again be temporarily furloughed," Meiburg said. "To prepare for this possibility, we are working to update our contingency plans for executing an orderly shutdown of activities that would be affected by a lapse in appropriations."

Meiburg noted that the Obama administration believes such a lapse in funding should not occur and that there is enough time for Capitol Hill to prevent a shutdown.

"The uncertainty of the current circumstances puts our workforce in a difficult situation, and should a lapse occur, it could impose hardships on many employees as well as the people that we serve every day. As we approach the end of the month, we are committed to providing you with updated and timely information on any further developments," Meiburg said.

Last time the government shut down, in October 2013, EPA's operations and personnel were severely affected.

EPA had 1,069 employees report to work during the shutdown two years ago, forcing more than 15,000 workers --- more than 93 percent of the agency workforce -- out of the office (*E&ENews PM*, Sept. 27, 2013).

The Office of Management and Budget has begun to work with agencies across the government to prepare their own shutdown plans.

An OMB spokeswoman said the administration "is willing to accept a clean, short-term continuing resolution to fund government operations" that gives Congress more time to negotiate a more long-term agreement.

"However, at this time," she said, "prudent management requires that the government plan for the possibility of a lapse, and OMB is working with agencies to take appropriate action. This includes agencies reviewing relevant legal requirements and updating their plans for executing an orderly shutdown."

She added that "it is our hope that this work will ultimately be unnecessary and that there will be no lapse

in appropriations."

Others in government said they were consulting with OMB when it came to preparing their own shutdown plans.

Representatives for the Departments of Energy and the Interior said that their departments were working with OMB to take "appropriate action" if the government runs out of funding by the end of this month.

AIR POLLUTION:

Volkswagen isn't first car company caught fudging on emissions

Published: Wednesday, September 23, 2015

Volkswagen AG's admission that it used so-called defeat devices to dupe U.S. EPA emissions tests is the latest in a history of auto industry schemes to avoid regulatory burdens.

While Volkswagen's recent case might seem severe, EPA has caught automakers cheating on emissions tests almost from the moment governments started regulating vehicle emissions more than 30 years ago. Some advocacy groups contend this is part of a legacy of disregard for these kind of tests by car companies.

Regulators have previously caught car companies rigging mileage and emissions testing statistics. European regulators have caught companies taping the doors on test vehicles to make them more aerodynamic. In addition, companies have performed maintenance on test vehicles in ways that are unrealistic in normal driving scenarios to goose the cars' results.

Volkswagen and Chrysler both faced fines in the 1970s for installing defeat devices. EPA also settled with long-haul truck engine manufacturers in 1998 for nearly $1 billion over their use of software to beef up their diesel engines' performance.

"We don't think this will be limited to Volkswagen," said Jos Dings, director of the European Federation for Transport and Environment. "If you look at the testing numbers for the other manufacturers, they are just as bad" (Hakim/Tabuchi, *New York Times*, Sept. 23). **-- SP**

AIR POLLUTION:

Smog could contribute to high suicide rate in Ky. city

Published: Wednesday, September 23, 2015

Air pollution could be a risk factor for suicide, according to a study released earlier this year.

As U.S. EPA is set to decide on tightening smog rules nationwide, Louisville, Ky., may be able to improve its air pollution and suicide rate concurrently, according to Louisville *Courier-Journal* columnist James Bruggers.

"To be sure, overall air quality in Louisville has been improving. That might argue for declining suicide numbers, if there were a direct correlation," Bruggers wrote.

Suicides in Louisville have increased 30 percent this year so far.

The University of Utah study found that the odds of completing a suicide were 20 percent greater for those exposed to higher levels of nitrogen dioxide during the two to three days before their deaths (*Greenwire*, Feb. 25).

Lead author Amanda Bakian stressed that the study in the *American Journal of Epidemiology* did not prove a direct correlation, but it showed that the air pollution could interact with other factors to increase suicide risk.

"Our next step is to determine in more detail exactly what elements -- such as genetic and sociodemographic factors -- are responsible for increasing one's vulnerability to suicide following air pollution exposure," Bakian said.

"Usually, it's not suicide that gets brought up as a reason to clean the air," Bruggers wrote.

"Research has shown that cleaner air prevents many early deaths from heart attacks and lung ailments, and reduces asthma attacks. All in all, however, this new line of exploration offers one more piece of evidence to remind us that cleaner air is better than dirtier air" (James Bruggers, Louisville *Courier-Journal*, Sept. 22). **-- BTP**

AN E&E PUBLISHING SERVICE

CLIMATEWIRE — Thu., September 24, 2015

READ FULL EDITION

1.ADVOCACY:

Pope Francis underscores President Obama's message on climate change

The pope's unusual endorsement of the nation's climate rules yesterday handed President Obama the rarest kind of support for a program being targeted by Republicans running for the highest office. Yet some scholars warned against exploiting the pontiff's message for political appeal.

2.RENEWABLE ENERGY:

As China's energy growth slows, coal-fired power blocks more wind, solar and hydro

HONG KONG -- China has made a big bet on renewable energy installation to wean the country off dirty fossil fuels and to meet its emission targets, but the latest government statistics show that a big portion of power generation from Chinese solar farms, wind projects and hydroelectric dams has failed to reach energy users.

TODAY'S STORIES

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VW chief, 'shocked' by emissions scandal, resigns as E.U. Parliament meets to probe it

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Mont. grudgingly prepares options for tough Clean Power Plan emissions cuts

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French diplomats downplay GOP efforts to undercut climate deal

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D.C. exhibit targets 'root' of food insecurity

7.POLITICS:

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8.RELIGION:

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9.PEOPLE:

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10.AGRICULTURE:

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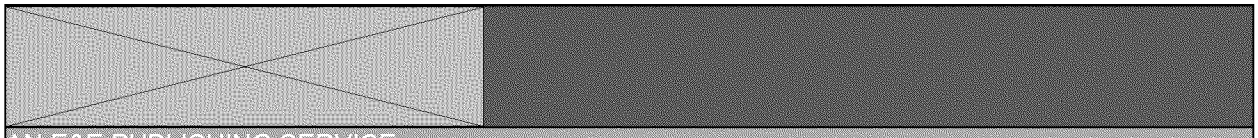

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ENERGYWIRE — Thu., September 24, 2015

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turley.jennifer@epa.gov

To: Pidgeon, Bill[pidgeon.bill@epa.gov]
From: Green Car Reports
Sent: Thur 9/24/2015 4:07:53 PM
Subject: Green Car Report Daily Headlines

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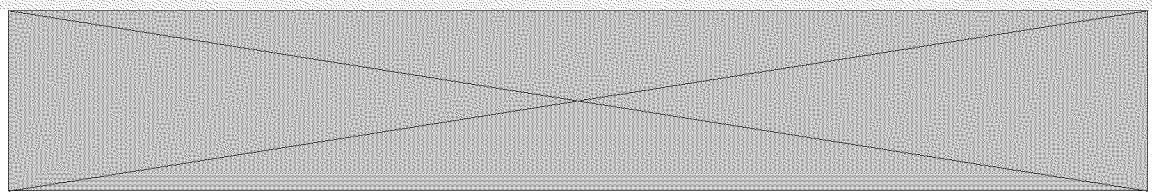

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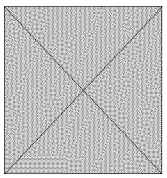
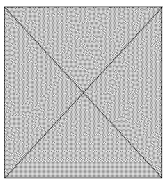
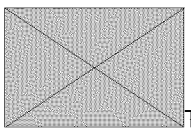




The latest from your friends at GCR:

VW Diesel Atonement, Tesla Model 3 Batteries, 2016 Toyota Prius e-AWD: Today's Car News

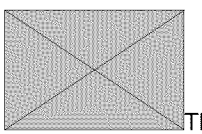
Sep 24, 2015 03:30 pm | feedback@highgearmedia.com (Stephen Edelstein)

 Today, an electric-car advocate's thoughts on how Volkswagen can atone for its diesel deception, a prediction that the Tesla Model 3 electric car will benefit from very low battery costs, and leaked information showing an optional all-wheel drive system for the 2016 Toyota Prius hybrid. All this and more on Green Car Reports. How can Volkswagen...

comments | read more

EPA Will 'Up Its Game' With New Tests For Emissions Cheating

Sep 24, 2015 02:00 pm | feedback@highgearmedia.com (Stephen Edelstein)

 The U.S. Environmental Protection Agency (EPA) will develop better ways to detect cheating on emissions testing in the wake of the Volkswagen diesel

scandal, the agency's chief says. It hopes to avoid future cases like this, in which Volkswagen installed special software that allowed cars to operate differently when an emissions test was detected...

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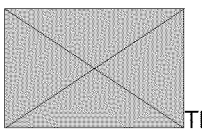
Tesla Model 3 Will Benefit From Lowest Battery Costs Of Any Maker: Jefferies

Sep 24, 2015 01:00 pm | feedback@highgearmedia.com (Stephen Edelstein)

 The Tesla Model 3 electric sedan will start production in 2017, if the carmaker can keep to its schedule. Tesla is aiming for a 200-mile range and $35,000 base price, in the hope that it can significantly increase volume with a more-affordable product. Whether Tesla can actually achieve those two targets has been the subject of much speculation...

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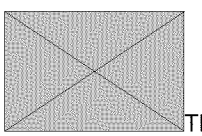
2016 Toyota Prius: Leaked Technical Details Confirm e-AWD Option On Higher Models

Sep 24, 2015 12:00 pm | feedback@highgearmedia.com (Stephen Edelstein)

 The 2016 Toyota Prius was unveiled earlier this month, but Toyota was short on details regarding the new hybrid. And that's after two reveals, in Las Vegas and at the 2015 Frankfurt Motor Show. But some additional information is now available, albeit unofficially. DON'T MISS: 2016 Toyota Prius: Few Details At Global Launch Of 55-MPG Hybrid...

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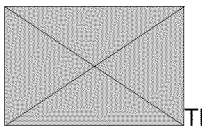
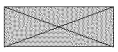
How VW Can Atone For Diesel Deception: Electric-Car

Advocate's Thoughts

Sep 24, 2015 11:00 am | feedback@highgearmedia.com (Tom Moloughney)

 The full impact of Volkswagen's diesel-emission cheating scandal has yet to be realized, but what it has apparently already admitted to doing could result in the largest civil fine ever levied by the Federal government on an automaker. And that's just the beginning. Besides paying civil penalties, and coping with a spate of criminal actions, and...

comments | read more



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Update your profile

To: Albus, Christoph[christoph.albus@bmvi.bund.de]
Cc: Müller, Steffen[steffen.mueller@bmvi.bund.de]; '.WASH VERK-1 Zass, Stephan Klaus (verk-1@wash.auswaertiges-amt.de)'[verk-1@wash.auswaertiges-amt.de]; Zielke, Guido[guido.zielke@bmvi.bund.de]; Redmann, Stephan[stephan.redmann@bmvi.bund.de]; Blubaugh, Jim[Blubaugh.Jim@epa.gov]; Walsh, Juliana[Walshju@state.gov]; ZinsmeisterEL@state.gov[ZinsmeisterEL@state.gov]; .WASH WI-2 Weber, Michael[wi-2@wash.auswaertiges-amt.de]; Kasman, Mark[Kasman.Mark@epa.gov]
From: Phillips, Anna
Sent: Thur 9/24/2015 4:28:18 PM
Subject: Re: EPA charges against VW -- Telephone Call with EPA on September 24 CONFIRMED

Dear Christoph,

Thank you for your help in arranging the telephone call earlier today which EPA hopes that you and your colleagues found useful.

Chris Grundler also has asked me to clarify that it will be important not to rely solely on New European Drive Cycle testing because the vehicles are likely to pass.
The dynamometers should be run in many different test conditions beyond the official test They should be tested in different, off-cycle testing modes to determine their "real world emissions".

As discussed, we encourage you and your colleagues to review all of the information available on the EPA website:

http://www3.epa.gov/otaq/cert/violations.htm

If needed, and if possible within the constraints that we discussed, we will do our best to respond to specific follow-up questions via e-mail.

Best,

Anna

~~~~~~

Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

Office of International & Tribal Affairs

Washington, D.C. 20460
~~~~~~

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427

e-mail: phillips.anna@epa.gov

http://www2.epa.gov/international-cooperation

~~~~~~

From: Phillips, Anna
Sent: Wednesday, September 23, 2015 1:28 PM
To: Albus, Christoph
Cc: Müller, Steffen; '.WASH VERK-1 Zass, Stephan Klaus (verk-1@wash.auswaertiges-amt.de)'; Zielke, Guido; Redmann, Stephan; Blubaugh, Jim; Walsh, Juliana; ZinsmeisterEL@state.gov; .WASH WI-2 Weber, Michael; Kasman, Mark
Subject: Re: EPA charges against VW -- Telephone Call with EPA on September 24 CONFIRMED

Christoph, thank you for informing us that Mr. Odenwald will not be available but we appreciate your confirming the call with Director Zielke on **Thursday, September 24th at 11:00 a.m.** Washington time. Can you please provide additional information on Director Zielke's position in the Ministry?

We can use the following conference lines:

Ex. 6

I also am copying colleagues at the U.S. Embassy in Berlin so that they are aware of the call and can participate if schedules permit.

Best regards,

Anna
~~~~~~

Von: Phillips, Anna <Phillips.Anna@epa.gov>

Gesendet: Mittwoch, 23. September 2015 17:31

An: .WASH VERK-1 Zass, Stephan Klaus; .WASH WI-2 Weber, Michael

Cc: Blubaugh, Jim; Walsh, Juliana; ZinsmeisterEL@state.gov; Kasman, Mark; Müller, Steffen

Betreff: Re: EPA charges against VW -- Telephone Call with EPA on September 24

Dear Stephan,

Due to a recent change in Mr. Grundler's schedule, he will no longer be available for a call with Mr. Odenwald on Tuesday, September 29th as we originally offered. As I'm sure you can imagine, this issue is putting tremendous pressure on his schedule which is subject to constant changes.

Mr. Grundler is still available for a call tomorrow (Thursday, September 24th) at 11:00 a.m Washington time but I'm afraid that is the only near-term option available at this point.

Please let us know as soon as possible whether it will be possible to arrange the call tomorrow so we can finalize the logistics.

Also FYI, we have received a separate information request on this issue from an expert within the Federal Ministry of Transportation. We are planning to recommend that they coordinate internally so that there is a single channel of communication with EPA to increase efficiency and to avoid confusion and potential misinformation. I will copy you and Steffen directly on our response and would appreciate your help in facilitating coordination on the German side.

Many thanks...

Anna

~~~~~~

Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

Office of International & Tribal Affairs

Washington, D.C. 20460

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427

e-mail: phillips.anna@epa.gov

http://www2.epa.gov/international-cooperation

~~~~~~

From: .WASH VERK-1 Zass, Stephan Klaus <verk-1@wash.auswaertiges-amt.de>
Sent: Tuesday, September 22, 2015 2:49 PM
To: Phillips, Anna; .WASH WI-2 Weber, Michael
Cc: Blubaugh, Jim; Walsh, Juliana; ZinsmeisterEL@state.gov; Kasman, Mark; Müller, Steffen
Subject: AW: EPA charges against VW -- Telephone Call with EPA

Dear Anna,

thank you very much for the quick response to our request. I have copied in Steffen Mueller, Personal Assistant to the State Secretary Odenwald who will be in touch with you shortly in order to arrange the phone call.

Best regards

Stephan

Dr. Stephan Zass M.A.

Counselor

Transportation, Digital Infrastructure and Building

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Fax: +1 (202) 298 4386

E-mail: verk-1@wash.auswaertiges-amt.de

http://www.germany.info

Von: Phillips, Anna [mailto:Phillips.Anna@epa.gov]
Gesendet: Dienstag, 22. September 2015 14:07
An: .WASH WI-2 Weber, Michael
Cc: .WASH VERK-1 Zass, Stephan Klaus; Blubaugh, Jim; Walsh, Juliana; ZinsmeisterEL@state.gov; Kasman, Mark
Betreff: Re: EPA charges against VW -- Telephone Call with EPA

Dear Michael,

I have consulted within EPA on this request and can confirm that Christopher Grundler, Director of EPA's Office of Transportation and Air Quality, is available for a telephone call with Secretary of State Odenwald at the following times:

Thursday, September 24, 2015, 11 AM -11:30 AM EDT

2) Tuesday, September 29, 2015, 9 AM – 10 AM EDT

Please let me know if these times will work for Mr. Odenwald and I will provide the call-in numbers.

I also am copying colleagues at the U.S. Embassy in Berlin for their information and to invite their participation.

Best,

Anna

~~~~~~

Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

Office of International & Tribal Affairs

Washington, D.C. 20460

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427

e-mail: phillips.anna@epa.gov

http://www2.epa.gov/international-cooperation
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From: .WASH WI-2 Weber, Michael <wi-2@wash.auswaertiges-amt.de>
Sent: Tuesday, September 22, 2015 10:24 AM
To: Phillips, Anna
Cc: .WASH VERK-1 Zass, Stephan Klaus
Subject: AW: EPA charges against VW

Dear Anna,

Thanks for helping out on this matter.

The German Ministry for Transportation and Digital Infrastructure has established a task force under the chairmanship of State Secretary Michael Odenwald. The State Secretary would like to speak with the responsible EPA representatives. I am including my transport colleague Stephan Zass who will be able to give you further information and get you in touch with his German colleagues.

I hope you are able to help us out organizing a call or video conference.

Many thanks,

Michael

Michael Weber

Energy Policy Advisor

Embassy of the Federal Republic of Germany
~~~~~~

4645 Reservoir Road NW

Washington, DC 20007

Tel: +1 (202) 298 4381

Fax: +1 (202) 298 4391

E-mail: wi-2@wash.diplo.de

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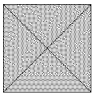

Von: Phillips, Anna [mailto:Phillips.Anna@epa.gov]
Gesendet: Dienstag, 22. September 2015 08:17
An: .WASH WI-2 Weber, Michael
Betreff: Re: EPA charges against VW

Michael, I have shared your questions with relevant EPA experts and I will let you know as soon as I receive their response.

Best,

Anna

~~~~~~

Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)
~~~~~~

Office of International & Tribal Affairs

Washington, D.C. 20460

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427

e-mail: phillips.anna@epa.gov

http://www2.epa.gov/international-cooperation

~~~~~~

From: .WASH WI-2 Weber, Michael <wi-2@wash.auswaertiges-amt.de>
Sent: Monday, September 21, 2015 1:44 PM
To: Phillips, Anna
Subject: EPA charges against VW

Dear Anna,

Good seeing you this morning. As briefly discussed, here are our questions regarding the Volkswagen law suit:

1. What is the judicial/legal process that will now follow (and how is the interplay between EPA and DoJ)?

2. Apart from a federal law suit, is there a possibility that Volkswagen will also face further court action by individual states (or even class action litigation)?

3. We understand the clean air act is the basis for EPA's action. Could you provide us with an overview of similar actions against car makers over the last years which were based on violations of the clean air act?
~~~~~~

-

Many thanks for your help in this time sensitive matter.

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Michael

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-

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Michael Weber

Energy Policy Advisor

-

Embassy of the Federal Republic of Germany

4645 Reservoir Road NW

Washington, DC 20007

Tel: +1 (202) 298 4381

Fax: +1 (202) 298 4391

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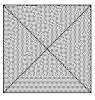

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To: Kaul, Meetu[Kaul.Meetu@epa.gov]; Brooks, Phillip[Brooks.Phillip@epa.gov]
From: ???nfzm
Sent: Thur 9/24/2015 4:50:50 PM
Subject: Interview Application and Questions From Southern Weekly, a Chinese Newspaper

Dear EPA,

My name is Jiachen Yue and I am a reporter from Southern Weekly, China's most popular investigative newspaper. We are the only newspaper who interviewed U.S President Obama during his visit to China in 2009.

I noticed that Volkswagen were questioned by the U.S. Environmental Protection Agency on the matter of Exhaust Emissions Device fraud. As a newspaper continuing focus on environment issues, we would like to know more detailed information. Here is my question :

1. When and How did EPA find Volkswagen emissions fraud problem?

2. How does EPA expect Volkswagen solve this problem?

3. As far as we know, exhaust emissions devices of those involved vehicles were supplied by German Bosch Worldwide. Do you think Bosch should therefore take responsibilities?
4.What kind of influence did the Volkswagen produce to the US environment? Why didn't we find it during the past six years ?

Looking forward to your reply。My deadline is this Friday so please let me know as soon as possible. Many thanks!

Best,

Jiachen

September 24, 2015

Tel: 86-20-83000817

Email: nfzmyjc@163.com

Cc: Belser, Evan[Belser.Evan@epa.gov]; Blubaugh, Jim[Blubaugh.Jim@epa.gov]; Kelley, Rosemarie[Kelley.Rosemarie@epa.gov]; Werner, Jacqueline[Werner.Jacqueline@epa.gov]; Walsh, Juliana[Walshju@state.gov]; ZinsmeisterEL@state.gov[ZinsmeisterEL@state.gov]; Kasman, Mark[Kasman.Mark@epa.gov]
From: Phillips, Anna
Sent: Thur 9/24/2015 4:51:20 PM
Subject: Re: Volkswagen - defeat device -- Contact with EPA

Dear Christoph,

Given the telephone call earlier today with EPA's Office of Transportation and Air Quality Director Chris Grundler, we assume that we also have responded to the attached (separate) information request.

As we discussed, if there are specific follow-up questions, we will do our best to respond via e-mail within the constraints dictated by the ongoing investigation.

Best,

Anna

~~~~~~

Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

Office of International & Tribal Affairs

Washington, D.C. 20460

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427

e-mail: phillips.anna@epa.gov

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~~~~~~

From: Belser, Evan
Sent: Wednesday, September 23, 2015 9:23 AM
To: 'Albus, Christoph'

Cc: Olechiw, Michael; Redmann, Stephan; 'Mark.Wummel@kba.de'; 'Paeslack, Sven'
Subject: RE: Volkswagen - defeat device

Mr. Albus and all,

Thank you for your outreach. Please allow me a couple days to confer internally to ensure we have the right group convened for a call.

Best Regards,
Evan

Evan Belser

Chief, Mobile Source Enforcement Branch, Air Enforcement Division

National Coordinator for Administrative Litigation, Office of Civil Enforcement

Office of Enforcement and Compliance Assurance

United States Environmental Protection Agency

202-564-6850

From: Albus, Christoph [mailto:christoph.albus@bmvi.bund.de]
Sent: Wednesday, September 23, 2015 7:34 AM
To: Belser, Evan
Cc: Olechiw, Michael; Redmann, Stephan; 'Mark.Wummel@kba.de'; 'Paeslack, Sven'
Subject: WG: Volkswagen - defeat device

Dear Mr. Belser

Regarding the Volkswagen issue Mr. Olechiw provided the information, that you are the responsible contact person at EPA. Together with my colleague Stephan Redman and colleagues from our type approval agency (KBA) we are very much interested in a phone conference with you. Would it be possible for you to have such a phone conference this Friday (25th).

Thanks in advance.

Best Regards

Christoph Albus

Von: Redmann, Stephan
Gesendet: Mittwoch, 23. September 2015 13:21
An: Albus, Christoph
Betreff: WG: Volkswagen - defeat device

Von: Olechiw, Michael [mailto:olechiw.michael@epa.gov]
Gesendet: Montag, 21. September 2015 14:39
An: Redmann, Stephan
Cc: 'Paeslack, Sven'
Betreff: RE: Volkswagen - defeat device

Hello Stephan!

I can imagine that this has caused quite the stir in Germany. You can reference the Notice of Violation that we sent to VW: http://www3.epa.gov/otaq/cert/documents/vw-nov-caa-09-18-15.pdf

This should help answer some of your questions. For now you may contact Evan Belser here at EPA. (Belser.evan@epa.gov, 001-202-564-6850)

If you would like to talk this morning, I am available after 3 PM your time.

Best Regards,

Mike

Michael R. Olechiw

Director - Light-duty Vehicles and Small Engines Center

USEPA/OTAQ/ASD

2000 Traverwood Drive

Ann Arbor MI 48105

Tel: +1-734-214-4297

Mobile: +1-734-546-8079

Fax: +1-734-214-4050

olechiw.michael@epa.gov

From: Redmann, Stephan [mailto:stephan.redmann@bmvi.bund.de]
Sent: Monday, September 21, 2015 4:31 AM
To: Olechiw, Michael
Cc: 'Paeslack, Sven'
Subject: Volkswagen - defeat device
Importance: High

Dear Michael,

how are you? You may imagine that the EPA case against Volkswagen regarding use of defeat devices is causing some turbulences here in Germany.

KBA – the German type approval authority – is currently investigating the case. Of course they are in direct contact with Volkswagen, but currently most of our information is still based on press announcements. Therefore I would like to ask you whether US EPA can provide us more information.

If you are not involved can you please provide us the right contact persons for an official request?

Best regards

Stephan

Federal Ministry of Transport and digital Infrastructure

Division LA27

Automotive Engineering (Environment)

Robert-Schuman-Platz 1

53175 Bonn, GERMANY

Tel.: +49 (0)228-300- 4371

Fax: +49 (0)228-300-807-4371

email: stephan.redmann@bmvi.bund.de

To: ???nfzm[nfzmyjc@163.com]
Cc: Senn, John[Senn.John@epa.gov]
From: Belser, Evan
Sent: Thur 9/24/2015 5:00:57 PM
Subject: RE: Interview Application and Questions From Southern Weekly, a Chinese Newspaper

Hello Jiachen,

Thank you for your inquiry, As per requirements, I am handing off to our communications personnel, John Senn

Evan Belser

Chief, Mobile Source Enforcement Branch, Air Enforcement Division

National Coordinator for Administrative Litigation, Office of Civil Enforcement

Office of Enforcement and Compliance Assurance

United States Environmental Protection Agency

202-564-6850

From: 岳家琛nfzm [mailto:nfzmyjc@163.com]
Sent: Thursday, September 24, 2015 12:56 PM
To: Belser, Evan
Subject: Interview Application and Questions From Southern Weekly, a Chinese Newspaper

Dear EPA,

My name is Jiachen Yue and I am a reporter from Southern Weekly, China's most popular investigative newspaper. We are the only newspaper who interviewed U.S President Obama during his visit to China in 2009.

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Exhaust Emissions Device fraud. As a newspaper continuing focus on environment issues, we would like to know more detailed information. Here is my question :

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Looking forward to your reply。My deadline is this Friday so please let me know as soon as possible. Many thanks!

Best,

Jiachen

September 24, 2015

Tel: 86-20-83000817

Email: nfzmyjc@163.com

To: Phillips, Anna[Phillips.Anna@epa.gov]
Cc: Müller, Steffen[steffen.mueller@bmvi.bund.de]; '.WASH VERK-1 Zass, Stephan Klaus (verk-1@wash.auswaertiges-amt.de)'[verk-1@wash.auswaertiges-amt.de]; Zielke, Guido[guido.zielke@bmvi.bund.de]; Redmann, Stephan[stephan.redmann@bmvi.bund.de]; Blubaugh, Jim[Blubaugh.Jim@epa.gov]; 'Walsh, Juliana'[Walshju@state.gov]; 'ZinsmeisterEL@state.gov'[ZinsmeisterEL@state.gov]; '.WASH WI-2 Weber, Michael'[wi-2@wash.auswaertiges-amt.de]; Kasman, Mark[Kasman.Mark@epa.gov]
From: Albus, Christoph
Sent: Thur 9/24/2015 5:11:25 PM
Subject: AW: EPA charges against VW -- Telephone Call with EPA on September 24 CONFIRMED

Dear Anna

Thanks for the kind email and the additional information . I have to thank you for enabling and organizing the phone conference. We consider the phone conference as very useful. The information and explanation given by Mr. Grundler are very important for us to understand the situation. I think with this first exchange of views we set a good basis, and if needed we will continue and proceed as agreed.

Best regards

Christoph

Von: Phillips, Anna [mailto:Phillips.Anna@epa.gov]
Gesendet: Donnerstag, 24. September 2015 18:28
An: Albus, Christoph
Cc: Müller, Steffen; '.WASH VERK-1 Zass, Stephan Klaus (verk-1@wash.auswaertiges-amt.de)'; Zielke, Guido; Redmann, Stephan; Blubaugh, Jim; Walsh, Juliana; ZinsmeisterEL@state.gov; .WASH WI-2 Weber, Michael; Kasman, Mark
Betreff: Re: EPA charges against VW -- Telephone Call with EPA on September 24 CONFIRMED

Dear Christoph,

Thank you for your help in arranging the telephone call earlier today which EPA hopes that you and your colleagues found useful.

Chris Grundler also has asked me to clarify that it will be important not to rely solely on New European Drive Cycle testing because the vehicles are likely to pass.
The dynamometers should be run in many different test conditions beyond the official test They should be tested in different, off-cycle testing modes to determine their “real world emissions”.

As discussed, we encourage you and your colleagues to review all of the information available on the EPA website:

http://www3.epa.gov/otaq/cert/violations.htm

If needed, and if possible within the constraints that we discussed, we will do our best to respond to specific follow-up questions via e-mail.

Best,

Anna

~~~~~~

Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

Office of International & Tribal Affairs

Washington, D.C. 20460

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427

e-mail: phillips.anna@epa.gov

http://www2.epa.gov/international-cooperation

~~~~~~

From: Phillips, Anna
Sent: Wednesday, September 23, 2015 1:28 PM
To: Albus, Christoph
Cc: Müller, Steffen; '.WASH VERK-1 Zass, Stephan Klaus (verk-1@wash.auswaertiges-amt.de)'; Zielke, Guido; Redmann, Stephan; Blubaugh, Jim; Walsh, Juliana; ZinsmeisterEL@state.gov; .WASH WI-2 Weber, Michael; Kasman, Mark

Subject: Re: EPA charges against VW -- Telephone Call with EPA on September 24 CONFIRMED

Christoph, thank you for informing us that Mr. Odenwald will not be available but we appreciate your confirming the call with Director Zielke on **Thursday, September 24th at 11:00 a.m.** Washington time. Can you please provide additional information on Director Zielke's position in the Ministry?

We can use the following conference lines:

From Germany (toll free): 08001818637

From the U.S. (toll free) 1-866-299-3188

Conference Code: **Ex. 6**

I also am copying colleagues at the U.S. Embassy in Berlin so that they are aware of the call and can participate if schedules permit.

Best regards,

Anna

~~~~~~

Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

Office of International & Tribal Affairs
~~~~~~

Washington, D.C. 20460

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427

e-mail: phillips.anna@epa.gov

http://www2.epa.gov/international-cooperation

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From: Albus, Christoph <christoph.albus@bmvi.bund.de>
Sent: Wednesday, September 23, 2015 1:15 PM
To: Phillips, Anna
Cc: Müller, Steffen; '.WASH VERK-1 Zass, Stephan Klaus (verk-1@wash.auswaertiges-amt.de)'; Zielke, Guido; Redmann, Stephan
Subject: AW: EPA charges against VW -- Telephone Call with EPA on September 24

Dear Ms. Phillips,

Unfortunately state secretary Mr. Odenwald will not be available for a call tomorrow. On behalf of him, Director Zielke from the German Ministry for Transport and Digital Infrastructure would like to phone with Director Grundler tomorrow, 11:00 a.m. Washington time (as proposed by you). Please provide me with the contact information.

Best Regards

Christoph Albus

Von: Phillips, Anna <Phillips.Anna@epa.gov>

Gesendet: Mittwoch, 23. September 2015 17:31

An: .WASH VERK-1 Zass, Stephan Klaus; .WASH WI-2 Weber, Michael
~~~~~~

Cc: Blubaugh, Jim; Walsh, Juliana; ZinsmeisterEL@state.gov; Kasman, Mark; Müller, Steffen

Betreff: Re: EPA charges against VW -- Telephone Call with EPA on September 24

Dear Stephan,

Due to a recent change in Mr. Grundler's schedule, he will no longer be available for a call with Mr. Odenwald on Tuesday, September 29th as we originally offered. As I'm sure you can imagine, this issue is putting tremendous pressure on his schedule which is subject to constant changes.

Mr. Grundler is still available for a call tomorrow (Thursday, September 24th) at 11:00 a.m Washington time but I'm afraid that is the only near-term option available at this point.

Please let us know as soon as possible whether it will be possible to arrange the call tomorrow so we can finalize the logistics.

Also FYI, we have received a separate information request on this issue from an expert within the Federal Ministry of Transportation. We are planning to recommend that they coordinate internally so that there is a single channel of communication with EPA to increase efficiency and to avoid confusion and potential misinformation. I will copy you and Steffen directly on our response and would appreciate your help in facilitating coordination on the German side.

Many thanks...

Anna

~~~~~~

Anna Phillips

Program Manager for Europe
~~~~~~

U.S. Environmental Protection Agency (EPA)

Office of International & Tribal Affairs

Washington, D.C. 20460

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427

e-mail: phillips.anna@epa.gov

http://www2.epa.gov/international-cooperation

~~~~~~

From: .WASH VERK-1 Zass, Stephan Klaus <verk-1@wash.auswaertiges-amt.de>
Sent: Tuesday, September 22, 2015 2:49 PM
To: Phillips, Anna; .WASH WI-2 Weber, Michael
Cc: Blubaugh, Jim; Walsh, Juliana; ZinsmeisterEL@state.gov; Kasman, Mark; Müller, Steffen
Subject: AW: EPA charges against VW -- Telephone Call with EPA

Dear Anna,

thank you very much for the quick response to our request. I have copied in Steffen Mueller, Personal Assistant to the State Secretary Odenwald who will be in touch with you shortly in order to arrange the phone call.

Best regards

Stephan
~~~~~~

Dr. Stephan Zass M.A.

Counselor

Transportation, Digital Infrastructure and Building

EMBASSY OF THE FEDERAL REPUBLIC OF GERMANY /

BOTSCHAFT DER BUNDESREPUBLIK DEUTSCHLAND

4645 Reservoir Road Washington, DC 20007

Tel: +1 (202) 298 4336

Fax: +1 (202) 298 4386

E-mail: verk-1@wash.auswaertiges-amt.de

http://www.germany.info

Von: Phillips, Anna [mailto:Phillips.Anna@epa.gov]
Gesendet: Dienstag, 22. September 2015 14:07
An: .WASH WI-2 Weber, Michael
Cc: .WASH VERK-1 Zass, Stephan Klaus; Blubaugh, Jim; Walsh, Juliana; ZinsmeisterEL@state.gov; Kasman, Mark
Betreff: Re: EPA charges against VW -- Telephone Call with EPA

Dear Michael,

I have consulted within EPA on this request and can confirm that Christopher Grundler, Director of EPA's Office of Transportation and Air Quality, is available for a telephone

call with Secretary of State Odenwald at the following times:

Thursday, September 24, 2015, 11 AM -11:30 AM EDT

2) Tuesday, September 29, 2015, 9 AM – 10 AM EDT

Please let me know if these times will work for Mr. Odenwald and I will provide the call-in numbers.

I also am copying colleagues at the U.S. Embassy in Berlin for their information and to invite their participation.

Best,

Anna

~~~~~~

Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

Office of International & Tribal Affairs

Washington, D.C. 20460

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427

e-mail: phillips.anna@epa.gov

http://www2.epa.gov/international-cooperation

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From: .WASH WI-2 Weber, Michael <wi-2@wash.auswaertiges-amt.de>
Sent: Tuesday, September 22, 2015 10:24 AM
To: Phillips, Anna
Cc: .WASH VERK-1 Zass, Stephan Klaus
Subject: AW: EPA charges against VW

Dear Anna,

Thanks for helping out on this matter.

The German Ministry for Transportation and Digital Infrastructure has established a task force under the chairmanship of State Secretary Michael Odenwald. The State Secretary would like to speak with the responsible EPA representatives. I am including my transport colleague Stephan Zass who will be able to give you further information and get you in touch with his German colleagues.

I hope you are able to help us out organizing a call or video conference.

Many thanks,

Michael

Michael Weber

Energy Policy Advisor

Embassy of the Federal Republic of Germany

4645 Reservoir Road NW

Washington, DC 20007

Tel: +1 (202) 298 4381

Fax: +1 (202) 298 4391

E-mail: wi-2@wash.diplo.de

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www.Germany.info

Von: Phillips, Anna [mailto:Phillips.Anna@epa.gov]
Gesendet: Dienstag, 22. September 2015 08:17
An: .WASH WI-2 Weber, Michael
Betreff: Re: EPA charges against VW

Michael, I have shared your questions with relevant EPA experts and I will let you know as soon as I receive their response.

Best,

Anna

~~~~~~

Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

Office of International & Tribal Affairs

Washington, D.C. 20460
~~~~~~

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427

e-mail: phillips.anna@epa.gov

http://www2.epa.gov/international-cooperation

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From: .WASH WI-2 Weber, Michael <wi-2@wash.auswaertiges-amt.de>
Sent: Monday, September 21, 2015 1:44 PM
To: Phillips, Anna
Subject: EPA charges against VW

Dear Anna,

Good seeing you this morning. As briefly discussed, here are our questions regarding the Volkswagen law suit:

1. What is the judicial/legal process that will now follow (and how is the interplay between EPA and DoJ)?

2. Apart from a federal law suit, is there a possibility that Volkswagen will also face further court action by individual states (or even class action litigation)?

3. We understand the clean air act is the basis for EPA's action. Could you provide us with an overview of similar actions against car makers over the last years which were based on violations of the clean air act?
~~~~~~

Many thanks for your help in this time sensitive matter.

-

Michael

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-

Michael Weber

Energy Policy Advisor

-

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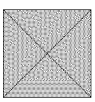

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To: Grundler, Christopher[grundler.christopher@epa.gov]
Cc: Blubaugh, Jim[Blubaugh.Jim@epa.gov]; Kasman, Mark[Kasman.Mark@epa.gov]
From: Phillips, Anna
Sent: Thur 9/24/2015 5:17:28 PM
Subject: Fw: EPA charges against VW -- Telephone Call with EPA on September 24 CONFIRMED

Chris, just FYI... and thanks again.

Best,

Anna

~~~~~~
Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

Office of International & Tribal Affairs

Washington, D.C. 20460

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427

e-mail: phillips.anna@epa.gov

http://www2.epa.gov/international-cooperation

~~~~~~

From: Albus, Christoph <christoph.albus@bmvi.bund.de>
Sent: Thursday, September 24, 2015 1:11 PM
To: Phillips, Anna
Cc: Müller, Steffen; '.WASH VERK-1 Zass, Stephan Klaus (verk-1@wash.auswaertiges-amt.de)'; Zielke, Guido; Redmann, Stephan; Blubaugh, Jim; 'Walsh, Juliana'; 'ZinsmeisterEL@state.gov'; '.WASH WI-2 Weber, Michael'; Kasman, Mark
Subject: AW: EPA charges against VW -- Telephone Call with EPA on September 24 CONFIRMED

Dear Anna

Thanks for the kind email and the additional information . I have to thank you for enabling and organizing the phone conference. We consider the phone conference as very useful. The information and explanation given by Mr. Grundler are very important for us to understand the situation. I think with this first exchange of views we set a good basis, and if needed we will

continue and proceed as agreed.

Best regards

Christoph

Von: Phillips, Anna [mailto:Phillips.Anna@epa.gov]
Gesendet: Donnerstag, 24. September 2015 18:28
An: Albus, Christoph
Cc: Müller, Steffen; '.WASH VERK-1 Zass, Stephan Klaus (verk-1@wash.auswaertiges-amt.de)'; Zielke, Guido; Redmann, Stephan; Blubaugh, Jim; Walsh, Juliana; ZinsmeisterEL@state.gov; .WASH WI-2 Weber, Michael; Kasman, Mark
Betreff: Re: EPA charges against VW -- Telephone Call with EPA on September 24 CONFIRMED

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Chris Grundler also has asked me to clarify that it will be important not to rely solely on New European Drive Cycle testing because the vehicles are likely to pass.
The dynamometers should be run in many different test conditions beyond the official test They should be tested in different, off-cycle testing modes to determine their “real world emissions”.

As discussed, we encourage you and your colleagues to review all of the information available on the EPA website:

http://www3.epa.gov/otaq/cert/violations.htm

If needed, and if possible within the constraints that we discussed, we will do our best to respond to specific follow-up questions via e-mail.

Best,

Anna

~~~~~~
Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

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e-mail: phillips.anna@epa.gov

http://www2.epa.gov/international-cooperation

~~~~~~

From: Phillips, Anna
Sent: Wednesday, September 23, 2015 1:28 PM
To: Albus, Christoph
Cc: Müller, Steffen; '.WASH VERK-1 Zass, Stephan Klaus (verk-1@wash.auswaertiges-amt.de)'; Zielke, Guido; Redmann, Stephan; Blubaugh, Jim; Walsh, Juliana; ZinsmeisterEL@state.gov; .WASH WI-2 Weber, Michael; Kasman, Mark
Subject: Re: EPA charges against VW -- Telephone Call with EPA on September 24 CONFIRMED

Christoph, thank you for informing us that Mr. Odenwald will not be available but we appreciate your confirming the call with Director Zielke on **Thursday, September 24th at 11:00 a.m.** Washington time. Can you please provide additional information on Director Zielke's position in the Ministry?

We can use the following conference lines:

Non-Responsive

I also am copying colleagues at the U.S. Embassy in Berlin so that they are aware of the call and can participate if schedules permit.

Best regards,

Anna

~~~~~~

Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

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From: Albus, Christoph <christoph.albus@bmvi.bund.de>
Sent: Wednesday, September 23, 2015 1:15 PM

To: Phillips, Anna
Cc: Müller, Steffen; '.WASH VERK-1 Zass, Stephan Klaus (verk-1@wash.auswaertiges-amt.de)'; Zielke, Guido; Redmann, Stephan
Subject: AW: EPA charges against VW -- Telephone Call with EPA on September 24

Dear Ms. Phillips,

Unfortunately state secretary Mr. Odenwald will not be available for a call tomorrow. On behalf of him, Director Zielke from the German Ministry for Transport and Digital Infrastructure would like to phone with Director Grundler tomorrow, 11:00 a.m. Washington time (as proposed by you). Please provide me with the contact information.

Best Regards

Christoph Albus

Von: Phillips, Anna <Phillips.Anna@epa.gov>

Gesendet: Mittwoch, 23. September 2015 17:31

An: .WASH VERK-1 Zass, Stephan Klaus; .WASH WI-2 Weber, Michael

Cc: Blubaugh, Jim; Walsh, Juliana; ZinsmeisterEL@state.gov; Kasman, Mark; Müller, Steffen

Betreff: Re: EPA charges against VW -- Telephone Call with EPA on September 24

Dear Stephan,

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Many thanks...

Anna

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Anna Phillips

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Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427

e-mail: phillips.anna@epa.gov

http://www2.epa.gov/international-cooperation

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From: .WASH VERK-1 Zass, Stephan Klaus <verk-1@wash.auswaertiges-amt.de>
Sent: Tuesday, September 22, 2015 2:49 PM
To: Phillips, Anna; .WASH WI-2 Weber, Michael
Cc: Blubaugh, Jim; Walsh, Juliana; ZinsmeisterEL@state.gov; Kasman, Mark; Müller, Steffen
Subject: AW: EPA charges against VW -- Telephone Call with EPA

Dear Anna,

thank you very much for the quick response to our request. I have copied in Steffen Mueller, Personal Assistant to the State Secretary Odenwald who will be in touch with you shortly in order to arrange the phone call.

Best regards

Stephan

Dr. Stephan Zass M.A.

Counselor

Transportation, Digital Infrastructure and Building

EMBASSY OF THE FEDERAL REPUBLIC OF GERMANY /

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http://www.germany.info

Von: Phillips, Anna [mailto:Phillips.Anna@epa.gov]
Gesendet: Dienstag, 22. September 2015 14:07
An: .WASH WI-2 Weber, Michael
Cc: .WASH VERK-1 Zass, Stephan Klaus; Blubaugh, Jim; Walsh, Juliana; ZinsmeisterEL@state.gov; Kasman, Mark
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Thursday, September 24, 2015, 11 AM -11:30 AM EDT

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Please let me know if these times will work for Mr. Odenwald and I will provide the call-in numbers.

I also am copying colleagues at the U.S. Embassy in Berlin for their information and to invite their participation.

Best,

Anna

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Anna Phillips

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e-mail: phillips.anna@epa.gov

http://www2.epa.gov/international-cooperation

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From: .WASH WI-2 Weber, Michael <wi-2@wash.auswaertiges-amt.de>
Sent: Tuesday, September 22, 2015 10:24 AM
To: Phillips, Anna
Cc: .WASH VERK-1 Zass, Stephan Klaus
Subject: AW: EPA charges against VW

Dear Anna,

Thanks for helping out on this matter.

The German Ministry for Transportation and Digital Infrastructure has established a task force

under the chairmanship of State Secretary Michael Odenwald. The State Secretary would like to speak with the responsible EPA representatives. I am including my transport colleague Stephan Zass who will be able to give you further information and get you in touch with his German colleagues.

I hope you are able to help us out organizing a call or video conference.

Many thanks,

Michael

Michael Weber

Energy Policy Advisor

Embassy of the Federal Republic of Germany

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Fax: +1 (202) 298 4391

E-mail: wi-2@wash.diplo.de

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www.Germany.info

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Von: Phillips, Anna [mailto:Phillips.Anna@epa.gov]
Gesendet: Dienstag, 22. September 2015 08:17
An: .WASH WI-2 Weber, Michael
Betreff: Re: EPA charges against VW

-

Michael, I have shared your questions with relevant EPA experts and I will let you know as soon as I receive their response.

-

Best,

Anna

-

~~~~~~

Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

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Washington, D.C. 20460

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e-mail: phillips.anna@epa.gov

http://www2.epa.gov/international-cooperation

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From: .WASH WI-2 Weber, Michael <wi-2@wash.auswaertiges-amt.de>
Sent: Monday, September 21, 2015 1:44 PM
To: Phillips, Anna

Subject: EPA charges against VW

Dear Anna,

Good seeing you this morning. As briefly discussed, here are our questions regarding the Volkswagen law suit:

1. What is the judicial/legal process that will now follow (and how is the interplay between EPA and DoJ)?

2. Apart from a federal law suit, is there a possibility that Volkswagen will also face further court action by individual states (or even class action litigation)?

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Many thanks for your help in this time sensitive matter.

Michael

Michael Weber

Energy Policy Advisor

Embassy of the Federal Republic of Germany

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E-mail: wi-2@wash.diplo.de

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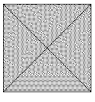
www.Germany.info



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To: Phillips, Anna[Phillips.Anna@epa.gov]
Cc: Belser, Evan[Belser.Evan@epa.gov]; Blubaugh, Jim[Blubaugh.Jim@epa.gov]; Kelley, Rosemarie[Kelley.Rosemarie@epa.gov]; Werner, Jacqueline[Werner.Jacqueline@epa.gov]; 'Walsh, Juliana'[Walshju@state.gov]; 'ZinsmeisterEL@state.gov'[ZinsmeisterEL@state.gov]; Kasman, Mark[Kasman.Mark@epa.gov]; Redmann, Stephan[stephan.redmann@bmvi.bund.de]
From: Albus, Christoph
Sent: Thur 9/24/2015 5:19:56 PM
Subject: AW: Volkswagen - defeat device -- Contact with EPA

Dear Anna

Yes, I agree. As you already outlined in an earlier email, we should avoid parallel information activities. I'm happy with our agreement how to proceed with specific follow-up questions.

Best regards

Christoph

Von: Phillips, Anna [mailto:Phillips.Anna@epa.gov]
Gesendet: Donnerstag, 24. September 2015 18:52
An: Albus, Christoph
Cc: Belser, Evan; Blubaugh, Jim; Kelley, Rosemarie; Werner, Jacqueline; Walsh, Juliana; ZinsmeisterEL@state.gov; Kasman, Mark
Betreff: Fw: Volkswagen - defeat device -- Contact with EPA

Dear Christoph,

Given the telephone call earlier today with EPA's Office of Transportation and Air Quality Director Chris Grundler, we assume that we also have responded to the attached (separate) information request.

As we discussed, if there are specific follow-up questions, we will do our best to respond via e-mail within the constraints dictated by the ongoing investigation.

Best,

Anna

~~~~~~

Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

Office of International & Tribal Affairs

Washington, D.C. 20460

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427

e-mail: phillips.anna@epa.gov

http://www2.epa.gov/international-cooperation

~~~~~~

From: Belser, Evan
Sent: Wednesday, September 23, 2015 9:23 AM
To: 'Albus, Christoph'
Cc: Olechiw, Michael; Redmann, Stephan; 'Mark.Wummel@kba.de'; 'Paeslack, Sven'
Subject: RE: Volkswagen - defeat device

Mr. Albus and all,

Thank you for your outreach. Please allow me a couple days to confer internally to ensure we have the right group convened for a call.

Best Regards,
Evan

Evan Belser

Chief, Mobile Source Enforcement Branch, Air Enforcement Division

National Coordinator for Administrative Litigation, Office of Civil Enforcement

Office of Enforcement and Compliance Assurance

United States Environmental Protection Agency

202-564-6850

From: Albus, Christoph [mailto:christoph.albus@bmvi.bund.de]
Sent: Wednesday, September 23, 2015 7:34 AM
To: Belser, Evan
Cc: Olechiw, Michael; Redmann, Stephan; 'Mark.Wummel@kba.de'; 'Paeslack, Sven'
Subject: WG: Volkswagen - defeat device

Dear Mr. Belser

Regarding the Volkswagen issue Mr. Olechiw provided the information, that you are the responsible contact person at EPA. Together with my colleague Stephan Redman and colleagues from our type approval agency (KBA) we are very much interested in a phone conference with you. Would it be possible for you to have such a phone conference this Friday (25th).

Thanks in advance.

Best Regards

Christoph Albus

Von: Redmann, Stephan
Gesendet: Mittwoch, 23. September 2015 13:21
An: Albus, Christoph
Betreff: WG: Volkswagen - defeat device

Von: Olechiw, Michael [mailto:olechiw.michael@epa.gov]
Gesendet: Montag, 21. September 2015 14:39
An: Redmann, Stephan
Cc: 'Paeslack, Sven'
Betreff: RE: Volkswagen - defeat device

Hello Stephan!

I can imagine that this has caused quite the stir in Germany. You can reference the Notice of Violation that we sent to VW: http://www3.epa.gov/otaq/cert/documents/vw-nov-caa-09-18-15.pdf

This should help answer some of your questions. For now you may contact Evan Belser here at EPA. (Belser.evan@epa.gov, 001-202-564-6850)

If you would like to talk this morning, I am available after 3 PM your time.

Best Regards,

Mike

Michael R. Olechiw

Director - Light-duty Vehicles and Small Engines Center

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olechiw.michael@epa.gov

From: Redmann, Stephan [mailto:stephan.redmann@bmvi.bund.de]
Sent: Monday, September 21, 2015 4:31 AM
To: Olechiw, Michael
Cc: 'Paeslack, Sven'
Subject: Volkswagen - defeat device
Importance: High

Dear Michael,

how are you? You may imagine that the EPA case against Volkswagen regarding use of defeat devices is causing some turbulences here in Germany.

KBA – the German type approval authority – is currently investigating the case. Of course they are in direct contact with Volkswagen, but currently most of our information is still based on press announcements. Therefore I would like to ask you whether US EPA can provide us more information.

If you are not involved can you please provide us the right contact persons for an official request?

Best regards

Stephan

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To: Grundler, Christopher[grundler.christopher@epa.gov]
From: E&E Publishing
Sent: Thur 9/24/2015 5:33:51 PM
Subject: September 24 -- Greenwire is ready

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2013-01-2430
Published 09/24/2013
doi:10.4271/2013-01-2430
saeeng.saejournals.org

In-Situ Emissions Performance of EPA2010-Compliant On-Highway Heavy-Duty Diesel Engines

James Smith, Justin Greuel, Brian Ratkos, and Ethan Schauer
US Environmental Protection Agency

ABSTRACT

Implementation of EPA's heavy-duty engine NO_x standard of 0.20 g/bhp-hr has resulted in the introduction of a new generation of emission control systems for on-highway heavy-duty diesel engines. These new control systems are predominantly based around aftertreatment systems utilizing urea-based selective catalytic reduction (SCR) techniques, with only one manufacturer relying solely on in-cylinder NO_x emission reduction techniques. As with any new technology, EPA is interested in evaluating whether these systems are delivering the expected emissions reductions under real-world conditions and where areas for improvement may lie.

To accomplish these goals, an in-situ gaseous emissions measurement study was conducted using portable emissions measurement devices. The first stage of this study, and subject of this paper, focused on engines typically used in line-haul trucking applications (12-15L displacement). Vehicles with the engine families of interest were rented from commercial fleets and driven under conditions that were typical of daily driving while sampling emissions. The data was then evaluated, using a number of metrics, to determine overall emission control effectiveness as well as compliance with not-to-exceed emission standards.

CITATION: Smith, J., Greuel, J., Ratkos, B., and Schauer, E., "In-Situ Emissions Performance of EPA2010-Compliant On-Highway Heavy-Duty Diesel Engines," *SAE Int. J. Engines* 6(3):2013, doi:10.4271/2013-01-2430.

INTRODUCTION

Background

The US Environmental Protection Agency (EPA) is tasked with promulgating and enforcing emission regulations for motor vehicles and engines under Title II of the Clean Air Act. For the heavy-duty on-highway sector, which encompasses all vehicles with a gross vehicle weight rating above 14,000 lbs, these emissions regulations are applicable to engines, independent of the vehicle in which they are used. Engines in this sector produce an estimated 33% of total mobile-source NO_x emissions and 36% of total mobile-source particulate matter (PM) emissions [1], which underscores the importance of ensuring adequate emission controls from these products.

For the 2004 model year (MY), EPA began the implementation of a set of emission standards that ultimately resulted in the current, 2010-level standards (sometimes referred to as "EPA2010") [2]. For MY 2010, the NO_x standard was lowered to 0.20 g/bhp-hr, while retaining the MY 2007-level PM standard of 0.01 g/bhp-hr. The technology package required to meet the PM standard has universally been the adoption of diesel particulate filters (DPFs) along with electronic control of combustion-related parameters. For adequate NO_x reduction, however, both in-cylinder (high-exhaust gas recirculation or EGR) and aftertreatment-based solutions have been pursued. For the latter, the most widespread solution has been the use of urea-based selective catalytic reduction (SCR) devices. These systems require the use of a liquid reductant, known as "diesel exhaust fluid" (DEF), which is sprayed into the exhaust stream upstream of the SCR catalyst. DEF decomposes into ammonia and reacts with exhaust constituents, ultimately reducing NO_x to N_2 and H_2O, according to:

$$4NO + 4NH_3 + O_2 \rightarrow 4N_2 + 6H_2O$$

$$2NO_2 + 4NH_3 + O_2 \rightarrow 3N_2 + 6H_2O$$

$$NO + NO_2 + 2NH_3 \rightarrow 2N_2 + 3H_2O$$

For these reactions to occur, the SCR catalyst generally needs to be above 150° to 200°C. Engine manufacturers take

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active measures, generally referred to as SCR thermal management, to both achieve and maintain these "light-off" temperatures. The effectiveness of these strategies have profound impacts on overall emissions performance, which will be shown later in this paper. In addition to temperature constraints, several other factors, such as ammonia-to-NO_x ratio, catalyst formulation and catalyst size, influence NO_x conversion efficiency and therefore need to be robustly addressed in the system design and calibration.

To ensure emissions are controlled in a manner consistent with the regulations, EPA relies on a broad certification and compliance system. The certification process generally takes place well in advance of production and involves several interactions between manufacturers and EPA so that all aspects of the emission control system are well understood. Testing on low-hour and aged engines is also part of the certification process, which is how compliance with the emission standards is evaluated.

Ensuring compliance beyond certification can be more difficult and requires tailored approaches, which depend on the segment under regulation. Production line testing, defect reporting and in-use testing are a few regulatory requirements that may be applicable to engine manufacturers after the time of certification. In addition, EPA conducts its own "confirmatory" testing of new engines, selective enforcement audits of manufacturer facilities and engines, as well as testing of in-service engines and/or vehicles to evaluate whether products are performing as expected.

With SCR being a relatively new technology to this sector, EPA set out to determine whether the expected emissions reductions were occurring under real-world conditions. In addition, EPA needed to determine if certain operating conditions led to less favorable NO_x control than others. For example, certain light-load conditions may challenge the ability of the thermal management strategy to sustain SCR light-off and therefore cause large increases in NO_x emissions that would not be reflected under conventional emission testing. Understanding how each manufacturer deals with such situations is critical to ensuring real-world emissions reductions. To address these needs, EPA embarked on an in-situ study of gaseous emissions from class-8 (>33,000 lb gross vehicle weight) trucks equipped with 2010-level heavy-duty diesel engines. The details and results of this study are the subject of this report.

Compliance Metrics/Test Procedures

A key component of demonstrating compliance with emission standards at the time of certification involves testing on an engine dynamometer over two prescribed test cycles. One cycle is meant to replicate mainly transient driving (Heavy-Duty Transient Test, or FTP) and the other is more typical of freeway-type operation (Supplemental Emission Test, or RMC-SET) [3]. Manufacturers are also expected to have a basis for ensuring compliance with "Not to Exceed" (NTE) requirements at the time of certification, which will be described in further detail later in this paper.

Emissions are measured over these test cycles and the results are normalized by the work done by the engine over the test cycle. The result is a specific emission value, in g/bhp-hr, that can be compared to the emission standard. Adjustment factors are normally applied to these test results to account for aging affects (deterioration factors, or DFs) and influences of infrequently regenerating emission control devices (such as DPFs).

Engine manufacturers generally perform certification testing well in advance of mass production of their products. Along with testing over the prescribed duty cycles, manufacturers are required to demonstrate that their products will comply with the emission standards for the full useful life of the engine, which is 10 years or 435,000 miles for an engine in a typical Class 8 application. This is normally accomplished through durability testing, possibly including accelerated aging methods, to establish DFs. At the time of certification, manufacturers are also required to describe aspects of the emission control system that are not active during the certification test cycles. This typically involves detailed engineering evaluations of strategies that control emissions under varying ambient conditions, engine warm-up, and idling, amongst others.

Independently verifying the performance of emission control systems on production engines or engines from in-service vehicles is a key to achieving the expected emissions reductions prescribed by regulation. Testing engines over the certification test cycles is perhaps the most basic verification testing that can be done by EPA. However, this type of testing requires removal of the engine from the vehicle and adds significant cost and complexity to the test program. The test procedures associated with the NTE requirements briefly mentioned earlier provide a method for conducting in-situ emission measurements and evaluating compliance while the engine remains installed in the vehicle. Under NTE testing procedures, only engine operation within a certain speed and torque range is evaluated and compliance is judged against an "NTE threshold," which includes measurement and in-use allowances. These allowances add margins to account for variability that may result from testing vehicles in-situ using portable emissions sampling equipment, recognizing that test conditions are not as well-controlled as a test cell environment. It is also worth clarifying that compliance with NTE requirements can also be evaluated in a test cell environment. In this case, measurement and in-use allowances are not applicable.

While the NTE methods provide a valuable tool for evaluating compliance while the engine remains in the vehicle, NTE testing conditions may be quite similar to the certification duty cycles and the NTE threshold can be more than twice the emission standard. Therefore, it is also important to have tests available for broader evaluation of the emission control system. While these tests, which will be described later in this paper, may not provide data ultimately

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used for compliance determinations, they offer insight into the effectiveness of emission control technologies and can guide future certification actions. This paper will present results in the context of both compliance with NTE emission standards and overall emission control ability, as determined from in-situ testing.

Previous Studies

California Air Resources Board (CARB) has recently been conducting in-situ evaluations of heavy-duty vehicles and recently published their findings [4]. This study was similar to the study presented in this paper, however CARB chose to conduct a wider range of tests on a more limited number of vehicles when compared to this study. Their findings were generally consistent with ours and where applicable, similarities and differences between the two studies will be highlighted.

West Virginia University has conducted a number of studies [5, 6, 7, 8] investigating emissions from heavy-duty engines and vehicles as well as the test methods themselves. Most recently, they studied the effects of new and aged aftertreatment systems on 1998 model year class-8 vehicles [9]. While this study presents interesting findings on aging affects, the test subjects were not representative of true 2010-level commercially available engines.

A number of additional studies involving in-situ heavy-duty diesel emissions have been undertaken and published in the literature [10, 11, 12, e.g.]. Since these studies were predominantly conducted on pre-2010 level emission control systems, there remains a need to further investigate emissions from current generation engines.

EXPERIMENTAL DETAILS

Test Equipment

All testing reported in this paper was completed using a Semtech-DS (Sensors, Inc.) portable emissions measurement system (PEMS) and associated exhaust flowmeter (EFM; Sensors, Inc.). This unit is capable of raw emissions measurements of gaseous constituents (CO, CO_2, NO, NO_2, HC) to the precision, accuracy and repeatability requirements of 40 CFR Part 1065, Subpart J. In addition to gaseous emissions, the PEMS unit records weather data (temperature, pressure, rel. humidity), GPS tracking data, and vehicle interface (VI) data available over the engine's diagnostic port. This VI data includes a variety of engine and exhaust temperatures/pressures as well as vehicle speed, engine speed and information to calculate engine torque. The latter is critical for this study, since emissions need to be normalized by work for comparison to the emission standards. All data is recorded at 1 Hz.

A dedicated post-processing software product is supplied with the PEMS equipment that converts the raw data file to a useable format. A limited number of user inputs, such as fuel properties and a peak torque curve, are used by this software to calculate brake-specific emissions as well as all information to evaluate compliance with NTE standards. The output file consists of second-by-second data (both as-recorded and as-calculated), summary data, and data from recent calibration checks.

Zero, span, and audit checks were performed prior to, and immediately following testing, consistent with the requirements of 40 CFR Part 1065 and the recommendation of Sensors, Inc. When pre and post-test span values were within specification, and zero checks were stable, analyzer drift was found to have a minimal impact on the results. As an added quality check, the total fuel consumption as measured by exhaust carbon was compared to the value based on the VI broadcast. An unexpectedly large difference between these two values is indicative of a leak in the sample path or other analyzer fault. Finally, a quick check is made on all recorded data channels to determine if signals dropped out during testing. While it is not uncommon for any signal to drop out for a few seconds over the course of a day, any significant loss of data usually resulted in the test being repeated.

Test Subjects

As stated earlier, the subject of this study was 2010-level heavy-duty diesel engines. More specifically, the focus was on the engines typically found in class-8 line-haul trucking applications. These engines are normally 6-cylinders and displace between 11 and 16 liters. Cummins, Detroit Diesel, Navistar, PACCAR, and Volvo are the sole producers of engines in this segment in the United States. At the time of this study, Navistar was relying on high-EGR for NO_x reduction while all others were utilizing SCR aftertreatment.

To gain the broadest perspective of emissions from these engines, EPA attempted to locate the most common engines from each manufacturer in this size segment. Vehicles were normally sourced from large daily rental fleets and two vehicles were tested for each engine family selected (see Table 1).

Table 1. Engines included in this study

Manufacturer	Model	Engine Family	NOx Control	NOx Std or FEL (g/bhp-hr)
Cummins	ISX15	B/CCEXH0912XAP	SCR	0.35
Detroit Diesel	DD13	BDDXH12.8FED	SCR	0.20
Detroit Diesel	DD15	CDDXH14.8EED	SCR	0.20
Navistar	MF13	BNVXH0757GA/C	High-EGR	0.50
PACCAR	MX13	A/BPCRH12.9M01	SCR	0.20
Volvo	D13	BVPTH12.8S01	SCR	0.20

For certification, the regulations require engines of similar size, architecture, and emissions controls to be grouped into "engine families." Engine families are identified by a 12-digit alphanumeric name and the first digit of the family name indicates the model year of the engine ("A"=2010, "B"=2011, etc.). Typically, engine families are certified to the same emission standard (e.g., the 0.20 g/bhp-hr NO_x standard). However, the regulations also allow engine manufacturers to certify an engine family to a self-declared

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emission standard that may be above or below the normal emission standard. This alternate standard is known as a "family emission limit" (or FEL) and becomes the applicable emission standard for that family. FELs below the emission standard can be used to generate emission credits and FELs above the standard must use previously generated credits. Two of the engine families included in this study were certified to FELs above the emission standard, using previously banked credits, and are identified in Table 1.

To be eligible for testing, each vehicle was required to have been maintained according to manufacturer recommendations, which was verified through maintenance records, and have no active fault codes. All of the engines tested were from model years 2010 through 2012 and were in approximately the first quarter of their regulatory useful life (<125,000 miles). While aging effects are of interest to the agency, this study was targeted towards low-hour emissions as a means of establishing a baseline.

The vehicles in which these engines were installed were all tractor-trailers and consisted of both sleeper-cabs and day-cabs. All vehicles were equipped with Eaton-Fuller 10-speed manual transmissions. When testing in a loaded configuration, a flatbed trailer was loaded with concrete parking barriers to yield a total gross vehicle weight near 80,000 lbs.

Test Plan

Testing in support of this study primarily involved three elements. The first is predominantly freeway operation, where sections of local interstates were driven multiple times per day with a loaded trailer. Five drive routes are used for this type of testing and are slightly varying in distance, average speed, and grade. This type of operation was meant to maximize the production of data qualifying under the NTE test procedures. These procedures require operation in a moderate to highly loaded region of the engine operating map. This "NTE zone" is highlighted in Figure 1, below, and the engine must be operating in this zone for at least 30-consecutive seconds to constitute a valid "NTE event," where compliance with the standards can be judged.

The second element of the test program was unloaded operation over one of the freeway test routes. This day of testing was essentially the same as those described above, except without the flatbed trailer. This test was meant to assess the ability of the emission control system to function under light engine loads that promote low exhaust temperatures. As mentioned previously, exhaust enthalpy is critical to SCR NO_x conversion and managing exhaust temperature is a key element of the system design and calibration.

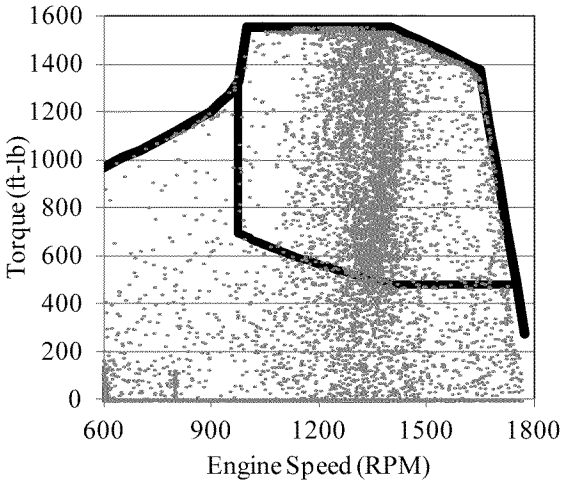

Figure 1. Example of typical freeway route speed/torque operating points. The peak torque curve and NTE zone boundary are overlaid in black.

The third element of the test program involved mixed driving conditions, hereafter referred to as the "urban" test route. This route consisted of driving mainly surface roads through areas of varying traffic density between Detroit and Ann Arbor. The total test route is approximately 60 miles in length and this is repeated three times in a testing day, with an average speed of approximately 35 mph (compared with 45 to 55 mph for the freeway routes). This route is meant to asses the ability to control emissions during transient conditions, where exhaust temperatures and flow rates are widely varied. This test was conducted with the loaded trailer.

Table 2. Typical parameters from the 6 drive routes. Maximum grade represents the maximum that is sustained for at least 30 continuous seconds of driving.

	Distance	Avg Speed	Avg Power	Repeats/day	Max Grade
Route	miles	mph	bhp/mi		
1	21	51	3.59	13	1.8%
2	20	49	3.95	13	2.8%
3	27	50	3.58	13	1.7%
4	15	47	3.83	13	2.3%
5	19	52	3.59	13	1.6%
Urban	61	33	4.13	3	1.5%

For each vehicle, the test program consisted of five days of freeway testing with the trailer, one day of testing without the trailer, and one day of testing over the urban route. The result was a test plan spanning approximately two weeks per vehicle, including a half day for equipment setup and tear down. As the program was administered throughout the year (in Michigan), ambient conditions varied significantly, as shown in Table 3.

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Table 3. Range of ambient pressure, temperature and relative humidity (averaged over testing day) observed during testing.

	P_{amb} (mbar)	T_{amb} (°C)	RH (%)
ISX15	978-992	22-32	24-79
DD15	975-994	18-32	36-81
DD13	974-1003	-2-22	13-71
MF13	976-995	7-27	17-88
MX13	974-1000	3-17	34-99
D13	974-997	8-22	20-65

Data Analysis

Once the data was processed using Sensors' post-processing software, all other data analysis was completed in Excel. The results relevant to this paper are NTE performance, total NO_x control ability, and idle NO_x control. The data will be presented and discussed in terms of three terms that are worth clarifying:

• **Applicable Emission Standard:** The regulatory emission standard (0.20 g/bhp-hr) or the FEL

• **NTE Standard:** The applicable emission standard times 1.5

• **NTE Threshold:** The NTE standard plus measurement and in-use allowances, which is used for determination of compliance with in-use testing regulations [13]

The post-processing software automatically identifies and logs qualifying NTE events. Each event is at least 30 seconds in length and represents a period of continuous operation within the NTE zone. Once operation exits this zone (accelerator pedal let-up, most commonly), the NTE event is completed and emissions and work completed from that event are treated as an independent test interval. During testing over the freeway routes, 100 to 150 NTE events were normally recorded over the course of a testing day. Over the urban route, this dropped to around 30 to 60 events per day due to the more transient nature of this route. Without a trailer, very few NTE events were recorded (<10) due to the light engine loading.

The regulations [13] require that 90% of time-weighted NTE events comply with the NTE threshold, which is known as the "pass ratio" criterion. To calculate the pass ratio, the emission rate from each NTE event is compared to the NTE threshold. If the result is below the threshold, the time (in seconds) from that NTE event is logged. The total time from passing NTE events is then summed and divided by the total time of all NTE events (passing or failing), which yields the pass ratio.

In addition to operation within the NTE zone for at least 30-seconds, the regulations (40 CFR Part 86, subpart N) outline additional conditions required in order to use an NTE event for evaluating compliance with the NTE requirements. These include periods of:

• NO_x aftertreatment warm-up (aftertreatment exit temperature <250° C)

• Cold temperature operation (both intake manifold and coolant temperature)

• DPF regeneration (not strictly an exclusion, but may require unique analysis)

For the data presented in this paper, the provisions above were only considered if compliance with the pass ratio criterion would have been jeopardized by not utilizing them. In many cases, these provisions proved to be unnecessary and inclusion of the associated NTE events resulted in a much larger data set. In addition to pass ratio, the simple average of NO_x emission rates over all NTE events are presented, which is simply the mass of NO_x emitted during NTE events normalized by the total time associated with these events (in grams per hour).

While the pass ratio represents an official compliance metric for in-situ testing, it only provides information on a limited operating region of the engine (the NTE zone). Additionally, transient emissions control is not addressed adequately using only NTE metrics, since at least 30 seconds of operation in the NTE zone is required. To gain a better perspective of overall NO_x control, the total NO_x emission rate for a testing day was calculated on both a gram per hour and gram per mile basis. Understanding that this includes all types of operation, from idle to full-throttle acceleration, the data is not used for a measure of compliance. Instead, it presents an informative picture of overall emissions control ability and highlights are as where future improvements are possible.

Finally, vehicles in this segment spend significant portions of time at idle, where the engine is supporting hotelling loads of the vehicle. The drivers used in this study were not given explicit instructions other than the route they were to drive and then umber of times to repeat the route. All other aspects, including idling behavior, were reflective of how these operators would normally use their vehicles. As a result, each testing day included a significant portion of time spent at idle. During this time the emissions equipment was sampling and the NO_x emissions were included in the totals discussed in the previous paragraph.

Idle contributions can have a large impact on overall NO_x emissions. In addition, these engines have unique strategies to limit emissions at idle and it is advantageous to evaluate the effectiveness of each of these strategies. Therefore, data from idle operation was also analyzed separately from total NO_x emissions. For this analysis, the total data from a testing day was filtered using the 30-second average vehicle speed, where a zero speed under this filter was considered idling. The 30-second average criterion was added so that only extended idling events were included in this analysis and not simply stop events at traffic lights and turn-around points. These data were then normalized to total idle time, resulting in a metric that can be compared to California's clean idle standard of 30 g/hr of NO_x[14].

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RESULTS

NTE Performance

As mentioned previously, the most basic metric for evaluating in-situ emission control performance is the NTE pass ratio. The results are all discretized by the three basic operating conditions that were studied: freeway operation, urban operation, and light-load/no-trailer operation. In some instances, data for certain engines was not collected due to scheduling, weather, or other constraints(DD13 no-trailer, for example). In these cases, the data is absent from the plots or the error bars are absent (if only one test was completed).

Figure 2 presents the average pass ratio across all days of testing and all vehicles of a given configuration. Since there were five freeway routes, each blue bar generally represents ten data points(five for each vehicle). Similarly, the red and green bars generally represent two data points each (one for each vehicle). One exception is for the ISX15 no-trailer test which had only one testing day producing any valid NTE events after applying provisions for after treatment warm-up. The error bars represent the range of pass ratios recorded for each engine family. For example, testing of the PACCAR MX13over the freeway routes yielded pass ratios between 0.93 and 1.00.

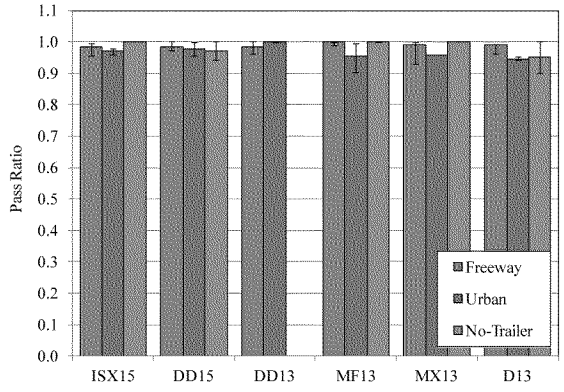

Figure 2. Average pass ratios for each engine over three drive configurations. Each bar represents the average of all vehicles tested and all days of testing (if applicable).

All vehicles complied with the 0.90 pass ratio criterion across all tests. This is encouraging, particularly when considering the number of vehicles and tests completed. For a sense of scale, the above plot represents nearly 7,800 NTE events and over 76 hours of operation in the NTE zone.

While all testing revealed compliance with the pass ratio criterion, the necessity of using the aforementioned exclusion provisions varied by manufacturer. For example, at no point was it necessary to exclude an NTE event due to the cold temperature operating provision, despite the fact that 50% of the data (on average) qualified for this provision. Only one vehicle over one test (ISX15, no-trailer) required the use of the NO_x aftertreatment warm-up provision to satisfy the pass-ratio criterion. Finally, only a few of the test candidates (D13 and one MX13) required the exclusion for DPF regeneration to satisfy the pass ratio criterion, however these events were extremely rare. The necessity of utilizing the available provisions is not meant as an indicator of compliance, rather it demonstrates that it may be worthwhile for EPA to revisit the appropriateness of these exclusions in future versions of the testing regulations.

While the NTE pass ratio analysis shows that this group of engines is capable of meeting the regulatory requirements, it does little to show the comparative level of emission control these engines have. To better show this, the average NO_x emission rates during NTE events were calculated and are presented in Figure 3. For each testing day, the NO_x emitted during NTE events were divided by the total time of the NTE events to yield a single, average NO_x rate per testing day. For each vehicle and drive condition (where multiple tests occurred for a given condition), the range of average NTE NO_x emission rates are shown by the error bars. Only NTE events included in the calculation of the pass ratio are included in this analysis.

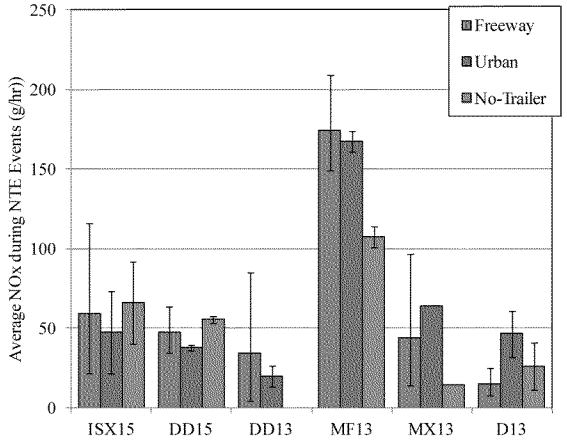

Figure 3. Average NO_x emission rate during NTE events for each engine over each type of drive condition. Bars represent range of average rates witnessed for each engine/drive condition.

What is initially evident from this figure is that all SCR-equipped engines have generally low emission rates during NTE events, regardless of driving condition. Since operation in the NTE zone involves moderate to high-power output, it also leads to exhaust temperature conditions favorable for SCR operation. The NTE NO_x emission rates of the SCR-equipped engines in Figure 3 typically scale to brake-specific emissions in the 0.05 to 0.25 g/bhp-hr range under NTE-type power output conditions, which is far below the NTE threshold (0.55-0.78 g/bhp-hr for these engines). This level of control under NTE conditions is important, since an estimated 95% of operation for line-haul, sleeper-cab applications (and 81% of line-haul, day-cab applications)

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occurs during steady-state, moderate to high load (NTE-like) operation. [15, Ch. 3.4.3].

For the engines with high-EGR as the primary NO_x control mechanism, the average rate of NTE NO_x emissions is substantially higher. As power output is increased, such as for NTE-type operation, in-cylinder conditions become more favorable for NO_x production (higher peak pressures and temperatures). At the same time, a limited amount of EGR can be used without sacrificing performance and driving up particulate matter emissions. Some evidence of this can be seen by comparing the freeway and no-trailer data for the Maxxforce 13. While both are based on conditions within the NTE zone, the no-trailer operation occurs at a much lower power output level, which allows for more EGR and lower NO_x. Across all three operating conditions, the emission rates shown in Figure 3 scale to approximately 0.50 to 0.65 g/bhp-hr, which is still well below the NTE threshold of 1.00 g/bhp-hr for this family.

Overall NO_x Performance

While NTE analysis is important from a compliance perspective, and it provides good insight into certain operating conditions, it does not adequately address emissions from highly transient operation and other operating conditions outside of the NTE zone. To gain a better perspective of overall NO_x control ability (not just within the NTE zone), the average total NO_x emission rates (including idle operation) are presented in Figures 4 and 5. To review, this represents the total mass of NO_x emitted over a testing day, normalized by the duration of, or distance travelled during, that same period. In both figures, the error bars represent one standard deviation where two or more data points were available.

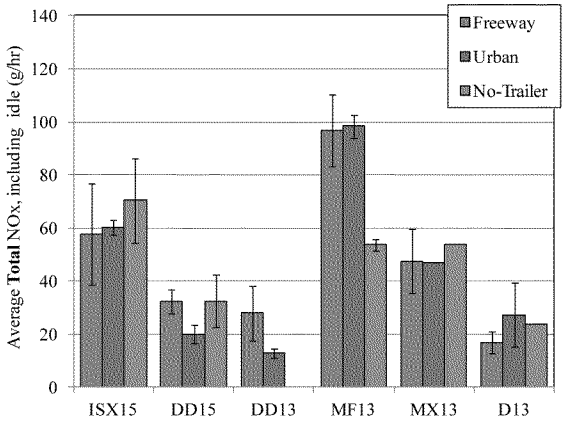

Figure 4. Average total NO_x emission rate for each engine over each type of drive condition, including idle periods, in grams per hour

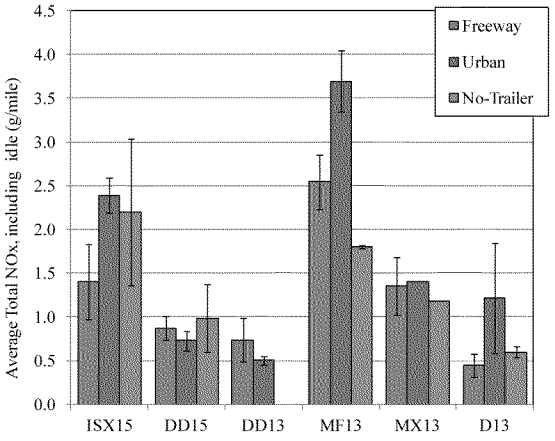

Figure 5. Average total NO_x emission rate for each engine over each type of drive condition, including idle periods, in grams per mile

Over the freeway test routes, the DD15, DD13, and D13 (all certified to the 0.20 g/bhp-hr emission standard) showed well-controlled NO_x emissions, with little variability across tests. The MX13 was slightly higher and the reason for this is related to idle, which will be discussed later. The ISX15 was certified to an FEL above the emission standard (0.33 g/bhp-hr), which explains some of the offset from the other SCR-equipped engines. Finally, the Maxxforce 13 had the highest FEL of the group (0.50 g/bhp-hr) and the overall level of emission control reflects this.

Urban driving as well as no-trailer operation both challenge the performance of SCR systems by reducing the exhaust heat available to maintain SCR light-off. Throughout this study, the DD15, DD13, MX13, and D13 have consistently been the most successful at managing SCR thermal conditions, as evidenced by the very low emissions across driving conditions. In contrast (and consistent with CARB's study) the ISX15 had less effective thermal management of the SCR, which caused the average NO_x emission rate to increase for both urban driving and no-trailer operation (despite a much lower vehicle weight during no-trailer testing). Even with adequate thermal management, no-trailer operation clearly remains a challenge for all SCR systems since emissions would be expected to decrease with the much lighter gross vehicle weight.

Navistar's high-EGR system is less sensitive to drive conditions since it is not relying on sufficient exhaust temperature to function effectively. As mentioned previously, emission rates for this technology scale better to engine loading (or gross vehicle weight, by proxy) which is further evidenced by comparing loaded and unloaded conditions in Figure 4.

Overall NO_x Performance (No Idle)

If the data presented in Figures 4 and 5 is filtered to remove extended idling events, further insight into emission

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control effectiveness can be made. Figures 6 and 7 present the overall NO_x emission rate without extended idling events in grams per hour and grams per mile, respectively. The effect of removing idle emissions on the average emission rate varied across manufacturers with some having higher average emission rates (ISX15, Maxxforce 13), some were lower (MX13), and some remained relatively unchanged (DD15, DD13, D13). The nature of the effect depended on whether the idle emission rate was higher, lower or approximately the same as when under load and driving.

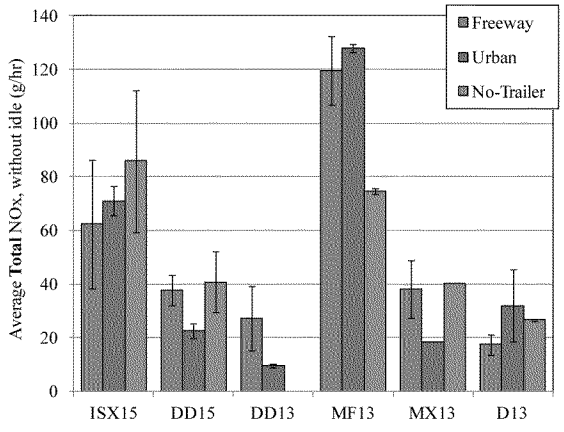

Figure 6. Average total NO_x emission rate for each engine over each type of drive condition, excluding idle periods, in grams per hour

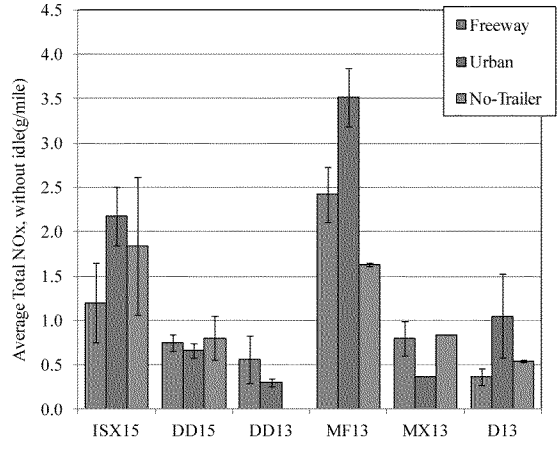

Figure 7. Average total NO_x emission rate for each engine over each type of drive condition, excluding idle periods, in grams per mile

Perhaps the most significant difference between the idle-inclusive and idle-exclusive data occurred with the PACCAR MX13. When idle data is included, the average emission rate was between 50 and 60 g/hr, independent of drive condition and loading, which was significantly above the other engines certified to the 0.20 g/bhp-hr emission standard. However, when idle data is excluded, this engine performed much more consistent with the other similar engines including exceptional NO_x control over the urban test route. The fact that NO_x emissions from extended idling can have such a disproportionately large influence highlights the need to further address this aspect of operation.

Idle Performance

Idling presents unique challenges for emission control systems. Exhaust temperatures quickly fall below levels needed to sustain SCR light-off, leaving EGR and modulation of fuel injection parameters as the main methods for minimizing NO_x emissions. However, the relatively cold intake manifold conditions during idle also presents challenges, mainly related to the formation of condensate from the exhaust gases being recirculated, further limiting control ability from EGR.

While EPA discourages extended idling, it is also recognized as common practice in the trucking industry and we therefore seek to reduce its emissions impact. Both EPA and CARB have encouraged idle-reduction techniques through programs such as EPA's SmartWay. To address periods of unavoidable idling, CARB has also instituted idle emission standards, known as the "clean idle" program. Certification to the standards of this program requires that manufacturers emit no more than 30 g/hr of NO_x while idling at both base idle and 1100 RPM under prescribed test conditions. For most commercial vehicles, California clean idle certification is an option available at the time of purchase. Clean idle certification was not a requirement for inclusion in this test program, however all vehicles except for those equipped with the PACCAR MX13 were certified to the clean idle standards. While PACCAR does offer this as an option, the owner of these particular vehicles (all from the same fleet) chose not to add it for unknown reasons.

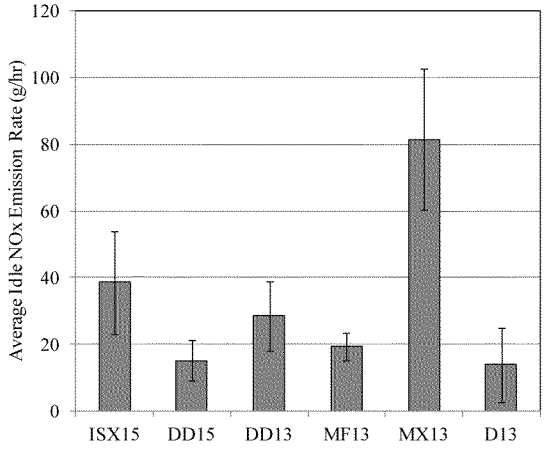

Figure 8. Average idle NO_x emission rates

Figure 8 presents the idle NO_x emissions rates for the tested vehicles. This data is not broken out into freeway, urban, and no-trailer conditions since that has no bearing on the idle periods from those testing days. For each testing day, the total NO_x emissions were normalized by the time spent

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idling. While this does not represent data that is directly comparable to CARB's standard (due to idle speed variation, ambient conditions, etc.), it does provide insight into how well each manufacturer is managing idle NO_x emissions.

As discussed earlier, the PACCAR MX13 had a higher rate of NO_x emissions at idle, averaging 80 g/hr. For a sense of impact, this is over twice the NO_x emission rate of this engine when driving fully loaded (80,000 lb gross vehicle weight). Detroit Diesel, Navistar, and Volvo were all below the 30 g/hr clean-idle standard, on average, and Cummins was relatively close. Again, this should not be taken as evidence of compliance (or noncompliance) with the CARB standard, but it does demonstrate the level of positive impact that this type of regulatory action can have.

Table 4. Percentage of total NO_x emissions attributable to extended idling for each engine studied.

Percentage of Total NOx Emissions Attributable to Idle			
	Average	Max	Min
Cummins ISX15	16%	26%	7%
Detroit DD15	27%	41%	7%
Detroit DD13	12%	25%	4%
Navistar MF13	6%	15%	2%
PACCAR MX13	40%	74%	9%
Volvo D13	16%	49%	1%

Table 4 presents the average and range of NO_x emissions that was attributable to extended idling. While Figure 8 shows that some manufacturers have reasonably low emission rates at idle, the NO_x contribution from idling remains non-trivial. This suggests that the best solutions for idle are still finding alternatives to idling, such as auxiliary power units or "shore power" at rest stops.

CONCLUSIONS

In 2012, EPA conducted an in-situ study of the emissions control performance on EPA2010-level engines. The six engine families studied represented common offerings for line-haul trucking applications from all major manufacturers in the segment.

The test plan was designed to evaluate several aspects of emission control effectiveness and involved various loading and driving conditions. The data from these tests were used to determine performance over NTE-type testing as well as overall emission control effectiveness.

The first finding was that all vehicles met the NTE pass ratio criterion as described in 40 CFR Part 86. While the NTE testing regulatory provisions allow for the exclusion of NTE events for a number of reasons, the broad ability of these engines to comply while still including NTE events that could otherwise be excluded suggests that these provisions may not be fully necessary.

Next, the average NO_x emission rate during NTE events revealed that most test candidates were emitting far below a level that would correspond to the NTE threshold. The SCR-equipped test candidates all had similar average emission rates, which demonstrate the effectiveness of SCR, particularly under conditions that promote moderate to high exhaust temperatures. The emission rates of the high-EGR engines showed the limitations of this technology but were still well below a level corresponding to their applicable NTE threshold.

In addition to NTE testing, overall NO_x emission rates were calculated for each testing day. While not an official compliance metric, this analysis showed that most emission control systems were maintaining emissions at levels proportional to the emission standard (or FEL) to which they were certified, particularly for freeway operation. Under conditions that challenged the thermal state of the SCR catalyst, such as no-trailer driving and the urban test route, emission rates were highly variable across manufacturers, demonstrating the influences of both emission control technology and SCR thermal management strategies. Given that all candidates were compliant with the current emission standards and requirements, better evaluation of thermal management strategies may be a worthwhile area for future regulatory development.

Finally, the effects of extended idling were seperated out from the overall NO_x emission rates. In some cases, extended idling was responsible for a disproportionate amount of the total NO_x emissions. Idle emissions from most test articles were well-controlled and consistent with California's Clean Idle requirement, with the exception of vehicles not certified to this standard.

In summary, this study has shown that engines in this segment are performing reasonably well under real-world conditions. Challenges remain, particularly related to low-exhaust temperature conditions and extended idling, however the majority of engines are performing as expected.

FUTURE WORK

While this study has answered basic questions regarding a specific subset of engines in the heavy-duty on-highway engine segment, several questions remain.

- EPA is currently conducting a similar study on mid-sized engines in the heavy-duty segment. These engines are typically used in various vocational vehicle applications from box trucks to urban buses and represent a significant portion of the emissions inventory from the heavy-duty on-highway segment.

- The testing program presented in this paper necessarily focused on low-mileage vehicles due the recent adoption of SCR technology for these applications. Given that heavy-duty vehicles commonly accumulate over one-million miles of service over their lifetimes, EPA expects to conduct additional testing as these vehicles age.

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• EPA is also contemplating expanding this test program to encompass the evaluation of CI engines installed in nonroad equipment. Manufacturers in this sector are currently in the final stages of complying with new "Tier 4" emission standards which are driving several technologies new to this sector, including SCR and non-DPF PM emission control. Evaluating how these technologies are performing in the nonroad environment is key to achieving the emissions reductions expected from the promulgation of these regulations.

• Finally, removing engines from in-service vehicles and equipment for engine dynamometer testing provides valuable comparisons with low-hour certification data. This data may be particularly useful when completed on high-mileage/hour engines, where the precision and accuracy of dynamometer testing can resolve even small changes in emissions from the low hour point.

CONTACT INFORMATION

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ACKNOWLEDGEMENTS

The authors would like to recognize the contributions of Mr. Larry Seitz of URS Federal Services for his work in securing test vehicles for this study. We would also like to acknowledge the contributions of Mr. Carl Fulper of US EPA for supporting the test equipment used in this study.

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To: Rodgers, William (EEO)[William.Rodgers@vw.com]
From: Snyder, Jim
Sent: Thur 9/24/2015 6:38:36 PM
Subject: RE: Audi e-tron tests

Yes, the lab uses the default 3% rotational inertia with the 4wd dyno

From: Rodgers, William (EEO) [mailto:William.Rodgers@vw.com]
Sent: Thursday, September 24, 2015 10:37 AM
To: Snyder, Jim
Subject: Audi e-tron tests

Hi Jim,

Considering the tests were run on a 4wd dyno, can you confirm if the standard 3% rotating mass was factored into the EPA dyno coefficients?

Regards,

Bill Rodgers

EEO

To: Snyder, Jim[Snyder.Jim@epa.gov]
From: Rodgers, William (EEO)
Sent: Thur 9/24/2015 6:39:12 PM
Subject: RE: Audi e-tron tests

Great thanks

Bill

From: Snyder, Jim [mailto:Snyder.Jim@epa.gov]
Sent: Thursday, September 24, 2015 2:39 PM
To: Rodgers, William (EEO)
Subject: RE: Audi e-tron tests

Yes, the lab uses the default 3% rotational inertia with the 4wd dyno

From: Rodgers, William (EEO) [mailto:William.Rodgers@vw.com]
Sent: Thursday, September 24, 2015 10:37 AM
To: Snyder, Jim
Subject: Audi e-tron tests

Hi Jim,

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Regards,

Bill Rodgers

EEO

To: Aaron Kessler[akesslernyt@gmail.com]
From: Grundler, Christopher
Sent: Thur 9/24/2015 6:46:55 PM
Subject: RE: A few mins to talk VW timeline today?

Have you talked to Stanley at CARB yet (spox)

From: Aaron Kessler [mailto:akesslernyt@gmail.com]
Sent: Thursday, September 24, 2015 2:34 PM
To: Grundler, Christopher
Subject: A few mins to talk VW timeline today?

Chris,

We're putting together what I'll describe as the big push on a definitive timeline of events - and I was hoping you might have time to talk for a bit later today? I know we spoke briefly on Friday, but there are a few specific details of the final days leading up to VW's admission to EPA of what it had done that I need to fill in. Figured you'd be the person to do that...if you're willing.

Thanks,

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c: 609-214-6542

akesslerNYT@gmail.com

@akesslerdc

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Steinberger, Daniel
Sent: Thur 9/24/2015 6:55:52 PM
Subject: ABC NEWS - follow up

Chris –

Thanks for your help on Monday evening. Sorry the interview didn't air Monday evening, but we used it on Good Morning America yesterday (and it has been getting other use from us as well). It was great to have you as part of our coverage.

I wanted to follow up with you on something you told David Kerley during the interview. You mentioned a 50 page power point presentation from VW. Is that something you would be willing to share with us? We'd really like to report a little more on this, and your help would be appreciated. If it helps to send it to us, but without us identifying where we got it from, we would be fine with that.

Any help on this would be really appreciated. I think there is huge interest in this story and a real outcry to know more by the public.

Thanks,

Daniel Steinberger

Producer, ABC NEWS
202-222-7335 office

202-567-8778 cell

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Aaron Kessler
Sent: Thur 9/24/2015 7:05:30 PM
Subject: Re: A few mins to talk VW timeline today?

We can do it via email as well if that'd be easier for you today, as opposed to setting up a call. For example, just want to nail down exactly when VW finally admitted what it had done. It sounds like it was a few days before the pivotal Sept 3 meeting.
And then the Sept 3 meeting itself (or was it a conf call?), who was participating from the VW side - was it folks from Germany? The US. Or both. If you can share who exactly from VW, as well as your end, was on that call...that would all be quite helpful in getting the texture of this.

On Thu, Sep 24, 2015 at 2:53 PM, Aaron Kessler <akesslernyt@gmail.com> wrote:

> Hey Chris -- I have indeed. Was very helpful. Though the last bits of detail I realize I don't have, need to go back to him as well...and he's stuck in a board meeting the rest of today. If you're able to help fill in some gaps, don't have to be quoted if you don't want to.
>
> On Thu, Sep 24, 2015 at 2:46 PM, Grundler, Christopher <grundler.christopher@epa.gov> wrote:
>
> > Have you talked to Stanley at CARB yet (spox)
> >
> > **From:** Aaron Kessler [mailto:akesslernyt@gmail.com]
> > **Sent:** Thursday, September 24, 2015 2:34 PM
> > **To:** Grundler, Christopher
> > **Subject:** A few mins to talk VW timeline today?
> >
> > Chris,
> >
> > We're putting together what I'll describe as the big push on a definitive timeline of events - and I was hoping you might have time to talk for a bit later today? I know we spoke briefly on Friday, but there are a few specific details of the final days leading up to VW's admission to EPA of what it had done that I need to fill in. Figured you'd be the person to do that...if you're willing.
> >
> > Thanks,
> >
> > Aaron Kessler
> > Business/Automotive Writer
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To: Belser, Evan[Belser.Evan@epa.gov]; Kelley, Rosemarie[Kelley.Rosemarie@epa.gov]
From: Chris Miller
Sent: Thur 9/24/2015 7:14:28 PM
Subject: FW: InsideEPA VW's Use Of NOx 'Defeat Devices' Highlights Dilemma On Diesel GHGs

Hi Evan/Rosemarie – Would you have a moment sometime beforeTuesday, September 29th to discuss this matter below? I represent emissions control manufacturers' whose devices (I think) were, in some cases, defeated by VW's design/practice.

Also, my partner Chris Hessler was just talking a few minutes ago to Mary Nichols at CARB and heard her tell some reporters that VW would only need to fix the software, at least in terms of the remedial response and certainly not relative to any financial/civil penalties. Maybe that's for California only.

Thanks, Chris

Christopher Miller
Executive Director
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2200 Wilson Blvd – Suite 310
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202-296-8086 x112 desk
202-257-8691 cell

Subject: InsideEPA VW's Use Of NOx 'Defeat Devices' Highlights Dilemma On Diesel GHGs

CLIMATE DAILY NEWS

News Analysis

VW's Use Of NOx 'Defeat Devices' Highlights Dilemma On Diesel GHGs

Posted: September 21, 2015

The high-profile enforcement action being taken by EPA and California against Volkswagen over the company's "defeat devices" to avoid nitrogen oxide (NOx)

controls in their diesel passenger vehicles highlights the difficulty regulators face as they seek to strengthen greenhouse gas limits for the vehicles as GHG control technologies can have an unintended consequence of increasing NOx emissions.

EPA is already facing calls from California regulators and environmentalists to develop a new NOx standard to ensure there is no increase in emissions stemming from pending GHG and fuel economy requirements for heavy-duty vehicles, most of which use diesel engines.

Such efforts are likely to gain a higher profile in the wake of the VW controversy.

And the enforcement action, which is expected to result in a recall of the vehicles to remedy the problem, could make it more difficult for the company to satisfy existing GHG and NOx requirements given that the diesel cars were expected to play a substantial compliance role.

One auto industry expert says that the Volkswagen scandal underscores future problems for diesel vehicles, which are generally viewed as enjoying a historic advantage over gasoline-powered cars due to their superior fuel efficiency and lower GHG emissions. “I think it kind of calls into question the entire industry of diesel vehicles,” the analyst says. VW's actions “could have an effect on everyone in the diesel industry, whether it's big trucks or luxury vehicles -- there will be a reluctance among people to buy them.”

But an environmentalist downplays the potential that the VW situation underscores a problem for regulators to resolve the GHG-NOx dilemma. “There isn't really a problem with meeting fuel economy standards, it's really a question of one company cutting corners,” the environmentalist says. “The question that should be asked is why did VW cut corners and Daimler and BMW apparently did not?”

EPA Sept. 18 issued a Clean Air Act notice of violation to Volkswagen AG, Audi AG, and Volkswagen Group of America, Inc., alleging that as many as 482,000 Volkswagen and Audi diesel cars from model years 2009-2015 include software that circumvents EPA emissions standards for NOx and other air pollutants.

The state and federal regulators said in a Sept. 18 press release that the defeat devices are “a sophisticated software algorithm” that “detects when the car is undergoing official emissions testing, and turns full emissions controls on only during the test.”

But when the cars are operating under normal driving conditions, the defeat device is switched on and greatly reduces the operation of the emission control devices, EPA says. This results in cars that meet emissions standards in the laboratory or testing station, but during normal operation, emit NOx at up to 40 times the standard.

The California Air Resources Board (CARB) separately issued an “In-Use

Compliance" letter to Volkswagen; both agencies have initiated investigations based on Volkswagen's alleged actions.

VW officials have apologized for their action, though the company still faces as much as $18 billion in fines from EPA, as well as additional sanctions from CARB, and officials in Europe and Asia.

And *The Detroit News* reported last week that EPA and CARB "have begun procuring in-use diesel vehicles produced by other manufacturers to screen the vehicles for possible defeat devices."

New NOx Standard

While VW has not said why it installed the defeat devices, industry experts say the the software ensured that NOx control devices operated only when the vehicles' emissions were being tested but not while the vehicles were operated, ensuring improved power and performance, higher fuel economy and lower GHG emissions.

However, this resulted in the vehicles emitting 10 to 40 times the allowed NOx emissions, according to EPA.

It was not immediately clear whether all the same challenges associated with simultaneous NOx and GHG emission reductions in heavy-duty diesel engines are applicable to the light-duty engines at issue in the Volkswagen enforcement actions.

But CARB officials do not appear to be taking any chances. To address the concern, they are developing their own NOx standard and have also long planned to petition EPA to develop lower NOx emission standards for new heavy-duty diesel truck engines for rulemaking in 2018.

The petition to EPA is part of a broader strategy by CARB to convince EPA to strengthen its proposed Phase 2 GHG rules for medium- and heavy-duty trucks, while simultaneously preventing an increase in NOx, an ozone precursor.

CARB charges that EPA's proposed Phase 2 rule does not adequately control NOx emissions, which they acknowledge will rise as a result of some of the GHG controls being required by the regulations. CARB officials have argued that technology exists to enable engine makers to reduce both GHGs and NOx at the same time to meet more stringent standards.

But engine makers have charged that additional NOx reductions cannot be achieved from heavy-duty diesel engines without an associated increase in GHGs.

However, at a recent EPA listening session on its proposed heavy-duty GHG rules, a representative of engine manufacturer Cummins said the company would be willing to accept a new heavy-duty vehicle NOx rule. He noted that California has

already begun crafting such a rule, and said Cummins would be "fully committed" to a new NOx regulation as long its was a uniform national limit.

Regardless of how the regulatory effort proceeds, VW appears to be facing as much as $18 billion in fines from EPA alone, has halted sales of new versions of the vehicles and is being pressured to quickly issue a voluntary recall to fix the problem.

The vehicles subject to the EPA and CARB enforcement actions are some of the company's best known, including the Jetta (2009-2015), Beetle (2009-2015), Audi A3 (2009-2015), Golf (2009 -2015), and Passat (2014-2015) models. Their sales had allowed the company to edge Toyota as the world's largest auto manufacturer.

The auto industry expert says that in the United States, it is more difficult and expensive to certify diesel cars as meeting emission standards than it is in Europe. As a result, that is the primary reason why BMW, Mercedes and Daimler only offer diesel cars in their luxury model types. Those vehicles are equipped with expensive particulate and NOx cleaning devices that use urea, which must be replaced every 15,000 miles or so, the source says. It would be too costly to try to install these systems in the companies' less expensive smaller models, the source says.

In contrast, Volkswagen is the only company that offers diesels in a variety of its mid-size models, the source says, evidently because it has not installed the expensive urea-based, emission-control devices on those cars.

How the vehicles showed compliance with emission standards during the EPA and CARB tests when the defeat devices were turned off is unclear, the source adds. The engine may have been in a lower-horsepower mode or less fuel could have been injected into the engine, the source speculates.

While the company's actions may now result in an increase in GHG emissions after the NOx controls run permanently as required, the environmentalist is nevertheless optimistic that VW can comply through other options.

“VW is about to announce at the Frankfurt auto show 20 new models of plug-in and pure battery electric vehicles, demonstrating they too have other pathways,” the source says. -- *Curt Barry*(cbarry@iwpnews.com)

To: Ex. 4 - CBI
Cc: Kaul, Meetu[Kaul.Meetu@epa.gov]
From: Jorquera, Mario
Sent: Thur 9/24/2015 7:18:47 PM
Subject: ERG

Ex. 4 - CBI

Meetu forwarded your voicemail to me. Ex. 7

Ex. 7

Thanks,

Mario

Mario Jorquera, P.E., Environmental Engineer
Mobile Source Enforcement Branch
Air Enforcement Division
U.S. Environmental Protection Agency
Phone: (202) 564-1079
email: jorquera.mario@epa.gov

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To: Dunham, Jim (J.W.)[jdunham@ford.com]
From: Snyder, Jim
Sent: Thur 9/24/2015 7:23:25 PM
Subject: RE: Emissions Concerns

It not just the fuel economy. A lot of VW's owners bought into the diesel because it was Clean. That's why the owners feel so betrayed.

From: Dunham, Jim (J.W.) [mailto:jdunham@ford.com]
Sent: Thursday, September 24, 2015 3:20 PM
To: Snyder, Jim
Subject: RE: Emissions Concerns

There is a lot of talk here like "who would want to turn their car in for new calibration to get worse FE?" Who still wants their car? Will VW have to buy back cars?

Jim W. Dunham

Ford Motor Company

Engineering Supv. Ford GT Program

jdunham@ford.com
313-805-3229 cell

FORD *PERFORMANCE*

From: Snyder, Jim [mailto:Snyder.Jim@epa.gov]
Sent: Thursday, September 24, 2015 3:19 PM
To: Dunham, Jim (J.W.)
Subject: RE: Emissions Concerns

Funny! Actually the only jokes I've seen up to now.

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Automotive News
Sent: Thur 9/24/2015 7:39:55 PM
Subject: P.M. NEWSCAST: Overhauling VW's exec suite: Reports say Mueller next CEO, Horn out as U.S. chief | Musk: CO2 is the issue | Defending GM deal | Popes, bats and Robins

September 24, 2015

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To: Wehrly, Linc[wehrly.linc@epa.gov]
From: Automotive News
Sent: Thur 9/24/2015 7:40:12 PM
Subject: P.M. NEWSCAST: Overhauling VW's exec suite: Reports say Mueller next CEO, Horn out as U.S. chief | Musk: CO2 is the issue | Defending GM deal | Popes, bats and Robins

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To: Kodish, Jeff[Kodish.Jeff@epa.gov]; Belser, Evan[Belser.Evan@epa.gov]; Brooks, Phillip[Brooks.Phillip@epa.gov]; Kaul, Meetu[Kaul.Meetu@epa.gov]
From: Rochlin, David
Sent: Thur 9/24/2015 8:17:20 PM
Subject: VW Situation

Ex. 5

http://www.cnn.com/2015/09/23/opinions/spicer-vokswagen/?iid=ob_article_footer_expansion&iref=obnetwork

David Rochlin, Senior Air Enforcement Attorney

Legal Enforcement Program, Mail Code ENF-L

U.S. Environmental Protection Agency

1595 Wynkoop Street

Denver, CO 80220-1129

303-312-6892

To: Kaul, Meetu[Kaul.Meetu@epa.gov]
From: Ex. 6
Sent: Thur 9/24/2015 8:25:40 PM
Subject: VW violation of CAA

Ms. Kaul,
I'm a car guy. I love the feeling of speed, handling, an torque. I drive a race car on the track at 8 MPG (but only a few hundred miles per year). And I've driven a TDI VW which drove wonderfully. But I also have driven a Prius as my daily driver for just shy of 12 years and am very concerned about the environment and also our laws (I don't speed on public roads because I don't have to). So *don't back off and hold VW to the full extent of the law*. They have flaunted our regulations and our future and need their feet held to the fire.

Thank you for your job. Sorry to further inundate your inbox so I kept this short.

Ex. 6

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Automotive News
Sent: Thur 9/24/2015 8:37:01 PM
Subject: DAILY: Mueller expected to steer VW through crisis | VW dealers oppose U.S. exec's ouster | Analysts predict VW sales decline in Sept. | F-series Super Duty gets aluminum body | Silverado's face-lift

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Porsche's Mueller called in to steer VW through crisis

Porsche boss Matthias Mueller once joked that he was too old to run Volkswagen but the 62-year-old now looks certain to be given the task of steering the German car maker through the worst business crisis in its history.

U.S. dealers oppose possible ouster of VW executive

Volkswagen's national dealer council and other dealers are publicly opposing the VW supervisory board's reported plans to dismiss Volkswagen of America CEO Michael Horn.

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The first upgrades on the 2016 Ford F-Series Super Duty pickup will be up 35% in power and torque and include improved connectivity, a new, optional towing camera and updated capabilities, Ford said today. The 2017 Super Duty is scheduled to go on sale late next year.

Scion names Gilleland vice president; Murtha takes new post at Toyota

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VW will pick Porsche chief Mueller as next CEO, reports say

At least 29 U.S. state attorneys general to probe, subpoena Volkswagen

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German minister says

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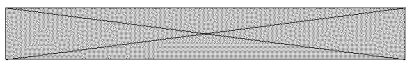

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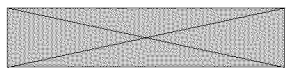

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From: Automotive News
Sent: Thur 9/24/2015 8:37:21 PM
Subject: DAILY: Mueller expected to steer VW through crisis | VW dealers oppose U.S. exec's ouster | Analysts predict VW sales decline in Sept. | F-series Super Duty gets aluminum body | Silverado's face-lift

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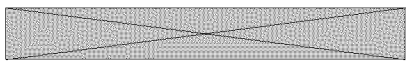

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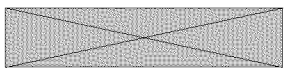

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To: Giles, Michael (EEO)[michael.giles@vw.com]
From: Snyder, Jim
Sent: Thur 9/24/2015 8:45:04 PM
Subject: vehicle question

There's a stray comment in here that says "Diesel with manual transmission". This is an automated Manual (DCT) right?

Jim Snyder
Light-Duty Vehicle Group
Compliance Division
United States Environmental Protection Agency
(734) 214-4946
snyder.jim@epa.gov

To: Conger, Nick[Conger.Nick@epa.gov]; Hengst, Benjamin[Hengst.Benjamin@epa.gov]
Cc: Millett, John[Millett.John@epa.gov]; Valentine, Julia[Valentine.Julia@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]
From: Birgfeld, Erin
Sent: Thur 9/24/2015 8:48:32 PM
Subject: RE: Time to talk VW timeline today?

HI Nick,

Chris is in meetings until 5. I will see if he can take a call after if he agree. Ex. 5

Ex. 5

From: Conger, Nick
Sent: Thursday, September 24, 2015 4:35 PM
To: Hengst, Benjamin; Birgfeld, Erin
Cc: Millett, John; Valentine, Julia; Grundler, Christopher
Subject: RE: Time to talk VW timeline today?

Ex. 5

From: Conger, Nick
Sent: Thursday, September 24, 2015 3:12 PM
To: Hengst, Benjamin; Birgfeld, Erin
Cc: Millett, John; Valentine, Julia; Grundler, Christopher
Subject: RE: Time to talk VW timeline today?

Ex. 5

Nick Conger

Deputy Press Secretary

Office of the Administrator

U.S. Environmental Protection Agency

Office: (202) 564-6287

Cell: (202) 412-2655

From: Hengst, Benjamin
Sent: Thursday, September 24, 2015 3:06 PM
To: Birgfeld, Erin; Conger, Nick
Cc: Millett, John; Valentine, Julia; Grundler, Christopher
Subject: RE: Time to talk VW timeline today?

Adding in Chris on this one. I'm a little concerned that this goes into OECA territory.

From: Birgfeld, Erin
Sent: Thursday, September 24, 2015 3:04 PM
To: Conger, Nick
Cc: Millett, John; Hengst, Benjamin; Valentine, Julia
Subject: Re: Time to talk VW timeline today?

Ex. 5

Sent from my iPhone

On Sep 24, 2015, at 2:55 PM, Conger, Nick <Conger.Nick@epa.gov> wrote:

Ex. 5

Sent from my Windows Phone

From: Reynolds, Thomas
Sent: 9/24/2015 2:25 PM
To: Purchia, Liz; Conger, Nick
Subject: Fwd: Time to talk VW timeline today?

Can you guys handle?

Sent from my iPhone

Begin forwarded message:

From: Aaron Kessler <Ex. 6
Date: September 24, 2015 at 2:20:17 PM EDT
To: "Reynolds, Thomas" <Reynolds.Thomas@epa.gov>
Subject: Time to talk VW timeline today?

Tom,

I've been tasked with putting together as definitive a timeline as I can of the days leading up to VW's admission to EPA/CARB. Do you have some time to chat about it?

Aaron Kessler
Business/Automotive Writer
The New York Times
1627 Eye Street NW, Washington, DC 20006

w: 202-688-5320

c: Ex. 6

Ex. 6

Ex. 6

To: Snyder, Jim[Snyder.Jim@epa.gov]
From: Giles, Michael (EEO)
Sent: Thur 9/24/2015 8:54:18 PM
Subject: RE: vehicle question

Jim,

The comment I am looking at I interpret as AMS. Is this what you saw?

"MY 2016 VOLKSWAGEN Passat tested as Passat sedan with **Automated Manual Selectable** 6 speed - ETW: 3875

From: Giles, Michael (EEO)
Sent: Thursday, September 24, 2015 4:53 PM
To: 'Snyder, Jim' <Snyder.Jim@epa.gov>
Subject: RE: vehicle question

AMS is correct! Do you want me to correct it?

From: Snyder, Jim [mailto:Snyder.Jim@epa.gov]
Sent: Thursday, September 24, 2015 4:45 PM
To: Giles, Michael (EEO) <michael.giles@vw.com>
Subject: vehicle question

There's a stray comment in here that says "Diesel with manual transmission". This is an automated Manual (DCT) right?

Jim Snyder
Light-Duty Vehicle Group
Compliance Division
United States Environmental Protection Agency

(734) 214-4946
snyder.jim@epa.gov

To: Purchia, Liz[Purchia.Liz@epa.gov]
From: Grundler, Christopher
Sent: Thur 9/24/2015 9:05:24 PM
Subject: FW: ABC NEWS - follow up

Ex. 5

From: Steinberger, Daniel [mailto:Daniel.Steinberger@abc.com]
Sent: Thursday, September 24, 2015 2:56 PM
To: Grundler, Christopher
Subject: ABC NEWS - follow up

Chris –

Thanks for your help on Monday evening. Sorry the interview didn't air Monday evening, but we used it on Good Morning America yesterday (and it has been getting other use from us as well). It was great to have you as part of our coverage.

I wanted to follow up with you on something you told David Kerley during the interview. You mentioned a 50 page power point presentation from VW. Is that something you would be willing to share with us? We'd really like to report a little more on this, and your help would be appreciated. If it helps to send it to us, but without us identifying where we got it from, we would be fine with that.

Any help on this would be really appreciated. I think there is huge interest in this story and a real outcry to know more by the public.

Thanks,

Daniel Steinberger

Producer, ABC NEWS
202-222-7335 office

202-567-8778 cell

To: Belser, Evan[Belser.Evan@epa.gov]
Cc: Brooks, Phillip[Brooks.Phillip@epa.gov]; 'nancy.seidman@state.ma.us' (nancy.seidman@state.ma.us)[nancy.seidman@state.ma.us]; Hanna, Peg[Peg.Hanna@dep.nj.gov]; Cook, Leila[cook.leila@epa.gov]
From: Salmi, Chris
Sent: Thur 9/24/2015 9:12:01 PM
Subject: Non-Responsive

Evan –

Non-Responsive

Thanks to you and your colleagues for the VW efforts. I'm sure it is keeping folks very busy.

Thanks again.

Chris

Non-Responsive

To: Giles, Michael (EEO)[michael.giles@vw.com]
From: Snyder, Jim
Sent: Thur 9/24/2015 9:13:22 PM
Subject: RE: vehicle question

No that's fine. I think the comment I saw was an artifact from the last confirmatory car. Don't worry about it.

From: Giles, Michael (EEO) [mailto:michael.giles@vw.com]
Sent: Thursday, September 24, 2015 4:54 PM
To: Snyder, Jim
Subject: RE: vehicle question

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(734) 214-4946
snyder.jim@epa.gov

To: StClair, Christie[StClair.Christie@epa.gov]; Kaul, Meetu[Kaul.Meetu@epa.gov]
From: Sergey Znaemsky
Sent: Thur 9/24/2015 9:20:29 PM
Subject: Autoreview Newspaper Request: VW defeat device

Dear Cristine,
Dear Kaul,

Hello!

This is Sergey Znaemsky from Autoreview Russian Newspaper writing you. We are very thrilled by the investigation on VW defeat devices. Our newspaper https://en.wikipedia.org/wiki/Autoreview is known for series of independent crush-tests and fuel consumption tests. We run our own AR-CAP passive safety rating http://autoreview.ru/arcap/ for almost 15 years and we also evaluate cars in Russia on fuel economy with our own ARDC (Autoreview Driving Cycle) which is more relevant to real driving conditions then european NEDC and US FTP. I also need to say that our chief editor Michael Podorozhansky is the long time member of european Car of the Year Committee and our deputy-in-chief editor Leonid Golovanov is the juror of The International Engine of the Year.
So we are very interested in your conclusions regarding VW and going to evaluate diesel cars here in Russia. For this reason could you please provide us some additional info on your investigation.

The questions are below:

— How do you measure 10-40% increase in emissions when defeat device is not active? We understand that there is always a huge difference between real life consumption/emission data and test results, but this is well explained by test procedure itself (lower speed and acceleration rates). In our understanding to detect the defeat device affect you need to run vehicle in through a very similar to FTP driving cycle which has the same speeds and acceleration but somehow in different consequence to bypass the defeat device activation and reveal the difference between results with and without illegal software. Did you do so? Is 10-40% difference corresponds to this cycles or to FTP and «real-life» road driving?

— Does defeat software activate by any plugged-in testing devices or by the driving cycle itself — just when vehicle starts to warm-up and drive in accordance with FTP?

— Who is «driving» the car during your tests is it robotic driver, computer program or human driver?

— How defeat device affect the performance of the car? Can driver feel any difference in throttle response or power output?

— Did you test VW cars for defeat device activation at other testing cycles (NEDC for example)?

— Did you test other VW engines? Are you sure they don't have the same software?

— Why defeat device applied to the 2.0 TDI? Do you have any explanation why this software is used especially on this engine?

— Did you test diesels from other OEMs? There was media buzz that BMW diesels passed test and real life driving evaluation without any suspicious difference in results — is it true?

Guess that would be enough questions for the beginning)

We are waiting for your response.
Thank you in advance!

Best regards,

Sergey Znaemsky

Editor
Autoreview newspaper
Moscow, Russia
office +7 495 958 0440
mobile +7 926 134 0329
znaemsky@autoreview.ru

www.autoreview.ru

To: Ex. 7 @vw.com]
Cc: @vw.com]
From: Snyder, Jim
Sent: Thur 9/24/2015 9:23:32 PM
Subject: RE: vehicle question

Ex. 7 to reiterate, my management thinks this car was already shipped and on its way here for confirmatory testing next week. We will tell the lab give it priority. So make sure someone is working on that.

I'm planning to take my Friday off but you can reach me on cell if urgent 248-943-4178. Dave Wright will be in Friday. Linc and Joel Ball will also be in but busy .

Jim Snyder
Light-Duty Vehicle Group
Compliance Division
United States Environmental Protection Agency
(734) 214-4946
snyder.jim@epa.gov

To: Conger, Nick[Conger.Nick@epa.gov]
Cc: Giles-AA, Cynthia[Giles-AA.Cynthia@epa.gov]; Belser, Evan[Belser.Evan@epa.gov]
From: Brooks, Phillip
Sent: Thur 9/24/2015 9:28:08 PM
Subject: Fwd: Interview Application and Questions From Southern Weekly, a Chinese Newspaper

Sent from my iPhone

Begin forwarded message:

From: 岳家琛nfzm <nfzmyjc@163.com>
Date: September 25, 2015 at 12:50:50 AM GMT+8
To: <kaul.meetu@epa.gov>, <Brooks.phillip@Epa.gov>
Subject: Interview Application and Questions From Southern Weekly, a Chinese Newspaper

Dear EPA,

My name is Jiachen Yue and I am a reporter from Southern Weekly, China's most popular investigative newspaper. We are the only newspaper who interviewed U.S President Obama during his visit to China in 2009.

I noticed that Volkswagen were questioned by the U.S. Environmental Protection Agency on the matter of Exhaust Emissions Device fraud. As a newspaper continuing focus on environment issues, we would like to know more detailed information. Here is my question :

1. When and How did EPA find Volkswagen emissions fraud problem?

2. How does EPA expect Volkswagen solve this problem?

3. As far as we know, exhaust emissions devices of those involved vehicles were supplied by German Bosch Worldwide. Do you think Bosch should therefore take responsibilities?
4.What kind of influence did the Volkswagen produce to the US environment? Why didn't we find it during the past six years ?

Looking forward to your reply。My deadline is this Friday so please let me know as soon as possible.
Many thanks!

Best,

Jiachen

September 24, 2015

Tel: 86-20-83000817

Email: nfzmyjc@163.com

To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: EnergyGuardian
Sent: Thur 9/24/2015 9:38:18 PM
Subject: Obama's climate critics seize on poverty passage in Pope's speech

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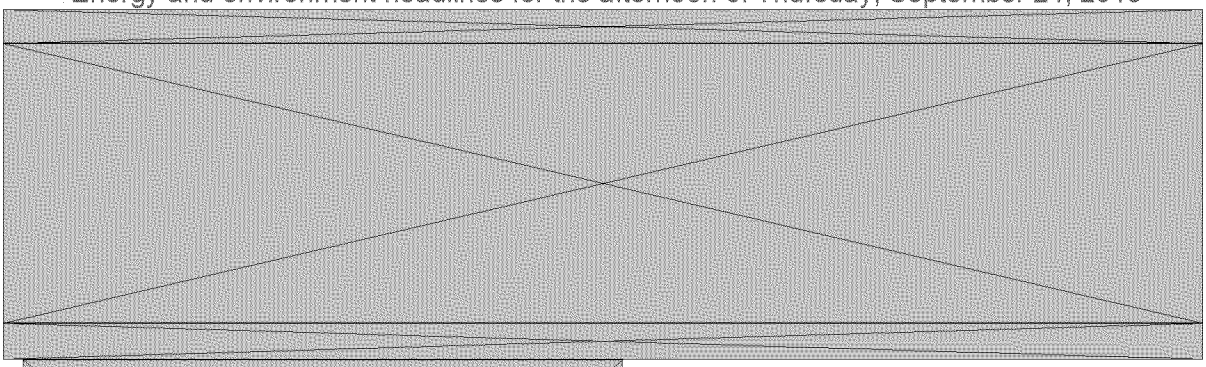
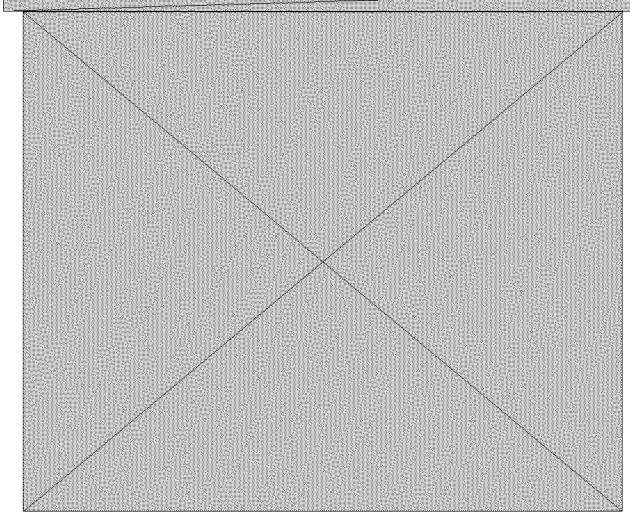
Energy and environment headlines for the afternoon of Thursday, September 24, 2015





Obama's climate critics seize on poverty passage in Pope's speech

By Kevin Rogers

Pope Francis on Thursday urged Congress to take a "courageous and responsible" stand on climate change, but critics of President Barack Obama's climate agenda found support in his call for addressing global warming as part of "an integrated approach" that included combating poverty.

"We need a conversation which includes everyone, since the environmental challenge we are

undergoing, and its human roots, concern and affect us all," Francis told a joint meeting of Congress. "I am convinced that we can make a difference and I have no doubt that the United States — and this Congress — have an important role to play."

Quoting from his May encyclical on climate change, Francis urged "courageous actions and strategies, aimed at implementing a culture of care and 'an integrated approach to combating poverty, restoring dignity to the excluded, and at the same time protecting nature.'"

Opponents of Obama's policies picked up on those themes after the speech, saying that the president's regulatory approach to climate change will harm poor people, and noting that it also bypassed Congress.

"As the pope stated in his address, Congress has an important role to play in how the United States cares for our environment," Environment and Public Works Committee Chairman Sen. James Inhofe, R-Okla., said in a statement. "Unfortunately, President Obama has taken a different approach during his time in office."

Inhofe disputes human activity's role in climate change, and did not comment on Francis' statements that humanity is playing a role.

President Obama "has worked for the past seven years to cut Congress out of environmental policy by way of regulatory overreach with his so-called Clean Power Plan," Inhofe said.

Early in Obama's presidency, Congress took a swing at an energy bill. In 2009, the House — then in Democratic hands — advanced a bill that would set up a cap-and-trade system. It died in the Senate, which was also under Democratic control.

Obama, in an interview with Rolling Stone published this week, said he "should have moved faster to a nonlegislative strategy" on climate change after the bill failed. The administration launched its Climate Action Plan in the summer of 2013, culminating in this year's finalized power plant rules, which seek, by 2030, to cut power plant carbon emissions 32 percent from 2005 levels.

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"I hope that some of my colleagues, having heard the case made today and yesterday with moral clarity and without political distortion, will reconsider their positions on the issue and commit to working toward a common solution," he continued.

But Senate Majority Mitch McConnell, R-Ky., who opposes Obama's climate plan, said

Francis' remarks shouldn't be over-analyzed.

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"The pope's message this week invites attention to the plight of the world's poor and the moral obligation of affluent nations to raise the living standards of those less fortunate," NMA said. "As policymakers grapple with solutions to long-term environmental challenges, they must not neglect the immediate consequences their actions may have on the living standards of many today. The challenge therefore is not to eliminate fossil fuels but to use them wisely for the millions who need them both here and abroad."

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"Faith voices around the world are speaking with one voice, and reminding the world that we have a moral responsibility to act on climate, protect vulnerable communities on the front lines of crisis, and safeguard our planet for future generations. Just months before historic climate talks in Paris, we hope leaders are listening," 350.org Executive Director May Boeve said in a statement.

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North Dakota regulators extend, toughen gas flaring mandate

By The Associated Press

BISMARCK, N.D. (AP) — Energy companies are getting more time to cut down on the wasteful flaring of natural gas in North Dakota's oil fields.

In return for extending by 10 months a Jan. 1 target, state regulators have implemented a stiffer long-term benchmark.

Natural gas is a byproduct of oil production. About 20 percent is currently burned off in North Dakota because the infrastructure isn't there to move it to market. That's enough to meet the daily needs of just under 2,000 average U.S. homes.

The industry now has until Nov. 1, 2016, to meet a 15 percent benchmark, or risk production limits. In return, the 2020 benchmark will be toughened from 10 percent to between 9 and 7 percent.

More

Obama's personal ties with Xi yield mixed policy results

By Julie Pace

WASHINGTON (AP) — President Barack Obama has invested more time building personal ties with Chinese President Xi Jinping than with most other world leaders. But as Xi arrives in Washington late Thursday for a state visit, it's clear that Obama's overtures have produced decidedly mixed results.

During intimate walks and hours of private discussions around the world, Obama and Xi forged a historic breakthrough to combat climate change and collaborated on efforts to curb Iran's nuclear program. But there's been little progress on a pair of vexing security issues that will be at the forefront of their latest round of discussions: China's cyberspying in the U.S. and its disputed territorial claims in the Asian Pacific.

"The assumptions that many people had, that cooperation on transnational threats like climate change would ameliorate problems in geopolitical arenas were wrong," said Michael Green, White House Asian Affairs director under President George W. Bush and current senior vice president at the Center for Strategic and International Studies.

Before plunging into the pageantry of the state visit, Obama and Xi were to meet for dinner Thursday night at Blair House, the guest residence steps from the White House. They'll be joined by Vice President Joe Biden, who has also played a central role in building the administration's relationship with the Chinese leader.

More

Sell, sue or stay put: considerations for Volkswagen owners

By Tom Krisher and Dee-Ann Durbin

DETROIT (AP) — If you're driving a diesel-powered four-cylinder Volkswagen, you're stuck with a fun-to-drive machine that's belching unhealthy pollutants from its tailpipe.

Until the company figures out how to fix its bogus emissions controls, there isn't much you can do about your dirty diesel.

Following disclosures that Volkswagen developed software for its 2-liter diesel engine that

could better control pollutants during testing than in real-world driving, there there's a lot up in the air for owners of Jettas, Golfs, Passats and Beetles and Audi's A3.

Here are some things to consider if you're thinking of suing, selling or are unsure of what to do next.

More

Germany: VW cars with suspect software in Europe too

By Geir Moulson

BERLIN (AP) — The software at the center of Volkswagen's emissions scandal in the U.S. was built into the automaker's cars in Europe as well, Germany said Thursday, though it isn't yet clear if it helped cheat tests as it did in the U.S.

A day after longtime CEO Martin Winterkorn resigned over the scandal, a member of Volkswagen's supervisory board said he expects more executives to step down. The company's supervisory board meets Friday and could announce new resignations then as well as a new CEO.

The U.S. Environmental Protection Agency disclosed Friday that stealth software makes VW's 2009-2015 model cars powered by 2.0-liter diesel engines run cleaner during emissions tests than in actual driving.

The EPA accused VW of installing the so-called "defeat device" in 482,000 cars sold in the United States. VW later acknowledged that similar software exists in 11 million diesel cars worldwide and set aside 6.5 billion euros ($7.2 billion) to cover the costs of the scandal.

More

Caterpillar says it could cut 10,000 jobs to reduce costs

By Tom Murphy, AP Business Writer

Caterpillar is planning another round of job cuts that could exceed 10,000 people through 2018, as the construction and mining equipment maker adjusts to downturns in key markets.

That could amount to more than 8 percent of the 126,800 employees it had globally as of June.

The Peoria, Illinois, company said Thursday that it will cut as many as 5,000 people mostly

by the end of this year from its salaried and management workforce. It then could cut thousands more, raising the total above 10,000, as it figures out which factories and manufacturing sites to close through 2018.

Caterpillar also said Thursday that it was dropping its 2015 revenue outlook by $1 billion, and its profit forecast will take a hit as well.

More

A message from America's Natural Gas Alliance

Clean is Powerful. Natural gas helps Georgia Power's plant generate electricity with 50% fewer emissions. Think about it.

Learn more at www.thinkaboutit.org.

Ex-Im fallout: GE to create 1,000 jobs in the U.K.

By The Associated Press

NEW YORK (AP) — General Electric Co. said Thursday that it may create 1,000 jobs in the United Kingdom after Congress did not renew a government program that allows foreign companies to borrow money to buy U.S. products.

Foreign companies use the U.S. Export-Import Bank to buy expensive U.S. products when bank loans are not available. It stopped new business activities on July 1, so GE says it is looking to foreign versions of the agency for funding for its customers. That typically requires creating jobs in the countries of those agencies.

The industrial company said it signed an agreement with an export credit agency in the U.K., which agreed to provide funding for potential orders from other countries. If GE wins the orders, it will create up to 1,000 new jobs in the U.K.

"In today's competitive environment, countries that have a functional export credit agency will attract investment," said GE CEO Jeff Immelt in a statement.

More

Indian environment minister: Less poverty is climate justice

By Katy Daigle

NEW DELHI (AP) — India will confirm plans next week for a fivefold increase in renewable energy production by 2020, the environment minister said Thursday. But it will continue to champion poor countries in demanding that industrialized nations assume the brunt of responsibility for decades of climate-warming emissions.

Describing poverty as a key source of global pollution, Prakash Javadekar told The Associated Press that nations hoping to reach a global climate pact in Paris in December had to commit to a world where all 7 billion-plus inhabitants have equal rights and access to electricity, opportunity and justice.

"Poverty is, in a way, a real polluting factor," Javadekar said, adding that India's top priority is elevating hundreds of millions of Indians still living with less than $2 a day. At the same time, expanding the economy and building infrastructure will cause carbon emissions to grow, as the country currently relies on burning coal and other fossil fuels for most of the 254 GW of electricity it generates today.

"But today, I see the carbon space occupied by the developed world," he said. "We are asking the developed world to vacate the carbon space to accommodate us. That carbon space demand is climate justice. It's our right as a nation. It's our right as people of India, and we want that carbon space."

More

EU: Russia-Ukraine talks on gas supplies to resume

By The Associated Press

BRUSSELS (AP) — Russia and Ukraine will resume talks Friday aimed at trying to clinch a deal guaranteeing that Ukraine will receive shipments of Russian natural gas this winter.

The European Union, which is hosting the negotiations, announced Thursday that Russia's minister for energy and Ukraine's minister for energy and coal industries will meet in Brussels.

The EU said the "firm objective" of the talks is reaching agreement on the winter gas supplies.

Russian energy minister Alexander Novak said Thursday that Ukraine has asked for a discount and that Russia will offer one, but it will be smaller than in the third quarter. "Final calculations are being prepared now, but it will be $20 on average" per 1,000 cubic meters, Novak was quoted as saying by the state news agency Tass.

More

Study: Global warming, evolution are clipping bees' tongues

WASHINGTON (AP) — Global warming and evolution are reshaping the bodies of some American bumblebees, a new study finds.

The tongues of two Rocky Mountains species of bumblebees are about one-quarter shorter than they were 40 years ago, evolving that way because climate change altered the buffet of wildflowers they normally feed from, according to a study published Thursday in the journal Science.

In one of these species, the tongue had been half the size of the bee's body — the equivalent of a human tongue going down to the waist. But because the flowers where the long tongue is required have dwindled, the bees didn't need that much tongue. Keeping long tongues requires bees use more energy, so the bees evolved a shorter tongue that allows them to sample a wider variety of flowers, said study lead author Nicole Miller-Struttmann at the State University of New York, Old Westbury.

While biologists have tracked how global warming has altered the developmental, migration, timing and other behavior in plants and animals, what makes this study unusual is the physical changes in the bees, said study co-author Candace Galen at the University of Missouri.

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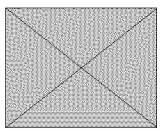

Week in Review – House Panel Moves To Lift Export Ban

Congress Gears up for Papal Visit.

Click here to read the brief

Obama memo coming on environmental mitigation

In a move that would have a wide-ranging effect—from energy production on federal land to government building construction—the White House is preparing a presidential memorandum to streamline how agencies offset the impact of projects on wildlife, water and land, E&E reports.

More

'Point needed to be made,' Gosar said of his papal boycott

Carrying out his threat to boycott Pope Francis' address to Congress Thursday, Rep. Paul Gosar, R-Ariz., told The Hill that "climate change is subjective," and he has "problems" with the pope putting out an encyclical on the subject.

More

Boxer has little reason to compromise over chem reform

The tug-of-war over the Udall-Vitter bipartisan chemical reform legislation passed by the Senate Environment and Public Works Committee stemmed in part from an effort by Sen. Barbara Boxer, D-Calif., to make sure her state's strict standards aren't pre-empted by a weaker federal law, E&E reports.

More

Transcanada slashes management posts

A fifth of the senior management jobs at Transcanada Corp.—would-be builder of the Keystone XL pipeline—are being eliminated in an effort to keep the company going through the extended period of falling crude prices, The Globe and Mail reports.

More

Walter Energy asks bankruptcy judge for more time

Now that Walter Energy's hoped-for restructuring deal swapping debt for equity has fallen apart, the coal company has asked a bankruptcy judge in Alabama for terms that would allow it access to cash for another 30 days, to give it more time to negotiate a new plan with lenders, The Wall Street Journal reports.

More

Delays for Exxon Mobil in restoring Torrance refinery

Objections from California regulators to a short-term fix at Exxon Mobil's Torrance refinery means the company is looking to use more modern equipment to restore its operations following an explosion and fire in February, which will delay its return to full capacity into next year, FuelFix reports.

More

Oil jumps on stock drawdown

Genscape data showing a drawdown in stockpiles at Cushing helped boost oil prices Thursday, although they were held in check by the decline in the stock market. U.S.

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benchmark crude gained 43 cents to settle at $44.91 a barrel on the Nymex, while in London, Brent was 42 cents higher, at $48.17, Reuters reports.

More

New European scrutiny could impact commodity markets, traders warn

The days of limited oversight for commodity markets in Europe appear to be over, as the European Union is set to implement new rules that traders warn could affect prices for crude oil, The Wall Street Journal reports.

More

EIA projects falling oil and gas investment

The Energy Information Administration says investment in the oil and gas industry—which drives future production—averaged $122 billion a year between 2005 and 2014, but will drop significantly below that level given sustained low prices, FuelFix reports.

More

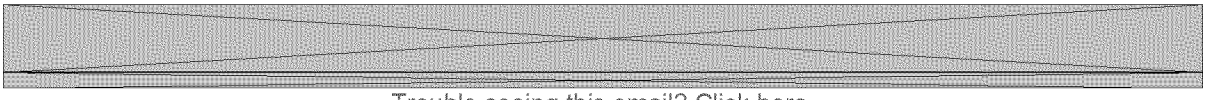
Critics question climate advice from big corporations

Ahead of the Paris conference on climate change in December, Royal Dutch Shell, BHP Billiton, General Electric and other major companies are offering advice to governments on tackling climate change, but some environmentalists are skeptical, The Financial Times reports.

More

Upcoming Events

- Sep. 24, Washington: Sen. Cory Gardner, R-Colo., to speak at a Heritage Foundation event on the forthcoming meeting between President Barack Obama and Chinese President Xi Jinping on issues including cybersecurity and environmental policy. 3:00 pm , 214 Massachusetts Ave NE.
- Sep. 24, Washington: Pope Francis to address a joint meeting of Congress 10:00 am , U.S. Capitol Building.



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To: Wehrly, Linc[wehrly.linc@epa.gov]
From: EnergyGuardian
Sent: Thur 9/24/2015 9:38:28 PM
Subject: Obama's climate critics seize on poverty passage in Pope's speech

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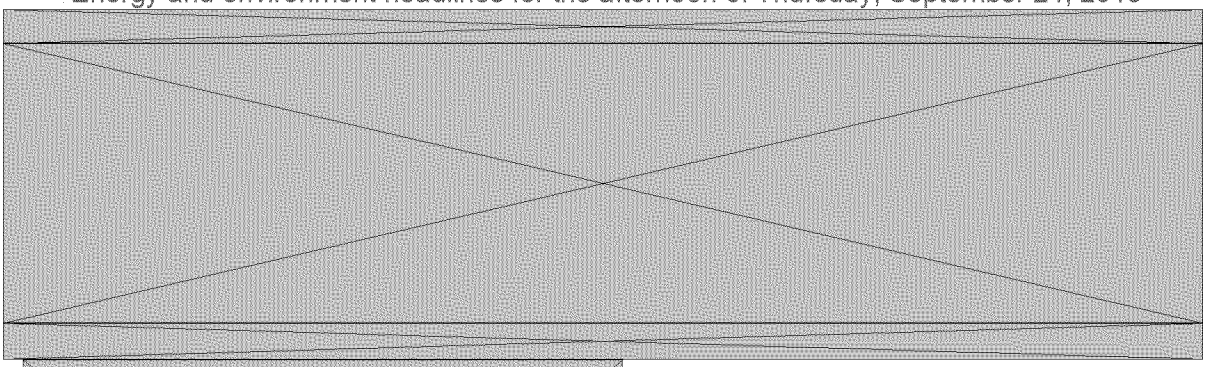

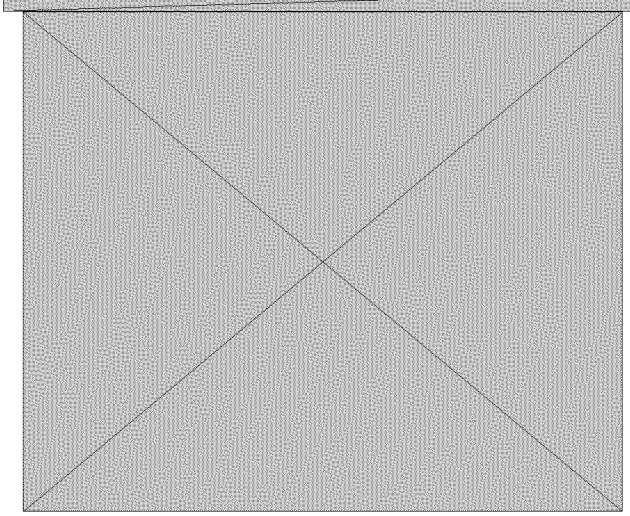

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By The Associated Press

BISMARCK, N.D. (AP) — Energy companies are getting more time to cut down on the wasteful flaring of natural gas in North Dakota's oil fields.

In return for extending by 10 months a Jan. 1 target, state regulators have implemented a stiffer long-term benchmark.

Natural gas is a byproduct of oil production. About 20 percent is currently burned off in North Dakota because the infrastructure isn't there to move it to market. That's enough to meet the daily needs of just under 2,000 average U.S. homes.

The industry now has until Nov. 1, 2016, to meet a 15 percent benchmark, or risk production limits. In return, the 2020 benchmark will be toughened from 10 percent to between 9 and 7 percent.

More

Obama's personal ties with Xi yield mixed policy results

By Julie Pace

WASHINGTON (AP) — President Barack Obama has invested more time building personal ties with Chinese President Xi Jinping than with most other world leaders. But as Xi arrives in Washington late Thursday for a state visit, it's clear that Obama's overtures have produced decidedly mixed results.

During intimate walks and hours of private discussions around the world, Obama and Xi forged a historic breakthrough to combat climate change and collaborated on efforts to curb Iran's nuclear program. But there's been little progress on a pair of vexing security issues that will be at the forefront of their latest round of discussions: China's cyberspying in the U.S. and its disputed territorial claims in the Asian Pacific.

"The assumptions that many people had, that cooperation on transnational threats like climate change would ameliorate problems in geopolitical arenas were wrong," said Michael Green, White House Asian Affairs director under President George W. Bush and current senior vice president at the Center for Strategic and International Studies.

Before plunging into the pageantry of the state visit, Obama and Xi were to meet for dinner Thursday night at Blair House, the guest residence steps from the White House. They'll be joined by Vice President Joe Biden, who has also played a central role in building the administration's relationship with the Chinese leader.

More

Sell, sue or stay put: considerations for Volkswagen owners

By Tom Krisher and Dee-Ann Durbin

DETROIT (AP) — If you're driving a diesel-powered four-cylinder Volkswagen, you're stuck with a fun-to-drive machine that's belching unhealthy pollutants from its tailpipe.

Until the company figures out how to fix its bogus emissions controls, there isn't much you can do about your dirty diesel.

Following disclosures that Volkswagen developed software for its 2-liter diesel engine that

could better control pollutants during testing than in real-world driving, there there's a lot up in the air for owners of Jettas, Golfs, Passats and Beetles and Audi's A3.

Here are some things to consider if you're thinking of suing, selling or are unsure of what to do next.

More

Germany: VW cars with suspect software in Europe too

By Geir Moulson

BERLIN (AP) — The software at the center of Volkswagen's emissions scandal in the U.S. was built into the automaker's cars in Europe as well, Germany said Thursday, though it isn't yet clear if it helped cheat tests as it did in the U.S.

A day after longtime CEO Martin Winterkorn resigned over the scandal, a member of Volkswagen's supervisory board said he expects more executives to step down. The company's supervisory board meets Friday and could announce new resignations then as well as a new CEO.

The U.S. Environmental Protection Agency disclosed Friday that stealth software makes VW's 2009-2015 model cars powered by 2.0-liter diesel engines run cleaner during emissions tests than in actual driving.

The EPA accused VW of installing the so-called "defeat device" in 482,000 cars sold in the United States. VW later acknowledged that similar software exists in 11 million diesel cars worldwide and set aside 6.5 billion euros ($7.2 billion) to cover the costs of the scandal.

More

Caterpillar says it could cut 10,000 jobs to reduce costs

By Tom Murphy, AP Business Writer

Caterpillar is planning another round of job cuts that could exceed 10,000 people through 2018, as the construction and mining equipment maker adjusts to downturns in key markets.

That could amount to more than 8 percent of the 126,800 employees it had globally as of June.

The Peoria, Illinois, company said Thursday that it will cut as many as 5,000 people mostly

by the end of this year from its salaried and management workforce. It then could cut thousands more, raising the total above 10,000, as it figures out which factories and manufacturing sites to close through 2018.

Caterpillar also said Thursday that it was dropping its 2015 revenue outlook by $1 billion, and its profit forecast will take a hit as well.

More

A message from America's Natural Gas Alliance

Clean is Powerful. Natural gas helps Georgia Power's plant generate electricity with 50% fewer emissions. Think about it.

Learn more at www.thinkaboutit.org.

Ex-Im fallout: GE to create 1,000 jobs in the U.K.

By The Associated Press

NEW YORK (AP) — General Electric Co. said Thursday that it may create 1,000 jobs in the United Kingdom after Congress did not renew a government program that allows foreign companies to borrow money to buy U.S. products.

Foreign companies use the U.S. Export-Import Bank to buy expensive U.S. products when bank loans are not available. It stopped new business activities on July 1, so GE says it is looking to foreign versions of the agency for funding for its customers. That typically requires creating jobs in the countries of those agencies.

The industrial company said it signed an agreement with an export credit agency in the U.K., which agreed to provide funding for potential orders from other countries. If GE wins the orders, it will create up to 1,000 new jobs in the U.K.

"In today's competitive environment, countries that have a functional export credit agency will attract investment," said GE CEO Jeff Immelt in a statement.

More

Indian environment minister: Less poverty is climate justice

By Katy Daigle

NEW DELHI (AP) — India will confirm plans next week for a fivefold increase in renewable energy production by 2020, the environment minister said Thursday. But it will continue to champion poor countries in demanding that industrialized nations assume the brunt of responsibility for decades of climate-warming emissions.

Describing poverty as a key source of global pollution, Prakash Javadekar told The Associated Press that nations hoping to reach a global climate pact in Paris in December had to commit to a world where all 7 billion-plus inhabitants have equal rights and access to electricity, opportunity and justice.

"Poverty is, in a way, a real polluting factor," Javadekar said, adding that India's top priority is elevating hundreds of millions of Indians still living with less than $2 a day. At the same time, expanding the economy and building infrastructure will cause carbon emissions to grow, as the country currently relies on burning coal and other fossil fuels for most of the 254 GW of electricity it generates today.

"But today, I see the carbon space occupied by the developed world," he said. "We are asking the developed world to vacate the carbon space to accommodate us. That carbon space demand is climate justice. It's our right as a nation. It's our right as people of India, and we want that carbon space."

More

EU: Russia-Ukraine talks on gas supplies to resume

By The Associated Press

BRUSSELS (AP) — Russia and Ukraine will resume talks Friday aimed at trying to clinch a deal guaranteeing that Ukraine will receive shipments of Russian natural gas this winter.

The European Union, which is hosting the negotiations, announced Thursday that Russia's minister for energy and Ukraine's minister for energy and coal industries will meet in Brussels.

The EU said the "firm objective" of the talks is reaching agreement on the winter gas supplies.

Russian energy minister Alexander Novak said Thursday that Ukraine has asked for a discount and that Russia will offer one, but it will be smaller than in the third quarter. "Final calculations are being prepared now, but it will be $20 on average" per 1,000 cubic meters, Novak was quoted as saying by the state news agency Tass.

More

Study: Global warming, evolution are clipping bees' tongues

WASHINGTON (AP) — Global warming and evolution are reshaping the bodies of some American bumblebees, a new study finds.

The tongues of two Rocky Mountains species of bumblebees are about one-quarter shorter than they were 40 years ago, evolving that way because climate change altered the buffet of wildflowers they normally feed from, according to a study published Thursday in the journal Science.

In one of these species, the tongue had been half the size of the bee's body — the equivalent of a human tongue going down to the waist. But because the flowers where the long tongue is required have dwindled, the bees didn't need that much tongue. Keeping long tongues requires bees use more energy, so the bees evolved a shorter tongue that allows them to sample a wider variety of flowers, said study lead author Nicole Miller-Struttmann at the State University of New York, Old Westbury.

While biologists have tracked how global warming has altered the developmental, migration, timing and other behavior in plants and animals, what makes this study unusual is the physical changes in the bees, said study co-author Candace Galen at the University of Missouri.

More

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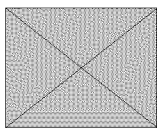

Week in Review – House Panel Moves To Lift Export Ban

Congress Gears up for Papal Visit.

Click here to read the brief

Obama memo coming on environmental mitigation

In a move that would have a wide-ranging effect—from energy production on federal land to government building construction—the White House is preparing a presidential memorandum to streamline how agencies offset the impact of projects on wildlife, water and land, E&E reports.

More

'Point needed to be made,' Gosar said of his papal boycott

Carrying out his threat to boycott Pope Francis' address to Congress Thursday, Rep. Paul Gosar, R-Ariz., told The Hill that "climate change is subjective," and he has "problems" with the pope putting out an encyclical on the subject.

More

Boxer has little reason to compromise over chem reform

The tug-of-war over the Udall-Vitter bipartisan chemical reform legislation passed by the Senate Environment and Public Works Committee stemmed in part from an effort by Sen. Barbara Boxer, D-Calif., to make sure her state's strict standards aren't pre-empted by a weaker federal law, E&E reports.

More

Transcanada slashes management posts

A fifth of the senior management jobs at Transcanada Corp.—would-be builder of the Keystone XL pipeline—are being eliminated in an effort to keep the company going through the extended period of falling crude prices, The Globe and Mail reports.

More

Walter Energy asks bankruptcy judge for more time

Now that Walter Energy's hoped-for restructuring deal swapping debt for equity has fallen apart, the coal company has asked a bankruptcy judge in Alabama for terms that would allow it access to cash for another 30 days, to give it more time to negotiate a new plan with lenders, The Wall Street Journal reports.

More

Delays for Exxon Mobil in restoring Torrance refinery

Objections from California regulators to a short-term fix at Exxon Mobil's Torrance refinery means the company is looking to use more modern equipment to restore its operations following an explosion and fire in February, which will delay its return to full capacity into next year, FuelFix reports.

More

Oil jumps on stock drawdown

Genscape data showing a drawdown in stockpiles at Cushing helped boost oil prices Thursday, although they were held in check by the decline in the stock market. U.S.

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benchmark crude gained 43 cents to settle at $44.91 a barrel on the Nymex, while in London, Brent was 42 cents higher, at $48.17, Reuters reports.

More

New European scrutiny could impact commodity markets, traders warn

The days of limited oversight for commodity markets in Europe appear to be over, as the European Union is set to implement new rules that traders warn could affect prices for crude oil, The Wall Street Journal reports.

More

EIA projects falling oil and gas investment

The Energy Information Administration says investment in the oil and gas industry—which drives future production—averaged $122 billion a year between 2005 and 2014, but will drop significantly below that level given sustained low prices, FuelFix reports.

More

Critics question climate advice from big corporations

Ahead of the Paris conference on climate change in December, Royal Dutch Shell, BHP Billiton, General Electric and other major companies are offering advice to governments on tackling climate change, but some environmentalists are skeptical, The Financial Times reports.

More

Upcoming Events

- Sep. 24, Washington: Sen. Cory Gardner, R-Colo., to speak at a Heritage Foundation event on the forthcoming meeting between President Barack Obama and Chinese President Xi Jinping on issues including cybersecurity and environmental policy. 3:00 pm , 214 Massachusetts Ave NE.
- Sep. 24, Washington: Pope Francis to address a joint meeting of Congress 10:00 am , U.S. Capitol Building.

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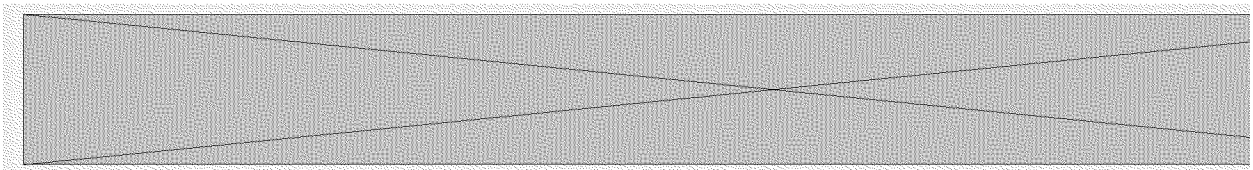
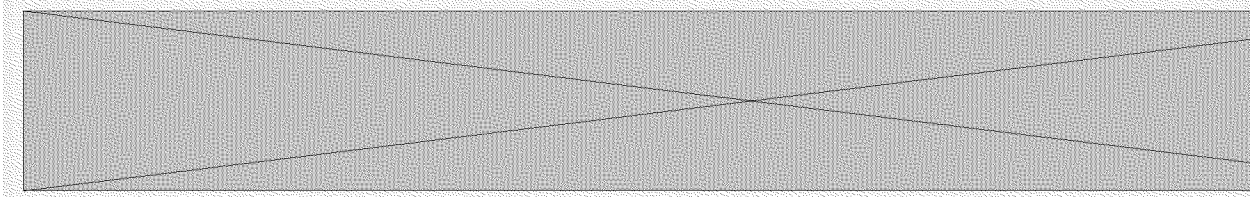
To: Grundler, Christopher[grundler.christopher@epa.gov]
From: The Hill
Sent: Thur 9/24/2015 10:39:14 PM
Subject: Overnight Energy & Environment: Pope takes green message to Congress





POPE TALKS CLIMATE: Pope Francis stressed his calls for action on climate change in his speech to Congress Thursday.

America has the lowest gasoline prices anywhere in the world. That boosts household budgets by billions of dollars. See how exporting crude would lead to higher fuel prices and hurt our economy. http://crudecoalition.org/resources/studies/

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Francis repeatedly referred to his encyclical from June on climate change and tried to enlist lawmakers to help him in his fight.

"In Laudato Si', I call for a courageous and responsible effort to redirect our steps and to avert the most serious effects of the environmental deterioration caused by human activity," Francis said.

"I am convinced that we can make a difference and I have no doubt that the United States -- and this Congress -- have an important role to play."

The declarations got loud, standing applause from Democrats, but only a handful of Republicans applauded Francis on climate change.

The speech follows numerous high-profile calls for climate action from Francis, including Wednesday at the White House and his encyclical.

Read more here.

BUT WHERE'S GOSAR?: Rep. Paul Gosar (R-Ariz.) lived up to his promise and didn't

attend Francis's speech, but watched it from his office instead.

Gosar pledged to boycott the speech due to his expectation that Francis would talk about climate change, and he had no regrets about missing it.

"I think I made my point, and I think the point needed to be made," Gosar said, adding that Francis should focus on more important issues like Islamic extremism and abortion.

"He was very specific about climate change, a lot more dynamic on that regard than in right to life," Gosar said. "He made one sentence and then transitioned it right into trying to advocate against the death penalty."

Read more here.

ON TAP FRIDAY I: Pope Francis, now in New York City, will speak Friday at the United Nations General Assembly. He is likely to speak about climate change.

ON TAP FRIDAY II: The Center for Strategic and International Studies will host a discussion on the global market for liquefied natural gas. Fereidun Fesharaki, founder of energy consulting firm FGE, will be the featured speaker.

AROUND THE WEB: Kimray Inc., which manufactures oilfield equipment, is offering buyouts to all 700 employees at its Oklahoma City headquarters, The Oklahoman reports.

In the second quarter, renewable electricity generation overtook coal in the United Kingdom for the first time, the Telegraph reports.

All primary and secondary schools across Singapore are closed Friday due to haze, the Straits Times reports.

IN CASE YOU MISSED IT:

Check out Thursday's stories ...

- Francis leaves lawmakers starstruck
- GOP rep has no regrets about skipping pope's speech
- Porsche CEO expected to take over Volkswagen
- Keystone builder cuts top jobs
- Clinton calls for sweeping power grid upgrades
- Volkswagen US CEO expected to quit over emission scandal
- Obama: I should have acted sooner on climate change
- Partisan applause as Pope Francis urges the US to fight climate change

Please send tips and comments to Timothy Cama, tcama@thehill.com; and Devin Henry, dhenry@thehill.com. Follow us on Twitter: @Timothy_Cama, @dhenry, @thehill

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Ex. 5

Sent from my Windows Phone

From: Aaron Kessler
Sent: 9/24/2015 6:41 PM
To: Conger, Nick
Cc: Purchia, Liz
Subject: Re: Time to talk VW timeline today?

Nick,

Ah, thanks for letting me know.

One quick question though if you're able to answer this one: the back-and-forth between EPA/CARB and VW in late Aug and early Sept before the company admitted what it did on Sept 3.... were those conversations with VW officials from Germany, or from the US?

Aaron

On Thu, Sep 24, 2015 at 5:51 PM, Conger, Nick <Conger.Nick@epa.gov> wrote:

> Hi Aaron. As our investigation is ongoing, we aren't able to comment on the timeline of events. You can review ARB's letter – http://www.arb.ca.gov/newsrel/in_use_compliance_letter.htm and EPA's NOV (attached) for information.
>
> Best,
>
> Nick
>
> Nick Conger
>
> Deputy Press Secretary
>
> Office of the Administrator
>
> U.S. Environmental Protection Agency

Office: (202) 564-6287

Cell: (202) 412-2655

From: Aaron Kessler [mailto: **Ex. 6**
Sent: Thursday, September 24, 2015 4:23 PM
To: Conger, Nick
Subject: Re: Time to talk VW timeline today?

That'd be great. Right now deadline is 7.

...

Sent via wireless device

On Sep 24, 2015, at 3:58 PM, Conger, Nick <Conger.Nick@epa.gov> wrote:

Hi Aaron,

Tom passed along your note. I'm looking into this. When is your deadline?

Nick Conger

Deputy Press Secretary

Office of the Administrator

U.S. Environmental Protection Agency

Office: (202) 564-6287

Cell: (202) 412-2655

From: Reynolds, Thomas
Sent: 9/24/2015 2:25 PM
To: Purchia, Liz; Conger, Nick
Subject: Fwd: Time to talk VW timeline today?

Sent from my iPhone

Begin forwarded message:

From: Aaron Kessler <Ex. 6
Date: September 24, 2015 at 2:20:17 PM EDT
To: "Reynolds, Thomas" <Reynolds.Thomas@epa.gov>
Subject: Time to talk VW timeline today?

Tom,

I've been tasked with putting together as definitive a timeline as I can of the days leading up to VW's admission to EPA/CARB. Do you have some time to chat about it?

Aaron Kessler
Business/Automotive Writer
The New York Times
1627 Eye Street NW, Washington, DC 20006

w: 202-688-5320

c: Ex. 6

Ex. 6

Ex. 6

To: Chapman, Apple[Chapman.Apple@epa.gov]
From: Brooks, Phillip
Sent: Thur 9/24/2015 10:49:35 PM
Subject: Re: Sometimes it is the little things that make an impression

They are great hosts. It is so formal that I am constantly worried that I am being rude in some way that I am totally unaware.

Getting questions and comments about VW.

Sent from my iPhone

> On Sep 25, 2015, at 6:32 AM, Chapman, Apple <Chapman.Apple@epa.gov> wrote:
>
> That'd awesome. I recently heard a story about the cultural differences between the was the Chinese and the Americans do business, negotiate deals, etc. it was very interesting. The Chinese are very big on formalities and making people feel comfortable.
>
>
> Apple Chapman
> OECA
> Air Enforcement Division
> Sent from my iPhone
> 202-841-6076
>
>
>> On Sep 24, 2015, at 6:17 PM, Brooks, Phillip <Brooks.Phillip@epa.gov> wrote:
>>
>> Meeting with Beijing officials to discuss approachable to controlling air emissions. At everyone's seat, a cup of green tea when we entered the room. Simple, but elegant. Every 15 minutes or so, two young ladies silently checked each cup to replenish hot water.
>>
>> While I am finding every meeting to be somewhere between interesting and fascinating, I feel like we could be of greater service to our hosts with more time or less formality. There are clearly issues on which we could learn a lot from each other.
>>
>> <IMG_0028.JPG>
>>
>>
>>
>> Sent from my iPhone

To: Ex. 6
From: Grundler, Christopher
Sent: Thur 9/24/2015 11:36:36 PM
Subject: Saturday

John—

As you might imagine, I am in the eye of the VW storm here in DC. Ex. 6

Ex. 6

See you Saturday and Go Blue! Weather looking great

From: Ex. 6
Sent: Sunday, September 20, 2015 5:33 PM
To: Grundler, Christopher
Subject: Re: UM game -- will be in town next weekend - are you going to BYU game?

Chris,

Ex. 6

Sent from my iPhone

On Sep 20, 2015, at 2:23 PM, "Grundler, Christopher" <grundler.christopher@epa.gov> wrote:

That's putting it mildly!

Ex. 6

I will be in DC all week returning very late on Friday. Will let u know where to meet Saturday

Christopher Grundler, Director

Office of Transportation and Air Quality

U.S. EPA

202-564-1682 (DC)

734-214-4207 (Ann Arbor)

On Sep 20, 2015, at 1:09 PM, Ex. 6 wrote:

> Chris,
>
> No worries. I think you might have been involved in a little issue recently involving a certain German carmaker. Btw, major kudos on that investigation and action.
>
> Ex. 6
>
> Sent from my iPad
>
> On Sep 20, 2015, at 6:02 AM, Grundler, Christopher <grundler.christopher@epa.gov> wrote:
>
> > Sorry for my terse reply Thursday. It was a bit hectic for me last week.
> >
> > Ex. 6
> >
> > Chris
> >
> > Christopher Grundler, Director

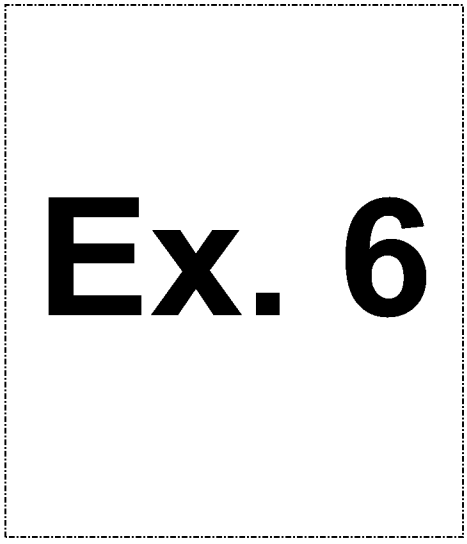
Office of Transportation and Air Quality

U.S. EPA

202-564-1682 (DC)

734-214-4207 (Ann Arbor)

On Sep 17, 2015, at 1:25 PM, Ex. 6 wrote:



To: Kelley, Rosemarie[Kelley.Rosemarie@epa.gov]
Cc: Werner, Jacqueline[Werner.Jacqueline@epa.gov]; Chapman, Apple[Chapman.Apple@epa.gov]; Belser, Evan[Belser.Evan@epa.gov]
From: Brooks, Phillip
Sent: Fri 9/25/2015 12:00:56 AM
Subject: Re: VW and comp time

I directed the overtime work on VW that was necessary to develop the NOV. I will sign the forms upon my return.

Sent from my iPhone

On Sep 25, 2015, at 7:52 AM, Kelley, Rosemarie <Kelley.Rosemarie@epa.gov> wrote:

> I spoke with Evan and Phill about this last week. Here is the official word from the email David Bloom sent earlier today.
>
> **Overtime Policy**
>
> - EPA's overtime policy requires that employees receive authorization to work overtime in advance. The only exception to this standard is when operational emergencies make it impractical to obtain prior approval.
> - Overtime must be documented using EPA Form 2560-7, Request for Overtime Authorization, located within WebForms. The authority to approve overtime resides at the Division Director level unless re-delegated to other levels. Your local HRO or PMO can provide information on delegation in your organization.
> - For more information, please refer to the Acting Deputy Administrator's June, 2015 mass mailer athttp://dchqdomino1.dcicc.epa.gov:9876/intranet/hqmailer.nsf/0/96bb3c0a755f32b785257e74007730d9
>
> Rosemarie
>
> On Sep 24, 2015, at 11:01 AM, Werner, Jacqueline <Werner.Jacqueline@epa.gov> wrote:
>
> > Rosemarie- as you know, Meetu and Greg Orehowsky have been working diligently on the VW matter for the last 2 weeks. The time crunch has been substantial and necessitates that they do some work in addition to/outside of their normal work hours. I am not certain if Phill raised it with you prior to his departure, so I want to bring it up now and confirm that AED managers can approve comp time, as necessary, for Meetu Kaul and Greg Orehowsky in order for VW work to be accomplished within the time constraints that may arise. We will, of course, be aware of the budgetary concerns and only approve the comp time when it is necessary to meet a specific deadline/time sensitive requirement.

Please let me know if you have any questions/concerns.

Thanks,
Jacqueline

Sent from my iPhone

Jacqueline Robles Werner
Associate Director
Air Enforcement Division
W: 202-564-1036

To: Meetu Kaul[Ex. 6
From: Kaul, Meetu
Sent: Fri 9/25/2015 12:27:53 AM
Subject: FW: Concur Itinerary 09/24/2015: TRIP FROM WASHINGTON TO DETROIT (VT0QK6)
DCA-DTW.ics
DTW-DCA.ics
Hampton Inn Ann Arbor North.vcf

Ms.Meetu Kaul, Attorney-Advisor

United States Environmental Protection Agency
Office of Civil Enforcement - Air Enforcement Division
WJC South, Room 1117B
1200 Pennsylvania Ave., N.W. (MC 2242A)
Washington D.C. 20460 (Courier 20004)
Direct: 202-564-5472
Fax: 202-564-0069
Email: kaul.meetu@epa.gov

From: Concur Travel [mailto:TravelWizard@concursolutions.com]
Sent: Tuesday, September 22, 2015 2:37 PM
To: Kaul, Meetu
Subject: Concur Itinerary 09/24/2015: TRIP FROM WASHINGTON TO DETROIT (VT0QK6)

Trip Name: **Trip from Washington to Detroit**

Start Date: September 24, 2015

End Date: September 25, 2015

Created: September 22, 2015, MEETU KAUL (Modified: September 22, 2015)

Description: Ex. 7 for VW case. Ex. 7

Trip Purpose: Ex. 7

Agency Record Locator: VT0QK6

Passengers: Meetu Kaul

Total Estimated Cost: **$461.20** USD

Important: Reservations must be approved and ticketed no later than: 09/23/2015 9:55 PM Eastern

The trip will be automatically cancelled if it is not approved before the deadline.

Flight Washington, DC (DCA) to Detroit, MI (DTW)

Delta 858

Departure: 03:00 PM

Confirmation: F7WQ6W

Seat:No seat assignment

Status: **Confirmed**

Ronald Reagan National Arpt (DCA)

Arrival: 04:39 PM

Detroit Wayne County Arpt (DTW)

Additional Details

Distance: 404 miles

Emissions: 173.7 lbs CO_2

Cabin: Economy (L)

Hampton Inn Ann Arbor North

Checking In: Thu Sep 24 **Confirmation: 84635315**

Room 1, Days 1, Guests 1 Status:Confirmed

Checking Out: Fri Sep 25 Rate Code:A0FA3O

Additional Information
Daily Rate: $105.00 USD Total Rate: $105.00 USD
Room Details
Room Description: RoomDescriptionCodeA0FA3O
Special Instructions: Nonsmoking

Flight Detroit, MI (DTW) to Washington, DC (DCA)

Delta 1220
Departure: 07:52 PM **Confirmation: F7WQ6W**

Seat:No seat assignment Status: Confirmed

Detroit Wayne County Arpt (DTW)

Arrival: 09:29 PM

Ronald Reagan National Arpt (DCA)
Additional Details
Distance: 404 miles
Emissions: 173.7 lbs CO_2
Cabin: Economy (L)

Air

Airfare quoted amount:

Taxes and fees:	$**51.08** USD
Air Total Price:	$**356.20** USD
Hotel:	$**105.00** USD
Total Estimated Cost:	$**461.20** USD

TICKET NOT YET ISSUED. AIRFARE QUOTED IN ITINERARY IS NOT GUARANTEED UNTIL TICKETS ARE ISSUED.

FOR 24/7 TRAVEL ASSISTANCE PLEASE CONTACT
THE BCD TRAVEL TEAM AT 1-866-964-1346
FOR OUTSIDE THE US CALL COLLECT 406-496-9577
FOR THE HEARING IMPAIRED- PLEASE DIAL 711
TO ACCESS RELAY SERVICE- PROVIDE PHONE
NUMBER OF 1-866-964-1346 TO ACCESS TRAVEL
****
DUE TO RECENT CHANGES IN THE FY15 GOVERNMENT CITY PAIR
PROGRAM/CPP YOUR AIR RESERVATIONS ARE SUBJECT TO
CANCELLATION BY THE AIRLINES IF NOT TICKETED AT LEAST
48 HOURS PRIOR TO SCHEDULED DEPARTURE
PLEASE ENSURE ALL NECESSARY APPROVALS ARE PROCESSED IN
ACCORDANCE WITH YOUR AGENCYS BUSINESS RULES BUT NOLESS
THAN 3 BUSINESS DAYS PRIOR TO DEPARTURE TO ENSURE TICKETING.
THIS 48 HOUR CANCELLATION RULE DOES NOT APPLY TO
INTERNATIONAL RESERVATIONS UNLESS YOUR TRIP HAS DOMESTIC
CONNECTIONS ON MORE THAN ONE AIRLINE OR THESE
RESERVATIONS REQUIRE SEPARATE AIR TICKETS.
****

Flight# DL858 from DCA -> DTW
(1 hour and 39 mi ns.)

20150924T190000Z

Version
2.0

METHOD
PUBLISH

Start Date/Time
20150924T190000Z

End Date/Time
20150924T203900Z

DTSTAMP
20150924T190000Z

Location

Summary
Flight# DL858 from DCA -> DTW
(1 hour and 39 mi ns.)

Description
Trip Overview
~~~~~~~~~~~~~~

Trip Name: Trip fr om Washington to Detroit
Start Date: September 2 4, 2015
End Date: September 25, 2015
Created: September 22, 2015, MEETU KAUL (Modified: Septembe r 22, 2015)
Description: Ex. 7 support f or VW case. Ex. 7
Ex. 7
Agency Record Locator: VTUQK6
Passengers: Meetu Kaul
Total Estimated Cost: $ 461.20 USD
Important: Reservations must be approved and ticketed no later than: 09/23/2015 9:55 PM Eastern
The trip will be automatically cancelled if it is not approved before the deadlin e.

Reservations
~~~~~~~~~~~~
Thursday, Septe mber 24, 2015

Fli ght Washington, DC (DCA) to Detroit, MI (DTW)
``` ``

D elta 858
```

Departure: 03:00 PM
Seat: No seat as signment
Ronald Reagan National Arpt (DCA)
Arri val: 04:39 PM
Detroit Wayne County Arpt (DTW)
Co nfirmation: F7WQ6W
Status: Confirmed
Distance: 404 miles
Emissions: 173.7 lbs CO 2
Cabin : Economy (L)

Hampton Inn Ann Arbor North
` ``````````````````````````

2300 Green Rd
Ann Arbor, Michigan, 48105
US
734-996-4444

Chec king In: Thu Sep 24
Room 1, Days 1, Guests 1 \nChecking Out: Fri Sep 25
Confirmation: 8463531 5
Status: Confirmed
Rate Code: A0FA3O
Daily R ate: $ 105.00 USD
Total Rate: $ 105.00 USD
Roo m Details
Room Description: RoomDescriptionCo deA0FA3O
Special Instructions: Nonsmoking \n
Friday, September 25, 2015
---------- -------

Flight Detroit, MI (DTW) to Washington, DC (DCA)
`````````````````````````````````````` ````````

Delta 1220

Departure: 07:52 PM
S eat: No seat assignment
Detroit Wayne County Arp t (DTW)
Arrival: 09:29 PM
Ronald Reagan National Arpt (DCA)
Confirmation: F7WQ6W
Status: Confirm ed
Distance: 404 miles
Emissions: 173.7 lbs CO 2
Cabin: Economy (L)

Total Estimated Cost
~~~~~~~~~~~~~~~~~~~

Air
Airfare qu oted amount: $ 305.12 USD
Taxes and fees: $ 51.08 USD
Air Total Price: $ 356.20 USD
``````````````````````````````````````

Hote l: $ 105.00 USD
Total Estimated Cost: $ 461. 20 USD

TICKET NOT YET ISSUED. AIRFARE QUOTED I N ITINERARY IS NOT GUARANTEED UNTIL TICKETS ARE IS SUED.
Remarks
~~~~~~~
FOR 24/7 TRAVEL ASSISTAN CE PLEASE CONTACT
THE BCD TRAVEL TEAM AT 1-866-9 64-1346
FOR OUTSIDE THE US CALL COLLECT 406-496- 9577
FOR THE HEARING IMPAIRED- PLEASE DIAL 711 \nTO ACCESS RELAY SERVICE- PROVIDE PHONE
NUMBER O F 1-866-964-1346 TO ACCESS TRAVEL
********** **********
DUE TO RECENT CHANGES IN T HE FY15 GOVERNMENT CITY PAIR
PROGRAM/CPP YOUR AI R RESERVATIONS ARE SUBJECT TO
CANCELLATION BY TH E AIRLINES IF NOT TICKETED AT LEAST
48 HOURS PRI OR TO SCHEDULED DEPARTURE
PLEASE ENSURE ALL NECE SSARY APPROVALS ARE PROCESSED IN
ACCORDANCE WITH YOUR AGENCYS BUSINESS RULES BUT NOLESS
THAN 3 B USINESS DAYS PRIOR TO DEPARTURE TO ENSURE TICKETIN G.
THIS 48 HOUR CANCELLATION RULE DOES NOT APPLY TO
INTERNATIONAL RESERVATIONS UNLESS YOUR TRIP HAS DOMESTIC
CONNECTIONS ON MORE THAN ONE AIRLIN E OR THESE
RESERVATIONS REQUIRE SEPARATE AIR TIC KETS.
****

UID
VT0QK6-2015-09-24T19:00:00.000Z-2015-09-24T20:39:00.000Z@concursolutions.com

Priority
3

Time Transparency
OPAQUE

TRIGGER
-PT180M

REPEAT
2

DURATION
PT60M

ACTION
DISPLAY

Description
3 Hours to your flight DCA -> DTW
~~~~~~~

Flight# DL1220 from DTW -> DCA
(1 hour and 37 m ins.)

20150925T235200Z

Version
2.0

METHOD
PUBLISH

Start Date/Time
20150925T235200Z

End Date/Time
20150926T012900Z

DTSTAMP
20150925T235200Z

Location

Summary
Flight# DL1220 from DTW -> DCA
(1 hour and 37 m ins.)

Description
Trip Overview
~~~~~~~~~~~~~~

Trip Name: Trip fr om Washington to Detroit
Start Date: September 2 4, 2015
End Date: September 25, 2015
Created: September 22, 2015, MEETU KAUL (Modified: Septembe r 22, 2015)
Description: Ex. 7 f or VW case. Ex. 7
Ex. 7
Agency Record Locator: VT0QK6
Passengers: Meetu Kaul
Total Estimated Cost: $ 461.20 USD
Important: Reservations must be approved and ticketed no later than: 09/23/2015 9:55 PM Eastern
The trip will be automatically cancelled if it is not approved before the deadlin e.

Reservations
~~~~~~~~~~~~
Thursday, Septe mber 24, 2015

Fli ght Washington, DC (DCA) to Detroit, MI (DTW)
``` ``

D elta 858
```

Departure: 03:00 PM
Seat: No seat as signment
Ronald Reagan National Arpt (DCA)
Arri val: 04:39 PM
Detroit Wayne County Arpt (DTW)
Co nfirmation: F7WQ6W
Status: Confirmed
Distance: 404 miles
Emissions: 173.7 lbs CO 2
Cabin : Economy (L)

Hampton Inn Ann Arbor North
` ``````````````````````````

2300 Green Rd
Ann Arbor, Michigan, 48105
US
734-996-4444

Chec king In: Thu Sep 24
Room 1, Days 1, Guests 1 \nChecking Out: Fri Sep 25
Confirmation: 8463531 5
Status: Confirmed
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Daily R ate: $ 105.00 USD
Total Rate: $ 105.00 USD
Roo m Details
Room Description: RoomDescriptionCo deA0FA3O
Special Instructions: Nonsmoking \n
Friday, September 25, 2015
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Flight Detroit, MI (DTW) to Washington, DC (DCA)
`````````````````````````````````````` ````````

Delta 1220

Departure: 07:52 PM
S eat: No seat assignment
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Remarks
~~~~~~~
FOR 24/7 TRAVEL ASSISTAN CE PLEASE CONTACT
THE BCD TRAVEL TEAM AT 1-866-9 64-1346
FOR OUTSIDE THE US CALL COLLECT 406-496- 9577
FOR THE HEARING IMPAIRED- PLEASE DIAL 711 \nTO ACCESS RELAY SERVICE- PROVIDE PHONE
NUMBER O F 1-866-964-1346 TO ACCESS TRAVEL
********** **********
DUE TO RECENT CHANGES IN T HE FY15 GOVERNMENT CITY PAIR
PROGRAM/CPP YOUR AI R RESERVATIONS ARE SUBJECT TO
CANCELLATION BY TH E AIRLINES IF NOT TICKETED AT LEAST
48 HOURS PRI OR TO SCHEDULED DEPARTURE
PLEASE ENSURE ALL NECE SSARY APPROVALS ARE PROCESSED IN
ACCORDANCE WITH YOUR AGENCYS BUSINESS RULES BUT NOLESS
THAN 3 B USINESS DAYS PRIOR TO DEPARTURE TO ENSURE TICKETIN G.
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CONNECTIONS ON MORE THAN ONE AIRLIN E OR THESE
RESERVATIONS REQUIRE SEPARATE AIR TIC KETS.
****

UID
VT0QK6-2015-09-25T23:52:00.000Z-2015-09-26T01:29:00.000Z@concursolutions.com

Priority
3

Time Transparency
OPAQUE

TRIGGER
-PT180M

REPEAT
2

DURATION
PT60M

ACTION
DISPLAY

Description
3 Hours to your flight DTW -> DCA
~~~~~~~

Hampton Inn Ann Arbor North

2300 Green Rd,;Ann Arbor;Michigan;48105;US

734-996-4444 (Work Voice)
734-996-0196 (Work Fax)

Version
2.1

Organization
Hampton Inn Ann Arbor North

Telephone Number (Work Voice)
734-996-4444

Telephone Number (Work Fax)
734-996-0196

Address (Work)
P.O. Address:
Extended Address:
Street: 2300 Green Rd,
Locality: Ann Arbor
Region: Michigan
Postal Code: 48105
Country: US

Delivery Label (Work)
2300 Green Rd,;Ann Arbor;Michigan;48105;US

Comment
Checkin Time: 15:00
Checkout Time: 12:00

Directions to Hotel:
- Additional Directions The Hampton Inn Hotel In Ann Arbor North Is Easily Accessible Via The Easy Directions Below From Metro Airport Take I-94 West And Merge Onto Us-23 North At Exit 180b. From Us-23 Take Exit 41 Plymouth Road. Turn Left Onto Plymouth Road And Turn Right Onto Green Road At The Traffic Light.

Last Revision
9/22/2015 2:37:25 PM

To: OTAQ[OTAQ@epa.gov]
Cc: Belser, Evan[Belser.Evan@epa.gov]; Senn, John[Senn.John@epa.gov]
From: Kaul, Meetu
Sent: Fri 9/25/2015 12:44:36 AM
Subject: FW: Autoreview Newspaper Request: VW defeat device

Ms.Meetu Kaul, Attorney-Advisor

United States Environmental Protection Agency
Office of Civil Enforcement - Air Enforcement Division
WJC South, Room 1117B
1200 Pennsylvania Ave., N.W. (MC 2242A)
Washington D.C. 20460 (Courier 20004)
Direct: 202-564-5472
Fax: 202-564-0069
Email: kaul.meetu@epa.gov

From: Sergey Znaemsky [mailto:znaemsky@autoreview.ru]
Sent: Thursday, September 24, 2015 5:20 PM
To: StClair, Christie; Kaul, Meetu
Subject: Autoreview Newspaper Request: VW defeat device

Dear Cristine,

Dear Kaul,

Hello!

This is Sergey Znaemsky from Autoreview Russian Newspaper writing you. We are very thrilled by the investigation on VW defeat devices. Our newspaper https://en.wikipedia.org/wiki/Autoreview is known for series of independent crush-tests and fuel consumption tests. We run our own AR-CAP passive safety rating http://autoreview.ru/arcap/ for almost 15 years and we also evaluate cars in Russia on fuel economy with our own ARDC (Autoreview Driving Cycle) which is more relevant to real driving conditions then european NEDC and US FTP. I also need to say that our chief editor Michael Podorozhansky is the long time member of european Car of the Year Committee and our deputy-in-chief editor Leonid Golovanov is the juror of The International Engine of the Year.

So we are very interested in your conclusions regarding VW and going to evaluate diesel cars here in Russia. For this reason could you please provide us some additional info on your investigation.

The questions are below:

— How do you measure 10-40% increase in emissions when defeat device is not active? We understand that there is always a huge difference between real life consumption/emission data and test results, but this is well explained by test procedure itself (lower speed and acceleration rates). In our understanding to detect the defeat device affect you need to run vehicle in through a very similar to FTP driving cycle which has the same speeds and acceleration but somehow in different consequence to bypass the defeat device activation and reveal the difference between results with and without illegal software. Did you do so? Is 10-40% difference corresponds to this cycles or to FTP and «real-life» road driving?

— Does defeat software activate by any plugged-in testing devices or by the driving cycle itself — just when vehicle starts to warm-up and drive in accordance with FTP?

— Who is «driving» the car during your tests is it robotic driver, computer program or human driver?

— How defeat device affect the performance of the car? Can driver feel any difference in throttle response or power output?

— Did you test VW cars for defeat device activation at other testing cycles (NEDC for example)?

— Did you test other VW engines? Are you sure they don't have the same software?

— Why defeat device applied to the 2.0 TDI? Do you have any explanation why this software is used especially on this engine?

— Did you test diesels from other OEMs? There was media buzz that BMW diesels passed test and real life driving evaluation without any suspicious difference in results — is it true?

Guess that would be enough questions for the beginning)

We are waiting for your response.

Thank you in advance!

Best regards,

Sergey Znaemsky

Editor
Autoreview newspaper

Moscow, Russia
office +7 495 958 0440
mobile +7 926 134 0329
znaemsky@autoreview.ru

www.autoreview.ru

To: Kaul, Meetu[Kaul.Meetu@epa.gov]
From: EPAMAILR521/USEPA/US
Sent: Fri 9/25/2015 12:44:41 AM
Subject: EPA Information Request – Acknowledgement of Receipt

Thank you for contacting the Office of Transportation and Air Quality (OTAQ). We are processing your inquiry; you should receive a response within 5 business days.

The following information may help you reach a more specific direct contact for information you are seeking.

Frequently asked questions - OTAQ has a "Frequent Questions" site where you can search for answers on transportation and air quality issues at: http://www.epa.gov/otaq/about/faq.htm.

Importing a vehicle to the U.S. - See our Imports site for information about imports at: www.epa.gov/otaq/imports or call the Imports Hotline at 734-214-4100.

Car or light-truck safety issues - Call the Department of Transportation Hotline at 1-800-424-9393.

Recycling or disposal of antifreeze, batteries, oil, or tires - See EPA's Office of Resource Conservation and Recovery web site for information about recycling and disposing of wastes at: www.epa.gov/wastes.

Finding a specific document - Most of our documents are on our Web site at: www.epa.gov/otaq. If you cannot find the document on our site, you can get many publications, free of charge, through the National Service Center for Environmental Publications by calling: 1-800-490-9198. If you are looking for a specific document that you can't find, please contact the NVFEL library at 734-214-4311 or email AALibrary@epa.gov.

For tracking purposes, please ensure the following line is included when replying.
FW: Autoreview Newspaper Request: VW defeat device

To: OTAQ[OTAQ@epa.gov]
Cc: Belser, Evan[Belser.Evan@epa.gov]
From: Kaul, Meetu
Sent: Fri 9/25/2015 12:45:17 AM
Subject: FW: VW violation of CAA

Ms.Meetu Kaul, Attorney-Advisor

United States Environmental Protection Agency
Office of Civil Enforcement - Air Enforcement Division
WJC South, Room 1117B
1200 Pennsylvania Ave., N.W. (MC 2242A)
Washington D.C. 20460 (Courier 20004)
Direct: 202-564-5472
Fax: 202-564-0069
Email: kaul.meetu@epa.gov

From: Ex. 6
Sent: Thursday, September 24, 2015 4:26 PM
To: Kaul, Meetu
Subject: VW violation of CAA

Ms. Kaul,

I'm a car guy. I love the feeling of speed, handling, an torque. I drive a race car on the track at 8 MPG (but only a few hundred miles per year). And I've driven a TDI VW which drove wonderfully. But I also have driven a Prius as my daily driver for just shy of 12 years and am very concerned about the environment and also our laws (I don't speed on public roads because I don't have to). So *don't back off and hold VW to the full extent of the law*. They have flaunted our regulations and our future and need their feet held to the fire.

Thank you for your job. Sorry to further inundate your inbox so I kept this short.

Ex. 6, MD

Bethesda, MD

From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Fri 9/25/2015 12:58:19 AM
Subject: At least 27 state attorneys general to probe, subpoena VW
MAIL_CONVERSATION_TOPIC: At least 27 state attorneys general to probe, subpoena VW
Created: Fri 3/18/2016 6:18:10 PM

NEW YORK, Sept 24 (Reuters) - At least 27 U.S. state attorneys general on Thursday initiated a multi-state investigation of Volkswagen over its representations to consumers of its diesel vehicles, according to a spokeswoman for Illinois Attorney General Lisa Madigan.

View article...

From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Fri 9/25/2015 12:58:38 AM
Subject: Cramer Remix: Here is your Volkswagen trade
MAIL_CONVERSATION_TOPIC: Cramer Remix: Here is your Volkswagen trade
Created: Fri 3/18/2016 6:18:10 PM

View article...

From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Fri 9/25/2015 12:58:56 AM
Subject: VW scandal threatens BMW amid call for wider probe
MAIL_CONVERSATION_TOPIC: VW scandal threatens BMW amid call for wider probe
Created: Fri 3/18/2016 6:18:10 PM

Volkswagen AG's diesel-cheating affair deepened as the European Union urged all 28-member countries to start their own investigations and the scandal threatened to ensnare rival BMW AG.

View article...

From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Fri 9/25/2015 12:59:27 AM
Subject: 8 biggest automotive scandals of all time
MAIL_CONVERSATION_TOPIC: 8 biggest automotive scandals of all time
Created: Fri 3/18/2016 6:18:10 PM

Caught up in the midst of it all, Volkswagen's recent diesel emissions scandal seems historically bad. The company has apologized, and is carrying on business as usual, but this kind of widespread, systemic disregard for the law is bad news for the world's new largest automaker. But despite the impending fines, sanctions, and legal action, this is hardly the first or the most deadly automotive scandal. In fact, there are several more (some in recent memory) that challenge "dieselgate" for scope and organizational incompetence. If you're looking for a thorough takedown of "Government Motors" or any of the post-recession bailouts, look elsewhere. Join us as we take a look back at eight of the biggest mechanical scandals the automotive world has ever seen. Unsafe at Any Speed: The demise of the Chevrolet Corvair Chevrolet's infamous Corvair was an automotive anomaly at the time. With a rear-mounted flat-6-cylinder engine, it was essentially an American Porsche. But almost no one remembers the Corvair as a quirky, bow-tied sports sedan, because in 1965, consumer protection activist Ralph Nader released his book Unsafe at Any Speed, a thorough takedown of the safety-related shortcomings of the American auto industry, and the Corvair was at the crux of his campaign. Due to an inherently unstable swing axle suspension design, a tire-pressure differential system designed to induce understeer and combat oversteer, and the removal of a front anti-sway bar by Chevrolet engineering management, Nader dubbed the Corvair "the leading candidate for the un-safest-car title." Sales immediately dropped from almost 220,000 in 1965 to less than 15,000 in 1968, and the subsequent public outrage prompted the signing of the National Traffic and Motor Vehicle Safety Act in 1966. 'The barbecue that seats four': the Ford Pinto fuel tank debacle If you remember driving in the 1970s and 80s, there was one rule of the road that everyone seemed to follow: steer clear if you see a Pinto. Ford's wildly-popular economy car sold extremely well after the fuel crisis of the early 70s, thanks to its space-efficient design, above-average gas mileage, and low purchase price. But Ford was hiding a deadly secret – one that makes emissions test cheating seem like an honest mistake. The National Highway Traffic Safety Administration (NHTSA) investigated the Pinto from 1974 onward, taking action in 1977 after finding that the Pinto's fuel tank could rupture in a crash, resulting in deadly fires from spilled fuel. The tank sat between the rear axle and the rear bumper, and the fuel filler neck could break in a rear end collision. The NHTSA also found that not only did Ford know about this problem, but they deliberately neglected to engineer a redesign after conducting a cost-benefit analysis that determined that it was cheaper to pay off possible lawsuits than to pay for a fix for the problem. If that's not worse than cheating on emissions tests, we don't know what is. Four rings floored:60 Minutesand Audi's 'unintended acceleration' problem Audi almost didn't make it into the 21st century in America thanks to one poorly-reported special on 60 Minutes. During the period of 1982 to 1987, Audi issued recalls for a series of 5000 models with reported incidents of unintended acceleration that would occur suddenly. The incidents were reportedly linked to six deaths and almost 700 accidents. The NHTSA was also investigating another 50 models from 20 different manufacturers for the same problem, but the folks at 60 Minutes didn't bother or care to check that out. In a special called "Out of Control" that aired in 1986, 60 Minutes interviewed six people that had sued Audi for the unintended acceleration. They even went so far as to create a dramatic reenactment of the incident, but

failed to disclose that they had engineered the car to replicate the behavior for the special. Audi eventually issued a recall to spread the pedals further apart, even though "user error" was determined to be the cause of the incidents. Audi is lucky that they recovered from the "scandal," but have now become one of the strongest and most popular German brands. Separation anxiety: Firestone Tires and the Ford Explorer Ford and Firestone had a close relationship almost from their respective founding. As the largest American automaker and the largest tire company, they had a lucrative relationship for the majority of the 20th century, even being linked in marriage by William Clay Ford Sr. and Martha Parke Firestone in 1947. But in May of 2000, everything changed. Firestone already had a tarnished reputation from a 1970s scandal that involved their 500 radial tires and a tendency for tread separation, so when the NHTSA contacted both Ford and Firestone about a high rate of tire failure on Explorer, Mercury Mountaineer and Mazda Navajo models, the future seemed very bleak. Ford investigated the problem, and found that 15-inch tires had very high tread separation rates, especially those made in Decatur, IL. The tires could rupture at speed, causing an estimated 250 deaths and thousands of injuries. Ford was able to place most of the blame on Firestone, but the Explorer was especially prone to rollover accidents thanks to its top-heavy design. The pair of companies faced many lawsuits, and Firestone recalled 2.8 million tires. Nowadays, Ford partners with Bridgestone for most of their new tires. Braking news: Toyota and Lexus's runaway car problem It started off small for Japan's largest automaker, but what seemed like a minor issue quickly ballooned into a massive recall. From 2002 to 2009, many defect petitions were made to the NHTSA regarding Toyota and Lexus models' tendency to unintentionally accelerate, but most were determined to be the cause of user error. Toyota issued a minor fix by bringing in all of the affected cars and asking owners to switch out all-weather mats to keep the pedals clear. Then, in August of 2009, California Highway Patrol officer Mark Saylor was traveling with his family in San Diego in a loaner Lexus ES350 when the car lost all brake function and accelerated out of control as Saylor was passing a truck on the highway. Everyone in the vehicle was killed, and the crash gained national coverage. From that point onwards, Toyota issued 7 separate recalls that totaled almost 10 million vehicles, for which they switched out floor mats and carpet covers that caused "pedal entrapment." But the problem was far from fixed, and in 2013, a former Toyota employee released a personal statement that accused Toyota of covering up facts and tricking government officials. The Justice Department investigated the issue from 2010 onwards, and handed Toyota a $1.2 billion penalty for issuing misleading statements to the NHTSA. Toyota also had to pay another $1.2 billion dollars in a class action lawsuit to Toyota drivers that claimed their vehicles lost value from the scandal. Talk about a sticky situation! Ignition condition: GM's ignition switch fiasco If you've followed automotive news at all over the last year and a half, chances are you're very familiar with this particular scandal already. In February of 2014, General Motors recalled about 800,000 Chevrolet Cobalt and Pontiac G5 models for a problem with the ignition switch that could cause the engine to shut off while driving, thereby preventing airbags from inflating and all power-assisted systems from functioning. The problem ballooned to congressional action, and resulted in the recall of nearly 30 million vehicles worldwide. GM CEO Mary Barra was forced into the firestorm, which has resulted in up to 169 deaths. GM was aware of the problem at least a decade before the recall, but Barra and company were largely able to deflect the blame on the ways of "old GM" before the government bailout. Despite a $900 million fine and an additional $575 million in civil lawsuit compensation, GM's sales and product lineup are stronger than ever. It seems the American car buying public has a very limited short term

memory. Airbag blowout: Honda and Takata's record-setting recall The Takata airbag recall has been the largest in history, with close to 34 million vehicles recalled worldwide that use the defective airbags. In the center of this scandal, however, is Honda, who owned a controlling stake in Takata until recently, and took much of the brunt of the media's coverage of the scandal. According to Takata, the faulty airbags are related to more than 100 injuries and 8 deaths among Hondas alone, and countless more among other automakers including BMW, Chrysler, Ford, Mazda, Nissan, General Motors, and Toyota. If it weren't for the other automakers affected, Honda may have had it much worse in the public eye, but this scandal (coupled with falling profits) recently cost the job of their CEO. V-Trouble-U: the ongoing Volkswagen diesel scandal As details come flooding out of what's being called one of the biggest automotive scandals ever, things are getting worse and worse for Volkswagen. As I type this, CEO Martin Winterkorn has resigned from his post, but VW's troubles are far from over. According to a report, the "defeat device" that was programmed into the diesel cars' ECU to detect when emissions tests were being performed and to adjust emission levels accordingly has been known about for over a year. We've learned a lot about the "how" and the general scope of the deception, but the big question on everyone's mind is simple: why? I suppose we'll find out in time.

View article...

To: Senn, John[Senn.John@epa.gov]
Cc: Belser, Evan[Belser.Evan@epa.gov]
From: Kaul, Meetu
Sent: Fri 9/25/2015 1:00:39 AM
Subject: FW: Interview Application and Questions From Southern Weekly, a Chinese Newspaper

---

Ms.Meetu Kaul, Attorney-Advisor

United States Environmental Protection Agency
Office of Civil Enforcement - Air Enforcement Division
WJC South, Room 1117B
1200 Pennsylvania Ave., N.W. (MC 2242A)
Washington D.C. 20460 (Courier 20004)
Direct: 202-564-5472
Fax: 202-564-0069
Email: kaul.meetu@epa.gov

From: 岳家琛nfzm [mailto:nfzmyjc@163.com]
Sent: Thursday, September 24, 2015 12:51 PM
To: Kaul, Meetu; Brooks, Phillip
Subject: Interview Application and Questions From Southern Weekly, a Chinese Newspaper

Dear EPA,

My name is Jiachen Yue and I am a reporter from Southern Weekly, China's most popular investigative newspaper. We are the only newspaper who interviewed U.S President Obama during his visit to China in 2009.

I noticed that Volkswagen were questioned by the U.S. Environmental Protection Agency on the matter of Exhaust Emissions Device fraud. As a newspaper continuing focus on environment issues, we would like to know more detailed information. Here is my question :

1. When and How did EPA find Volkswagen emissions fraud problem?

2. How does EPA expect Volkswagen solve this problem?

3. As far as we know, exhaust emissions devices of those involved vehicles were supplied by German Bosch Worldwide. Do you think Bosch should therefore take responsibilities?

4.What kind of influence did the Volkswagen produce to the US environment? Why didn't we find it during the past six years ?

Looking forward to your reply。My deadline is this Friday so please let me know as soon as possible.
Many thanks!

Best,

Jiachen

September 24, 2015

Tel: 86-20-83000817

Email: nfzmyjc@163.com

To: McCabe, Janet[McCabe.Janet@epa.gov]; Millett, John[Millett.John@epa.gov]
From: Grundler, Christopher
Sent: Fri 9/25/2015 2:05:25 AM
Subject: How Smog Cops Busted Volkswagen and Brought Down Its CEO - Bloomberg Business

Non-Responsive

http://www.bloomberg.com/news/articles/2015-09-24/how-smog-cops-busted-volkswagen-and-brought-down-its-ceo

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

To: Scott Fulton[fulton@eli.org]
Cc: Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Blubaugh, Jim[Blubaugh.Jim@epa.gov]; Jackson, Cleophas[jackson.cleophas@epa.gov]; Qi Wang ??[qi.wang@bayeco.cn]
From: Bunker, Byron
Sent: Fri 9/25/2015 2:13:43 AM
Subject: Re: Meeting today with Bayeco

Thanks Scott. I am just wrapping up for today and tomorrow looks the same. I will follow up tomorrow to find time next week.

Sent from my iPhone

On Sep 24, 2015, at 12:33 PM, Scott Fulton <fulton@eli.org> wrote:

> Hi Byron -- we're fine passing on today's call. We appreciate the opportunity to chat tomorrow instead if that really works for you (otherwise we could do the call next week). If we do the call tomorrow it would need to be later in the afternoon, say 3:30. Would that work for you? All the best, Scott
>
> On Sep 24, 2015, at 12:20 PM, Scott Fulton <fulton@eli.org> wrote:
>
> > Hi Byron -- I am not surprised that you are feeling a bit distracted. Let me check with the Bayeco people quickly and get back to you. Best, Scott
> >
> > On Sep 24, 2015, at 8:49 AM, Bunker, Byron <bunker.byron@epa.gov> wrote:
> >
> > > Hi Scott,
> > >
> > > Resending to your new address.
> > >
> > > If it would work acceptably for your clients, we should consider rescheduling this call for tomorrow afternoon. My team is absolutely running full speed on our Volkswagen investigation at the moment with some products we want to finish internally by Friday morning. We will be in a better position to listen attentively and learn from your clients if we do the call Friday afternoon. I can offer any

time after 1:00 PM on Friday.

Alternatively, we could consider an in person meeting in China the week of October 19. I am planning to be in Beijing that week if an hour meeting in person would be more productive.

I am sorry for this late notice, but I had not appreciated the pace we would need to keep to move our VW work effectively.

Thanks,

Byron

****

Byron Bunker

Director Compliance Division

Office of Transportation and Air Quality

Environmental Protection Agency

2000 Traverwood Drive

Ann Arbor, MI 48105

Bunker.Byron@epa.gov

Phone: (734) 214-4155

Mobile: (734) 353-9623

****

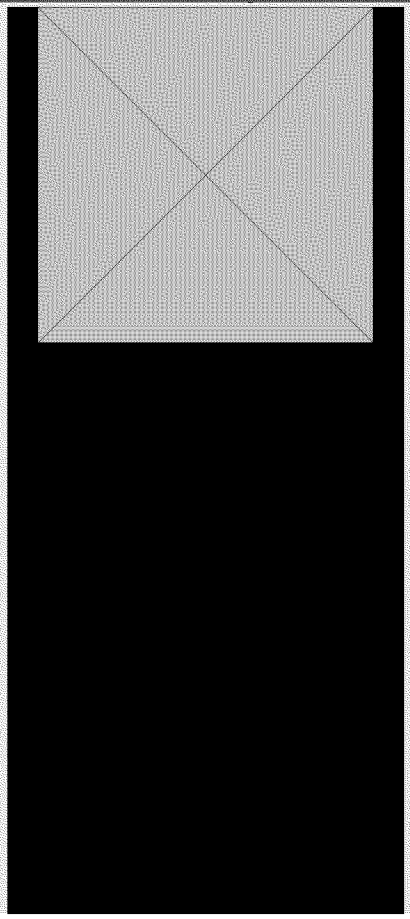
To: Simon, Karl[Simon.Karl@epa.gov]; Charmley, William[charmley.william@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]; Cook, Leila[cook.leila@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]
From: Hengst, Benjamin
Sent: Fri 9/25/2015 2:26:45 AM
Subject: VW

Who knows how good the reporting is, but interesting nonetheless.

Begin forwarded message:

From: Ben
Date: September 24, 2015 at 10:22:18 PM EDT
To: Ben Hengst <hengst.benjamin@epa.gov

Problems at Volkswagen Start in the Boardroom



Problems at Volkswagen Start in the Boardroom

An insular governing structure, overseen by family members and labor, allowed the current scandal over the flouting of emissions standards to happen.

View on www.nytimes.com

From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Fri 9/25/2015 2:58:33 AM
Subject: At least 27 state attorneys general to probe, subpoena VW
MAIL_CONVERSATION_TOPIC: At least 27 state attorneys general to probe, subpoena VW
Created: Fri 3/18/2016 6:18:09 PM

NEW YORK, Sept 24 (Reuters) - At least 27 U.S. state attorneys general on Thursday initiated a multi-state investigation of Volkswagen over its representations to consumers of its diesel vehicles, according to a spokeswoman for Illinois Attorney General Lisa Madigan.

View article...

From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Fri 9/25/2015 2:58:45 AM
Subject: 8 biggest automotive scandals of all time
MAIL_CONVERSATION_TOPIC: 8 biggest automotive scandals of all time
Created: Fri 3/18/2016 6:18:09 PM

Caught up in the midst of it all, Volkswagen's recent diesel emissions scandal seems historically bad. The company has apologized, and is carrying on business as usual, but this kind of widespread, systemic disregard for the law is bad news for the world's new largest automaker. But despite the impending fines, sanctions, and legal action, this is hardly the first or the most deadly automotive scandal. In fact, there are several more (some in recent memory) that challenge "dieselgate" for scope and organizational incompetence. If you're looking for a thorough takedown of "Government Motors" or any of the post-recession bailouts, look elsewhere. Join us as we take a look back at eight of the biggest mechanical scandals the automotive world has ever seen. Unsafe at Any Speed: The demise of the Chevrolet Corvair Chevrolet's infamous Corvair was an automotive anomaly at the time. With a rear-mounted flat-6-cylinder engine, it was essentially an American Porsche. But almost no one remembers the Corvair as a quirky, bow-tied sports sedan, because in 1965, consumer protection activist Ralph Nader released his book Unsafe at Any Speed, a thorough takedown of the safety-related shortcomings of the American auto industry, and the Corvair was at the crux of his campaign. Due to an inherently unstable swing axle suspension design, a tire-pressure differential system designed to induce understeer and combat oversteer, and the removal of a front anti-sway bar by Chevrolet engineering management, Nader dubbed the Corvair "the leading candidate for the un-safest-car title." Sales immediately dropped from almost 220,000 in 1965 to less than 15,000 in 1968, and the subsequent public outrage prompted the signing of the National Traffic and Motor Vehicle Safety Act in 1966. 'The barbecue that seats four': the Ford Pinto fuel tank debacle If you remember driving in the 1970s and 80s, there was one rule of the road that everyone seemed to follow: steer clear if you see a Pinto. Ford's wildly-popular economy car sold extremely well after the fuel crisis of the early 70s, thanks to its space-efficient design, above-average gas mileage, and low purchase price. But Ford was hiding a deadly secret – one that makes emissions test cheating seem like an honest mistake. The National Highway Traffic Safety Administration (NHTSA) investigated the Pinto from 1974 onward, taking action in 1977 after finding that the Pinto's fuel tank could rupture in a crash, resulting in deadly fires from spilled fuel. The tank sat between the rear axle and the rear bumper, and the fuel filler neck could break in a rear end collision. The NHTSA also found that not only did Ford know about this problem, but they deliberately neglected to engineer a redesign after conducting a cost-benefit analysis that determined that it was cheaper to pay off possible lawsuits than to pay for a fix for the problem. If that's not worse than cheating on emissions tests, we don't know what is. Four rings floored:60 Minutesand Audi's 'unintended acceleration' problem Audi almost didn't make it into the 21st century in America thanks to one poorly-reported special on 60 Minutes. During the period of 1982 to 1987, Audi issued recalls for a series of 5000 models with reported incidents of unintended acceleration that would occur suddenly. The incidents were reportedly linked to six deaths and almost 700 accidents. The NHTSA was also investigating another 50 models from 20 different manufacturers for the same problem, but the folks at 60 Minutes didn't bother or care to check that out. In a special called "Out of Control" that aired in 1986, 60 Minutes interviewed six people that had sued Audi for the unintended acceleration. They even went so far as to create a dramatic reenactment of the incident, but

failed to disclose that they had engineered the car to replicate the behavior for the special. Audi eventually issued a recall to spread the pedals further apart, even though "user error" was determined to be the cause of the incidents. Audi is lucky that they recovered from the "scandal," but have now become one of the strongest and most popular German brands. Separation anxiety: Firestone Tires and the Ford Explorer Ford and Firestone had a close relationship almost from their respective founding. As the largest American automaker and the largest tire company, they had a lucrative relationship for the majority of the 20th century, even being linked in marriage by William Clay Ford Sr. and Martha Parke Firestone in 1947. But in May of 2000, everything changed. Firestone already had a tarnished reputation from a 1970s scandal that involved their 500 radial tires and a tendency for tread separation, so when the NHTSA contacted both Ford and Firestone about a high rate of tire failure on Explorer, Mercury Mountaineer and Mazda Navajo models, the future seemed very bleak. Ford investigated the problem, and found that 15-inch tires had very high tread separation rates, especially those made in Decatur, IL. The tires could rupture at speed, causing an estimated 250 deaths and thousands of injuries. Ford was able to place most of the blame on Firestone, but the Explorer was especially prone to rollover accidents thanks to its top-heavy design. The pair of companies faced many lawsuits, and Firestone recalled 2.8 million tires. Nowadays, Ford partners with Bridgestone for most of their new tires. Braking news: Toyota and Lexus's runaway car problem It started off small for Japan's largest automaker, but what seemed like a minor issue quickly ballooned into a massive recall. From 2002 to 2009, many defect petitions were made to the NHTSA regarding Toyota and Lexus models' tendency to unintentionally accelerate, but most were determined to be the cause of user error. Toyota issued a minor fix by bringing in all of the affected cars and asking owners to switch out all-weather mats to keep the pedals clear. Then, in August of 2009, California Highway Patrol officer Mark Saylor was traveling with his family in San Diego in a loaner Lexus ES350 when the car lost all brake function and accelerated out of control as Saylor was passing a truck on the highway. Everyone in the vehicle was killed, and the crash gained national coverage. From that point onwards, Toyota issued 7 separate recalls that totaled almost 10 million vehicles, for which they switched out floor mats and carpet covers that caused "pedal entrapment." But the problem was far from fixed, and in 2013, a former Toyota employee released a personal statement that accused Toyota of covering up facts and tricking government officials. The Justice Department investigated the issue from 2010 onwards, and handed Toyota a $1.2 billion penalty for issuing misleading statements to the NHTSA. Toyota also had to pay another $1.2 billion dollars in a class action lawsuit to Toyota drivers that claimed their vehicles lost value from the scandal. Talk about a sticky situation! Ignition condition: GM's ignition switch fiasco If you've followed automotive news at all over the last year and a half, chances are you're very familiar with this particular scandal already. In February of 2014, General Motors recalled about 800,000 Chevrolet Cobalt and Pontiac G5 models for a problem with the ignition switch that could cause the engine to shut off while driving, thereby preventing airbags from inflating and all power-assisted systems from functioning. The problem ballooned to congressional action, and resulted in the recall of nearly 30 million vehicles worldwide. GM CEO Mary Barra was forced into the firestorm, which has resulted in up to 169 deaths. GM was aware of the problem at least a decade before the recall, but Barra and company were largely able to deflect the blame on the ways of "old GM" before the government bailout. Despite a $900 million fine and an additional $575 million in civil lawsuit compensation, GM's sales and product lineup are stronger than ever. It seems the American car buying public has a very limited short term

memory. Airbag blowout: Honda and Takata's record-setting recall The Takata airbag recall has been the largest in history, with close to 34 million vehicles recalled worldwide that use the defective airbags. In the center of this scandal, however, is Honda, who owned a controlling stake in Takata until recently, and took much of the brunt of the media's coverage of the scandal. According to Takata, the faulty airbags are related to more than 100 injuries and 8 deaths among Hondas alone, and countless more among other automakers including BMW, Chrysler, Ford, Mazda, Nissan, General Motors, and Toyota. If it weren't for the other automakers affected, Honda may have had it much worse in the public eye, but this scandal (coupled with falling profits) recently cost the job of their CEO. V-Trouble-U: the ongoing Volkswagen diesel scandal As details come flooding out of what's being called one of the biggest automotive scandals ever, things are getting worse and worse for Volkswagen. As I type this, CEO Martin Winterkorn has resigned from his post, but VW's troubles are far from over. According to a report, the "defeat device" that was programmed into the diesel cars' ECU to detect when emissions tests were being performed and to adjust emission levels accordingly has been known about for over a year. We've learned a lot about the "how" and the general scope of the deception, but the big question on everyone's mind is simple: why? I suppose we'll find out in time.

View article...

To: Grundler, Christopher[grundler.christopher@epa.gov]; Millett, John[Millett.John@epa.gov]
From: McCabe, Janet
Sent: Fri 9/25/2015 3:01:51 AM
Subject: Re: How Smog Cops Busted Volkswagen and Brought Down Its CEO - Bloomberg Business

great

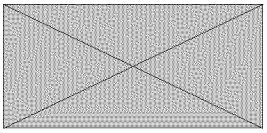
From: Grundler, Christopher
Sent: Thursday, September 24, 2015 10:05 PM
To: McCabe, Janet; Millett, John
Subject: How Smog Cops Busted Volkswagen and Brought Down Its CEO - Bloomberg Business

Thankfully CARB getting some ink

http://www.bloomberg.com/news/articles/2015-09-24/how-smog-cops-busted-volkswagen-and-brought-down-its-ceo

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: Environmental Law360
Sent: Fri 9/25/2015 7:31:22 AM
Subject: EU Urges Member States To Investigate VW Emissions Fraud



ENVIRONMENTAL

Friday, September 25, 2015

TOP NEWS

EU Urges Member States To Investigate VW Emissions Fraud

The European Commission on Thursday urged member states to conduct investigations into the use of defeat device software used to bypass air pollution emissions standards in the wake of recent allegations that Volkswagen AG has been cheating emissions tests with its diesel engines.

EPA Proposes Rule To Stop Pharmaceutical Flushing

The U.S. Environmental Protection Agency proposed a ban on Thursday on flushing hazardous waste pharmaceuticals down the drain, a move the EPA said is intended to protect waterways, including drinking and surface water.

BP Asks 5th Circ. To OK Deepwater Settlement Calculations

BP asked the Fifth Circuit on Wednesday to affirm a so-called accrual-style framework when calculating the settlement it will pay a class of Gulf Coast businesses harmed by 2010's Deepwater Horizon disaster, claiming that the court had previously suggested the formula to determine the businesses' lost profits.

Tribes Told To Shore Up Bid For $9M Costs In Pollution Suit

A Washington federal judge on Wednesday ordered tribes embroiled in a dispute with a Canadian mining company over metal waste pollution in the Columbia River to turn over additional documents to support their request for $9.1 million in costs, saying it's necessary to ensure they're not receiving double recovery.

Nev. Counties, Mining Cos. Sue DOI Over Sage-Grouse Plans

Two Nevada counties and two mining companies on Wednesday sued the federal government over resource management plans for the Great Basin region intended in part to help preserve the greater sage-grouse, arguing it failed to accommodate the need for mineral resources.

Volkswagen Faces Multistate Probe Over Emissions Fraud

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More than half of U.S. states, including California, Texas and New York, said Thursday they launched a multistate investigation of Volkswagen to determine if the embattled automaker deceived consumers by selling "clean diesel" cars with software designed to circumvent emissions tests, according to Texas Attorney General Ken Paxton.

POLICY & REGULATION

Sens. Revive Bill To Cut Methane, Short-Lived GHG Emissions

U.S. Sens. Chris Murphy, D-Conn., and Susan Collins, R-Maine, have reintroduced legislation aimed at reducing short-lived but potent greenhouse gas emissions, including methane leaking from oil and gas operations.

EPA Floats New Regulations For Hazardous Waste Shipments

The U.S. Environmental Protection Agency on Thursday proposed boosting its oversight of hazardous waste shipments to help ensure that hazardous waste that's imported into and exported from the U.S. is being safely transported.

Nordea Bans VW Stocks, Bonds For 6 Months Amid Scandal

Nordea Asset Management has banned fund managers from investing in Volkswagen AG stocks and bonds for six months, a spokeswoman confirmed Thursday, marking the latest setback for the beleaguered auto company contending with allegations it knowingly engineered its diesel engines to cheat emissions standards.

ENFORCEMENT

Ex-Massey Energy CEO Can't Delay Criminal Trial

A West Virginia federal judge on Thursday rejected a bid by former Massey Energy CEO Don Blankenship to delay the looming Oct. 1 trial until January, saying Blankenship didn't provide a good reason to warrant a rescheduling.

Virgin Islands Utility Will Spend $13.5M To Fix Plant Violations

The municipal utility serving the U.S. Virgin Islands will pay a $1.3 million penalty and spend $12.2 million on compliance upgrades to resolve allegations that two of its power plants flouted federal air pollution limits, the U.S. Environmental Protection Agency said Thursday.

EPA Cites Pesticide Maker For Marketing Violations

The U.S. Environmental Protection Agency said Thursday that a Philadelphia-based chemical maker has been improperly marketing an insecticide by failing to include its "restricted use" designation in marketing materials.

EPA Settles Clean Air Suit Over Pa. Chemical Plant

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The U.S. Environmental Protection Agency and Pennsylvania's Department of Environmental Protection on Thursday inked a settlement for a lawsuit alleging that Indspec Chemical Corp. violated the Clear Air Act by improperly monitoring the emission of hazardous air pollutants from its production of the chemical resorcinol.

LITIGATION

Dealers Hit VW With Latest Suit In Diesel-Emissions Scandal

Independent auto dealers hit Volkswagen Group of America Inc. with a proposed class action in California federal court on Thursday, jumping into litigation stemming from the company's alleged engineering of diesel engines to beat emissions standards.

Biofuel Group Asks DC Circ. To Modify Test Fuel Opinion

A biofuel advocacy group renewed its bid Thursday for the D.C. Circuit to modify its opinion regarding the U.S. Environmental Protection Agency's rules requiring test fuels be commercially available before they can be approved, arguing the agency's discretion will be better preserved if the opinion is amended.

Enviros Sue For Gov't Info On Crude Oil Exports

Conservation groups on Thursday sued the Obama administration for allegedly refusing to release information about recent crude oil export authorizations.

9th Circ. Asked To Revive Suit Over $3.3B Nuke Plant Charges

Consumers accusing the California Public Utilities Commission of wrongly charging them $3.3 billion for a nuclear plant's defective steam generators urged the Ninth Circuit to revive their suit Wednesday because they had not received fair notice and hearing in advance of the utility's decision.

US Ducks Waste Co.'s $1M Suit Over Tainted Oil

A Colorado federal court Wednesday dismissed a waste management company's suit seeking compensation for a U.S. Air Force shipment of tainted oil that allegedly caused more than $1 million in damage and cleanup.

Sierra Club Gets OK To Intervene In Luminant Clean Air Suit

A Texas federal judge on Wednesday granted the Sierra Club the right to intervene in a Clean Air Act suit lodged against Energy Future Holdings subsidiary Luminant Generation Co. by the federal government, while also setting some restrictions on its involvement.

NJ Lawmakers Decry DEP's Water Regulation Changes

Two New Jersey senators vowed Thursday to overturn the state Department of Environmental Protection's proposed changes to rules governing flood control, stormwater

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and coastal management areas, echoing environmentalists who contend the updates would weaken water quality protections.

Occidental Says Texas Law Doesn't Apply To Sinkhole Suit

Occidental Chemical Corp. told a Texas federal court on Thursday that its dispute with Liberty Insurance Underwriters Inc. over liability for a massive sinkhole is not governed by Texas law because the Houston-based chemical manufacturer was incorporated in New York.

HollyFrontier Allegedly Owes $14M For Refinery Cleanup

HollyFrontier allegedly lied about the existence of lead contamination at an oil refinery before selling it and now refuses to pay $14 million to help the refinery's current owner clean it up, according to a complaint filed in Montana federal court.

IRS Gives Brush-Off To 8th Circ. Conservation Pay Ruling

The Internal Revenue Service on Thursday said the Eighth Circuit misinterpreted federal guidance in a holding last year that the payments a nonfarmer couple received under a federal conservation program were not taxable as self-employment income and recommended its lawyers not follow the decision in other courts.

EXPERT ANALYSIS

Methods To Minimize CERCLA Liability: Part 2

Companies served with potentially responsible party letters by the U.S. Environmental Protection Agency or state agencies threatening action under the Comprehensive Environmental Response, Compensation, and Liability Act should carefully scrutinize the public record concerning the site in question to determine whether the statute of limitations has already run on the "remedial action" involved, say Lester Brown and Thomas McMahon of Perkins Coie LLP.

Anticipating Criminal Charges Against Volkswagen

In the past year, Toyota Motor Corp. and General Motors LLC were criminally investigated by the U.S. Department of Justice. Both companies entered into deferred prosecution agreements, and no individuals were criminally charged. After its stunning admissions this week, Volkswagen likely will not be as fortunate as its competitors in avoiding indictment — for two reasons, says Linda Dale Hoffa of Dilworth Paxson LLP.

LEGAL INDUSTRY

Trial Ace: Vinson & Elkins' Harry Reasoner

While other boys played football or baseball, Harry Reasoner, a year younger than his classmates and no star athlete, fell in love with a different sport: debate. After five decades and 47 wins for Vinson & Elkins LLP, it's clear that trying lawsuits is one game he plays well.

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The Top 5 Beauty Contest Pet Peeves Of GCs

Winning the respect, and business, of a major company in a so-called beauty contest is about much more than looking pretty. Yet general counsels say law firms sometimes not only fail to put their best feet forward, but often give pitches that can be tone deaf and unethical. Here, we look at the behaviors law firms need to avoid when in a beauty contest.

Pillsbury May Lose Cred If Chadbourne Deal Stalls

After failing to tie the knot with a number of other law firms, Pillsbury Winthrop Shaw Pittman LLP's reputation will be on the line if its potential tie-up with Chadbourne & Parke LLP doesn't go through, experts say.

Dewey Jury Eyes Racy Emails As Deliberations Stretch On

The jury in the trial of the former top executives of Dewey & LeBoeuf LLP on Thursday asked to review curse-filled emails from former partners incensed at the firm's chairman, as well as accounting entries, information about the defendants' compensation and other exhibits as deliberations stretched into the sixth day.

Law360's Weekly Verdict: Legal Lions & Lambs

Kirkland & Ellis LLP clinched the title of Law360's top legal lion this week when it snagged a jury verdict clearing Samsung of infringement in long-running litigation with a company dubbed "the original patent troll," while Munger Tolles & Olson LLP headed up this week's legal lambs when a judge ruled Warner never owned a valid copyright on "Happy Birthday to You."

7th Circ. Judge Richard Cudahy Dies At 89

Seventh Circuit Judge Richard D. Cudahy died Tuesday at his home after succumbing to a long-term illness, one of his former clerks told Law360 on Thursday.

Fla. Bar Examiners Say Reciprocity Is Against Public Interest

The Florida Board of Bar Examiners and the Palm Beach County Bar Association have joined the opposition to a proposal before The Florida Bar to allow admission to out-of-state attorneys without taking the state bar exam, with the examiners telling the group the idea isn't in the public's best interest.

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Orrick Herringt

Perkins Coie

Peters & Freedm

Pillsbury Winthro

Shook Hardy

Short Cressm

Sidley Austin

Spilman Thomas

Susman Godfrey

Thomps Coe

Vinson & Elkins

Weil

Gotshal

White & Case

Williams & Connoll

Willkie Farr

Winston & Strawn

Wolf Haldens

Zuckerm Spaede

COMPA

AECOM

Alpha Natural Resourc Inc.

America Bar Associa

BP p.l.c.

BTI Consulti Group Inc.

Bayer AG

CBS Corpora

Center for Biologic Diversity

Inc.

Centex Corpora

Energy Future Holdings

Environ Defense Fund Inc.

FMC Corpora

FirstEne Corp

Florida Bar Associa

Frontier Oil Corpora

General Motors

HollyFro Corpora

Huntsma Corpora

Luminar Generat Co. LLC

Natural Resourc Defense Council

Newegg Inc.

Northrop Grumma Corpora

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Petroleu
Corpora

Philip
Morris
Internati
Inc.

Samsun
Electron

Sierra
Club

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Edison

Sunoco

Toyota
Motor
Corpora

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Energy

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Interior

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Protecti
Agency

Europea
Commis

Federal
Emerge
Manage
Agency

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and
Wildlife
Service

Internal
Revenu
Service

National
Labor
Relation
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Securitie
and
Exchang
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U.S. Air Force

U.S. Customs and Border Protecti

U.S. Departm of Justice

U.S. Departm of State

U.S. Navy

U.S. Suprem Court

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DLA Piper

Davis Graham

Dewey & LeBoeuf

Dickstein Shapiro

Dilworth Paxson

Domengeaux Wright

Eckert Seamans

Ferraro Law Firm

Gibbs & Bruns

Glancy Prongay

Gonzalez Saggio

Gordon & Rees

Gray & Associates

Hall Lamb

Herman Herman

Hunt Ortmann

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Kreindler & Kreindler

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Mayer Brown

McKool Smith

Mintz Levin

Morris James

Morvillo Abramowitz

Munger Tolles

Niro Haller

Orrick Herrington

Perkins Coie

Peters & Freedman

Shook Hardy

Short Cressman

Sidley Austin

Spilman Thomas

Susman Godfrey

Thompson Coe

Weil Gotshal

White & Case

Williams & Connolly

Willkie Farr

Wolf Haldenstein

Zuckerman Spaeder

COMPANIES
Volkswagen

BP p.l.c.

Sierra Club

AECOM

Alpha Natural Resources, Inc.

American Bar Association

BTI Consulting Group Inc.

Bayer AG

CBS Corporation

Center for Biological Diversity Inc.

Centex Corporation

Energy Future Holdings

Environmental Defense Fund Inc.

FMC Corporation

FirstEnergy Corp

Florida Bar Association

Frontier Oil Corporation

General Motors

HollyFrontier Corporation

Huntsman Corporation

Luminant Generation Co. LLC

Natural Resources Defense Council

Newegg Inc.

Northrop Grumman Corporation

Occidental Petroleum Corporation

Philip Morris International Inc.

Samsung Electronics

Southern California Edison

Sunoco

Toyota Motor Corporation

W.R. Grace & Co.

Warner/Chappell Music Inc.

Zeughauser Group LLC

GOVERNMENT AGENCIES
Environmental Protection Agency

U.S. Department of Justice

European Commission

Bureau of Industry and Security

Bureau of Land Management

Confederated Tribes of the Colville Reservation

Department of Agriculture

Department of Commerce

Department of Energy

Department of the Interior

Federal Emergency Management Agency

Fish and Wildlife Service

Internal Revenue Service

National Labor Relations Board

Securities and Exchange Commission

U.S. Air Force

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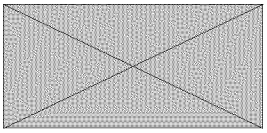
To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Environmental Law360
Sent: Fri 9/25/2015 7:33:16 AM
Subject: EU Urges Member States To Investigate VW Emissions Fraud



ENVIRONMENTAL

Friday, September 25, 2015

TOP NEWS

EU Urges Member States To Investigate VW Emissions Fraud

The European Commission on Thursday urged member states to conduct investigations into the use of defeat device software used to bypass air pollution emissions standards in the wake of recent allegations that Volkswagen AG has been cheating emissions tests with its diesel engines.

EPA Proposes Rule To Stop Pharmaceutical Flushing

The U.S. Environmental Protection Agency proposed a ban on Thursday on flushing hazardous waste pharmaceuticals down the drain, a move the EPA said is intended to protect waterways, including drinking and surface water.

BP Asks 5th Circ. To OK Deepwater Settlement Calculations

BP asked the Fifth Circuit on Wednesday to affirm a so-called accrual-style framework when calculating the settlement it will pay a class of Gulf Coast businesses harmed by 2010's Deepwater Horizon disaster, claiming that the court had previously suggested the formula to determine the businesses' lost profits.

Tribes Told To Shore Up Bid For $9M Costs In Pollution Suit

A Washington federal judge on Wednesday ordered tribes embroiled in a dispute with a Canadian mining company over metal waste pollution in the Columbia River to turn over additional documents to support their request for $9.1 million in costs, saying it's necessary to ensure they're not receiving double recovery.

Nev. Counties, Mining Cos. Sue DOI Over Sage-Grouse Plans

Two Nevada counties and two mining companies on Wednesday sued the federal government over resource management plans for the Great Basin region intended in part to help preserve the greater sage-grouse, arguing it failed to accommodate the need for mineral resources.

Volkswagen Faces Multistate Probe Over Emissions Fraud

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More than half of U.S. states, including California, Texas and New York, said Thursday they launched a multistate investigation of Volkswagen to determine if the embattled automaker deceived consumers by selling "clean diesel" cars with software designed to circumvent emissions tests, according to Texas Attorney General Ken Paxton.

POLICY & REGULATION

Sens. Revive Bill To Cut Methane, Short-Lived GHG Emissions

U.S. Sens. Chris Murphy, D-Conn., and Susan Collins, R-Maine, have reintroduced legislation aimed at reducing short-lived but potent greenhouse gas emissions, including methane leaking from oil and gas operations.

EPA Floats New Regulations For Hazardous Waste Shipments

The U.S. Environmental Protection Agency on Thursday proposed boosting its oversight of hazardous waste shipments to help ensure that hazardous waste that's imported into and exported from the U.S. is being safely transported.

Nordea Bans VW Stocks, Bonds For 6 Months Amid Scandal

Nordea Asset Management has banned fund managers from investing in Volkswagen AG stocks and bonds for six months, a spokeswoman confirmed Thursday, marking the latest setback for the beleaguered auto company contending with allegations it knowingly engineered its diesel engines to cheat emissions standards.

ENFORCEMENT

Ex-Massey Energy CEO Can't Delay Criminal Trial

A West Virginia federal judge on Thursday rejected a bid by former Massey Energy CEO Don Blankenship to delay the looming Oct. 1 trial until January, saying Blankenship didn't provide a good reason to warrant a rescheduling.

Virgin Islands Utility Will Spend $13.5M To Fix Plant Violations

The municipal utility serving the U.S. Virgin Islands will pay a $1.3 million penalty and spend $12.2 million on compliance upgrades to resolve allegations that two of its power plants flouted federal air pollution limits, the U.S. Environmental Protection Agency said Thursday.

EPA Cites Pesticide Maker For Marketing Violations

The U.S. Environmental Protection Agency said Thursday that a Philadelphia-based chemical maker has been improperly marketing an insecticide by failing to include its "restricted use" designation in marketing materials.

EPA Settles Clean Air Suit Over Pa. Chemical Plant

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The U.S. Environmental Protection Agency and Pennsylvania's Department of Environmental Protection on Thursday inked a settlement for a lawsuit alleging that Indspec Chemical Corp. violated the Clear Air Act by improperly monitoring the emission of hazardous air pollutants from its production of the chemical resorcinol.

LITIGATION

Dealers Hit VW With Latest Suit In Diesel-Emissions Scandal

Independent auto dealers hit Volkswagen Group of America Inc. with a proposed class action in California federal court on Thursday, jumping into litigation stemming from the company's alleged engineering of diesel engines to beat emissions standards.

Biofuel Group Asks DC Circ. To Modify Test Fuel Opinion

A biofuel advocacy group renewed its bid Thursday for the D.C. Circuit to modify its opinion regarding the U.S. Environmental Protection Agency's rules requiring test fuels be commercially available before they can be approved, arguing the agency's discretion will be better preserved if the opinion is amended.

Enviros Sue For Gov't Info On Crude Oil Exports

Conservation groups on Thursday sued the Obama administration for allegedly refusing to release information about recent crude oil export authorizations.

9th Circ. Asked To Revive Suit Over $3.3B Nuke Plant Charges

Consumers accusing the California Public Utilities Commission of wrongly charging them $3.3 billion for a nuclear plant's defective steam generators urged the Ninth Circuit to revive their suit Wednesday because they had not received fair notice and hearing in advance of the utility's decision.

US Ducks Waste Co.'s $1M Suit Over Tainted Oil

A Colorado federal court Wednesday dismissed a waste management company's suit seeking compensation for a U.S. Air Force shipment of tainted oil that allegedly caused more than $1 million in damage and cleanup.

Sierra Club Gets OK To Intervene In Luminant Clean Air Suit

A Texas federal judge on Wednesday granted the Sierra Club the right to intervene in a Clean Air Act suit lodged against Energy Future Holdings subsidiary Luminant Generation Co. by the federal government, while also setting some restrictions on its involvement.

NJ Lawmakers Decry DEP's Water Regulation Changes

Two New Jersey senators vowed Thursday to overturn the state Department of Environmental Protection's proposed changes to rules governing flood control, stormwater

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and coastal management areas, echoing environmentalists who contend the updates would weaken water quality protections.

Occidental Says Texas Law Doesn't Apply To Sinkhole Suit

Occidental Chemical Corp. told a Texas federal court on Thursday that its dispute with Liberty Insurance Underwriters Inc. over liability for a massive sinkhole is not governed by Texas law because the Houston-based chemical manufacturer was incorporated in New York.

HollyFrontier Allegedly Owes $14M For Refinery Cleanup

HollyFrontier allegedly lied about the existence of lead contamination at an oil refinery before selling it and now refuses to pay $14 million to help the refinery's current owner clean it up, according to a complaint filed in Montana federal court.

IRS Gives Brush-Off To 8th Circ. Conservation Pay Ruling

The Internal Revenue Service on Thursday said the Eighth Circuit misinterpreted federal guidance in a holding last year that the payments a nonfarmer couple received under a federal conservation program were not taxable as self-employment income and recommended its lawyers not follow the decision in other courts.

EXPERT ANALYSIS

Methods To Minimize CERCLA Liability: Part 2

Companies served with potentially responsible party letters by the U.S. Environmental Protection Agency or state agencies threatening action under the Comprehensive Environmental Response, Compensation, and Liability Act should carefully scrutinize the public record concerning the site in question to determine whether the statute of limitations has already run on the "remedial action" involved, say Lester Brown and Thomas McMahon of Perkins Coie LLP.

Anticipating Criminal Charges Against Volkswagen

In the past year, Toyota Motor Corp. and General Motors LLC were criminally investigated by the U.S. Department of Justice. Both companies entered into deferred prosecution agreements, and no individuals were criminally charged. After its stunning admissions this week, Volkswagen likely will not be as fortunate as its competitors in avoiding indictment — for two reasons, says Linda Dale Hoffa of Dilworth Paxson LLP.

LEGAL INDUSTRY

Trial Ace: Vinson & Elkins' Harry Reasoner

While other boys played football or baseball, Harry Reasoner, a year younger than his classmates and no star athlete, fell in love with a different sport: debate. After five decades and 47 wins for Vinson & Elkins LLP, it's clear that trying lawsuits is one game he plays well.

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The Top 5 Beauty Contest Pet Peeves Of GCs

Winning the respect, and business, of a major company in a so-called beauty contest is about much more than looking pretty. Yet general counsels say law firms sometimes not only fail to put their best feet forward, but often give pitches that can be tone deaf and unethical. Here, we look at the behaviors law firms need to avoid when in a beauty contest.

Pillsbury May Lose Cred If Chadbourne Deal Stalls

After failing to tie the knot with a number of other law firms, Pillsbury Winthrop Shaw Pittman LLP's reputation will be on the line if its potential tie-up with Chadbourne & Parke LLP doesn't go through, experts say.

Dewey Jury Eyes Racy Emails As Deliberations Stretch On

The jury in the trial of the former top executives of Dewey & LeBoeuf LLP on Thursday asked to review curse-filled emails from former partners incensed at the firm's chairman, as well as accounting entries, information about the defendants' compensation and other exhibits as deliberations stretched into the sixth day.

Law360's Weekly Verdict: Legal Lions & Lambs

Kirkland & Ellis LLP clinched the title of Law360's top legal lion this week when it snagged a jury verdict clearing Samsung of infringement in long-running litigation with a company dubbed "the original patent troll," while Munger Tolles & Olson LLP headed up this week's legal lambs when a judge ruled Warner never owned a valid copyright on "Happy Birthday to You."

7th Circ. Judge Richard Cudahy Dies At 89

Seventh Circuit Judge Richard D. Cudahy died Tuesday at his home after succumbing to a long-term illness, one of his former clerks told Law360 on Thursday.

Fla. Bar Examiners Say Reciprocity Is Against Public Interest

The Florida Board of Bar Examiners and the Palm Beach County Bar Association have joined the opposition to a proposal before The Florida Bar to allow admission to out-of-state attorneys without taking the state bar exam, with the examiners telling the group the idea isn't in the public's best interest.

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Congressional activity on the national ozone standard is heating up as U.S. EPA nears a deadline next week to choose a final new limit.

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2.FEDERAL WORKFORCE:

Union will 'torture' Congress during a shutdown, leader vows

3.APPROPRIATIONS:

House Republicans to huddle as spending fight, shutdown loom

POLITICS

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Fiorina acknowledges warming but blasts Obama's prescriptions

5.CAMPAIGN 2016:

Manchin cools on Clinton

ON THE HILL

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Inhofe will 'take a look' at super-pollutant bill

7.OIL:

White House open to export talks as bill advances -- Heitkamp

8.VEHICLES:

Inhofe not ready to blame EPA for VW emissions scandal

9.FORESTS:

Scientists oppose House logging bill, tout benefits of burns

10.BIOTECH:

Lawmakers seek to ease exports of GMO alfalfa to China

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Greenwire's Chemnick talks climate momentum following papal address

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12.CALENDAR:

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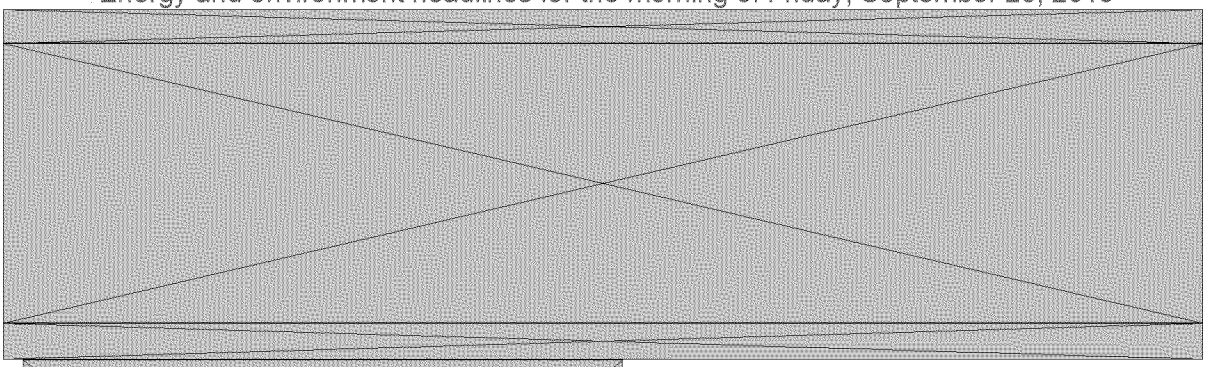
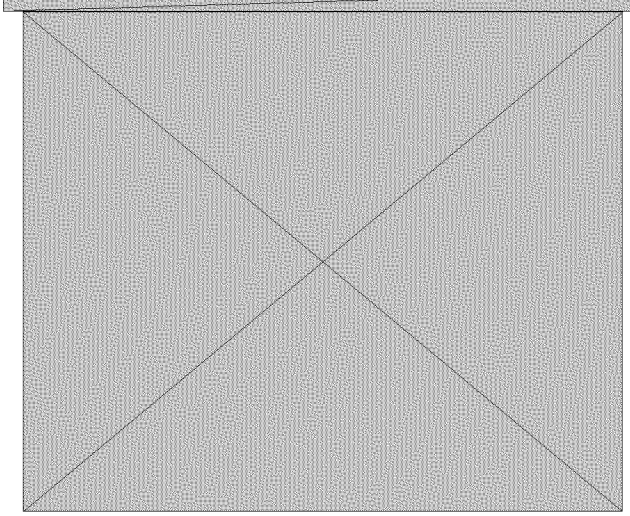
Energy and environment headlines for the morning of Friday, September 25, 2015





China to unveil cap-and-trade, clean energy plans at White House

By Kevin Rogers

China will announce Friday it is launching a national cap-and-trade system by 2017, prioritizing renewable energy on its grid and making a "substantial" financial contribution to the fight against climate change as part of bilateral talks between President Barack Obama and Chinese President Xi Jinping.

Senior administration officials, speaking on condition of anonymity so as not to

preempt official word from the Chinese, told reporters Thursday that the policy announcements will come as Xi and Obama release a new joint statement on climate action.

The statement will lay out out a "common vision" for United Nations climate negotiations in December, unveil new initiatives to reduce carbon pollution and codify new commitments to climate financing for developing countries.

The policies are intended to meet the targets laid out during talks between Obama and Xi in November, where China vowed to peak its emissions by 2030 and the U.S. pledged to cut emissions by up to 28 percent by 2025, compared with 2005 levels.

"Last year's joint announcement was about setting targets. And this year is about showing the world our countries' conviction to implement policies to reach those targets and to lead the world toward a durable global climate agreement," one of the officials said.

The cap-and-trade system would build off of pilot programs that China has conducted in recent years and would apply to power generation, iron and steel production, chemical manufacturing and building material production.

China will also move on a "green dispatch" policy for its power grid, which would give priority to renewable and low-carbon sources before accepting power from traditional sources, a policy that would provide incentive for cleaner fuels and discourage carbon-intensive fuels.

The U.S. and China will also lay out timelines for finalizing heavy-duty truck standards, as well as announce new proposals to boost building efficiency and further phase-down emissions of hydrofluorocarbons, greenhouse gases with a high global warming potential.

The officials said Friday's announcement would help put to rest criticisms that the U.S. was moving to cut carbon emissions and contribute to climate financing without other nations doing their part.

"[The] announcement should help reinforce that, in fact, the opposite is true," one official said. "When the United States leads and shows global leadership in the climate space, it encourages a broader set of countries to respectively do what they can to try to help toward a common goal of encouraging low-carbon development globally."

Scott Segal, director of the Electric Reliability Coordinating Council, however, raised doubts about China's good faith on carbon reductions and the pending announcement.

"An undefined financial commitment and vague statements about a carbon market are no substitute for actual commitments to reduce carbon emission," he said. "To date, we haven't seen that kind of commitment."

Congressional Republicans also have been critical of the deal struck with China last year, contending it would allow China to continue to increase its emissions until 2030, while the

U.S. would have to cut back.

Obama has called for Congress to set aside $3 billion to contribute to the United Nations Green Climate Fund, though the fate of that funding rests with appropriators. The officials said that while China wouldn't be contributing directly to the UN program, it would be "consistent" with the fund's mission.

China will also pick up a U.S. commitment to limit public financing for high-carbon infrastructure and energy projects. The U.S. in 2013 halted public financing for conventional coal-fired plants abroad, setting exceptions for poor countries.

On another call, Deputy National Security Advisor for Strategic Communications Ben Rhodes said Friday's announcements will help set the stage as Obama heads to the United Nations General Assembly on Sunday, where he will seek to press world leaders to support a strong climate agreement in December.

"As the two biggest emitters of the world, the leadership shown by the U.S. and China heading into the U.N. session and the meetings in Paris will be critical to a successful outcome," he said. "So after the breakthrough last year... we'll have an opportunity to put some additional meat on the bones in the discussions over the next two days about the commitments the United States and China will be taking into Paris."

While Obama won't attend a specialized climate change discussion on Sunday, Rhodes said that the issue will be in focus when he addresses the UN on Monday morning.

Quick Links

California regulators to restore emissions-cutting fuel rule

North Dakota: Longer deadline but tougher flaring mandate

EPA to change diesel tests to thwart VW-like cheating

State attorneys general launch investigation of Volkswagen

Interview: UN nuke chief pushback against Iran probe critics

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Voluntary buyout offer made to hundreds at Kimray HQ in Oklahoma City

Britain getting more power from renewables than coal

Drought fuels interest in project to ship water out of Mojave

Upcoming Events

California regulators to restore emissions-cutting fuel rule

By Judy Lin

SACRAMENTO, Calif. (AP) — California regulators are poised to restore a first-in-the-nation climate change program that requires a 10 percent cut in carbon emissions on transportation fuels sold in the state by 2020, despite oil industry objections that it could drive up gas prices.

After the program survived a lengthy legal challenge from fuel makers, regulators are expected to vote Friday on the clean fuel standard, which environmentalists and some business groups are hailing as one of California's most important moves to reduce greenhouse gas emissions.

The California Air Resources Board estimates the economic impact to consumers would be a few cents per gallon, costing a typical commuter $5 to $21 extra in 2017, increasing to $12 to $48 annually in 2020.

"It is giving clear direction to the fuel-producing sector that this is the direction of the state," said John Boesel, president and chief executive of CALSTART, a transportation business group that supports clean-energy technology.

More

North Dakota: Longer deadline but tougher flaring mandate

By Blake Nicholson

BISMARCK, N.D. (AP) — North Dakota regulators have given the oil industry an additional 10 months next year to cut down on the reduction of wasteful flaring of natural gas but also implemented a stiffer long-term benchmark.

The decision Thursday by the state Industrial Commission pleased neither the industry nor environmental groups, but regulators said it's a give-and-take aimed at putting more natural gas on the market to the benefit of both energy companies and consumers.

"I'm interested in the end game — where do we wind up," said Attorney General Wayne Stenehjem, who sits on the commission with Gov. Jack Dalrymple and Agriculture Commissioner Doug Goehring, all Republicans.

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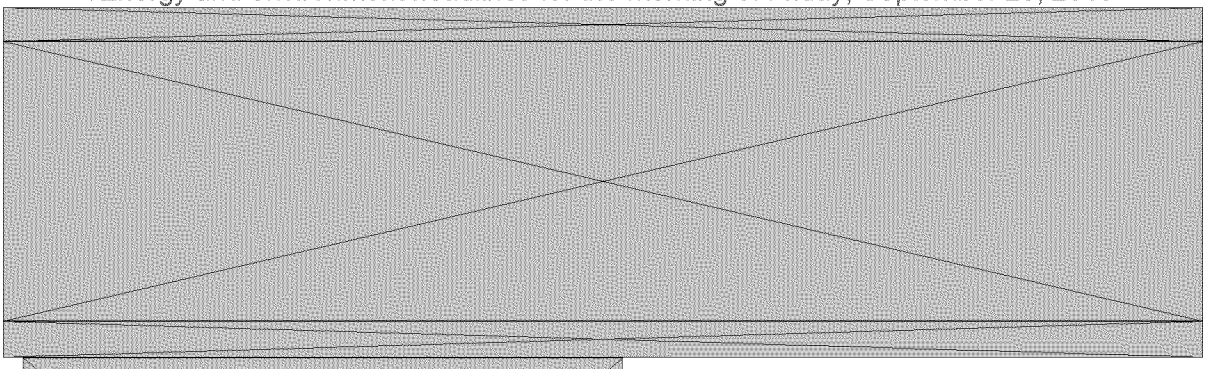
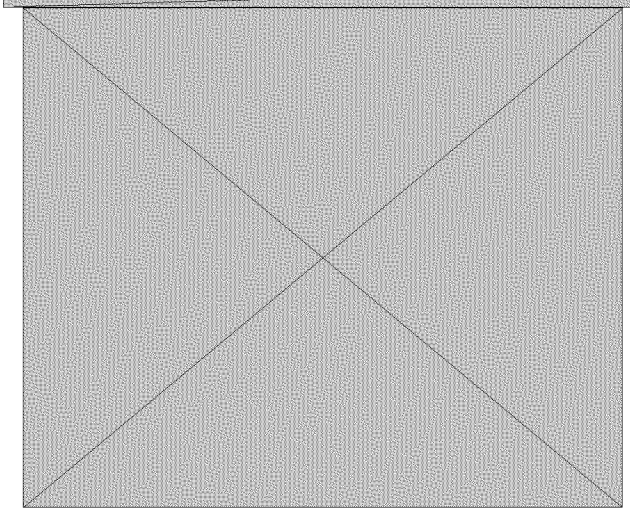
Energy and environment headlines for the morning of Friday, September 25, 2015





China to unveil cap-and-trade, clean energy plans at White House

By Kevin Rogers

China will announce Friday it is launching a national cap-and-trade system by 2017, prioritizing renewable energy on its grid and making a "substantial" financial contribution to the fight against climate change as part of bilateral talks between President Barack Obama and Chinese President Xi Jinping.

Senior administration officials, speaking on condition of anonymity so as not to

preempt official word from the Chinese, told reporters Thursday that the policy announcements will come as Xi and Obama release a new joint statement on climate action.

The statement will lay out out a "common vision" for United Nations climate negotiations in December, unveil new initiatives to reduce carbon pollution and codify new commitments to climate financing for developing countries.

The policies are intended to meet the targets laid out during talks between Obama and Xi in November, where China vowed to peak its emissions by 2030 and the U.S. pledged to cut emissions by up to 28 percent by 2025, compared with 2005 levels.

"Last year's joint announcement was about setting targets. And this year is about showing the world our countries' conviction to implement policies to reach those targets and to lead the world toward a durable global climate agreement," one of the officials said.

The cap-and-trade system would build off of pilot programs that China has conducted in recent years and would apply to power generation, iron and steel production, chemical manufacturing and building material production.

China will also move on a "green dispatch" policy for its power grid, which would give priority to renewable and low-carbon sources before accepting power from traditional sources, a policy that would provide incentive for cleaner fuels and discourage carbon-intensive fuels.

The U.S. and China will also lay out timelines for finalizing heavy-duty truck standards, as well as announce new proposals to boost building efficiency and further phase-down emissions of hydrofluorocarbons, greenhouse gases with a high global warming potential.

The officials said Friday's announcement would help put to rest criticisms that the U.S. was moving to cut carbon emissions and contribute to climate financing without other nations doing their part.

"[The] announcement should help reinforce that, in fact, the opposite is true," one official said. "When the United States leads and shows global leadership in the climate space, it encourages a broader set of countries to respectively do what they can to try to help toward a common goal of encouraging low-carbon development globally."

Scott Segal, director of the Electric Reliability Coordinating Council, however, raised doubts about China's good faith on carbon reductions and the pending announcement.

"An undefined financial commitment and vague statements about a carbon market are no substitute for actual commitments to reduce carbon emission," he said. "To date, we haven't seen that kind of commitment."

Congressional Republicans also have been critical of the deal struck with China last year, contending it would allow China to continue to increase its emissions until 2030, while the

U.S. would have to cut back.

Obama has called for Congress to set aside $3 billion to contribute to the United Nations Green Climate Fund, though the fate of that funding rests with appropriators. The officials said that while China wouldn't be contributing directly to the UN program, it would be "consistent" with the fund's mission.

China will also pick up a U.S. commitment to limit public financing for high-carbon infrastructure and energy projects. The U.S. in 2013 halted public financing for conventional coal-fired plants abroad, setting exceptions for poor countries.

On another call, Deputy National Security Advisor for Strategic Communications Ben Rhodes said Friday's announcements will help set the stage as Obama heads to the United Nations General Assembly on Sunday, where he will seek to press world leaders to support a strong climate agreement in December.

"As the two biggest emitters of the world, the leadership shown by the U.S. and China heading into the U.N. session and the meetings in Paris will be critical to a successful outcome," he said. "So after the breakthrough last year... we'll have an opportunity to put some additional meat on the bones in the discussions over the next two days about the commitments the United States and China will be taking into Paris."

While Obama won't attend a specialized climate change discussion on Sunday, Rhodes said that the issue will be in focus when he addresses the UN on Monday morning.

Quick Links

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California regulators to restore emissions-cutting fuel rule

By Judy Lin

SACRAMENTO, Calif. (AP) — California regulators are poised to restore a first-in-the-nation climate change program that requires a 10 percent cut in carbon emissions on transportation fuels sold in the state by 2020, despite oil industry objections that it could drive up gas prices.

After the program survived a lengthy legal challenge from fuel makers, regulators are expected to vote Friday on the clean fuel standard, which environmentalists and some business groups are hailing as one of California's most important moves to reduce greenhouse gas emissions.

The California Air Resources Board estimates the economic impact to consumers would be a few cents per gallon, costing a typical commuter $5 to $21 extra in 2017, increasing to $12 to $48 annually in 2020.

"It is giving clear direction to the fuel-producing sector that this is the direction of the state," said John Boesel, president and chief executive of CALSTART, a transportation business group that supports clean-energy technology.

More

North Dakota: Longer deadline but tougher flaring mandate

By Blake Nicholson

BISMARCK, N.D. (AP) — North Dakota regulators have given the oil industry an additional 10 months next year to cut down on the reduction of wasteful flaring of natural gas but also implemented a stiffer long-term benchmark.

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From: PABMAH
Sent: Fri 9/25/2015 12:05:26 PM
Subject: Audi

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Sent from my iPhone

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: energy@morningconsult.cpro30.com
Sent: Fri 9/25/2015 12:15:05 PM
Subject: Morning Consult Energy, Presented by the American Coalition for Clean Coal Electricity: China to Announce Landmark Cap-And-Trade Program; Halliburton to Cut More Jobs

By Deirdra O'Regan

Today's Washington Brief

- President Xi Jinping today will commit China to a cap-and-trade system to limit greenhouse gas emissions starting in 2017, making China the world's largest carbon market. (The New York Times)

- Pope Francis urged the United States to take "responsible" action on climate change, but the pontiff received a mixed response from the mostly Republican audience during his historic address to Congress. (The Hill)

- A climate change rally at the Capitol failed to draw the numbers expected, but demonstrators present during the pope's speech pushed a positive message rather than aggressive tactics. (Morning Consult)

Today's Business Brief

- Halliburton Co. is cutting more jobs in North America due to the downturn in the oil industry. Job losses could amount to roughly 20,000 worldwide once finalized. (Houston Business Journal)

- TransCanada Corp., the company behind the Keystone XL pipeline, is cutting around 20 percent of its senior leadership, citing factors such as falling crude oil prices. (Reuters)

- Volkswagen of America Inc. sent letters in April to California owners of diesel-powered Volkswagens and Audis, warning of an emissions glitch and saying some owners needed new software to ensure emissions were "optimized and operating efficiently." (Reuters)

Today's Chart Review

The Evolution of International Crude-Oil Prices, 2008-15
International Energy Agency

Mark Your Calendars (All Times Eastern)

Friday
NRC public meeting on the Revised Fuel Cycle Oversight Process @ 8:30 a.m.
CSIS discussion of global natural gas markets @ 10 a.m

General

VW recall letters in April warned of an emissions glitch
Alexandria Sage, Reuters

In April of 2015, Volkswagen of America, Inc. sent letters to California owners of diesel-powered Audis and Volkswagens informing them of an "emissions service action" affecting the vehicles. Owners were told they would need to take their cars to a dealer for new software to ensure tailpipe emissions were "optimized and operating efficiently."

VW scandal caused nearly 1m tonnes of extra pollution, analysis shows
Karl Mathiesen and Arthur Neslen, The Guardian

Volkswagen's rigging of emissions tests for 11m cars means they may be responsible for nearly 1m tonnes of air pollution every year, roughly the same as the UK's combined emissions for all power stations, vehicles, industry and agriculture, a Guardian analysis suggests.

Obama to overhaul process for offsetting environmental harm
Corbin Hiar, E&E

The White House is preparing a presidential memorandum that seeks to streamline how the government offsets damage to public lands, waters and wildlife, according to several sources. The memo aims to consolidate separate mitigation policy reform efforts that are already underway at federal agencies and learn from past mistakes, sources said.

Clinton takes aim at pharma, Keystone — but industry lobbyists still provide campaign cash
Catherine Ho, Bloomberg News

Hillary Clinton took aim this week at the pharmaceutical industry and the Keystone oil pipeline. But that doesn't mean the Democratic presidential front-runner isn't enjoying the support of lobbyists representing drug and oil companies in Washington, many of whom are helping raise stacks of money for her campaign.

Caterpillar slashes revenue forecast, may cut up to 10,000 jobs
Lisa Von Ahn, Reuters

Caterpillar Inc slashed its 2015 revenue forecast and said it could cut up to 10,000 jobs through 2018, on Thursday joining a list of big U.S. industrial companies grappling with the shock waves from the mining and energy downturn.

EPA's fondness for high-end furniture costs taxpayers $92 million
Kellan Howell, The Washington Times

The Environmental Protection Agency over the past decade has spent a whopping $92.4 million to purchase, rent, install and store office furniture ranging from fancy hickory chairs and a hexagonal wooden table, worth thousands of dollars each, to a simple drawer to store pencils that cost $813.57.

U.S. Index Futures Advance as Yellen Supports 2015 Rate Increase
Alex Longley, Bloomberg News

U.S. stock-index futures advanced as Federal Reserve Chair Janet Yellen reiterated that the central bank is on track to raise interest rates this year, indicating its confidence in the economy. Standard & Poor's 500 Index E-mini contracts expiring in December jumped 1.2 percent to 1,942.5 at 7:05 a.m. in New York.

Oil & Natural Gas

Oil prices pare gains on stronger dollar, weak Japan data
Dmitry Zhdannikov, Reuters

Oil prices pared gains on Friday after the dollar rose on expectations the United States could still raise interest rates this year and after analysts from Standard & Poor's ratings cut their oil price assumptions. Weak consumer data from Japan also weighed on price and analysts said that the slowing global economic outlook meant that oil prices would likely remain low for months to come.

Halliburton job cut numbers surface, Houston at the center
Suzanne Edwards, Houston Business Journal

Halliburton Co. job cuts could amount to roughly 20,000 worldwide once finalized, and many will be in Houston, sources familiar with the matter say. Halliburton has terminated almost 16,000 positions globally, or approximately 19 percent of its

workforce, since its peak in 2014, spokesperson Emily Mir said in a statement to the Houston Business Journal.

TransCanada says cutting 20 percent of senior management positions
Nia Williams, Reuters

Pipeline company TransCanada Corp will cut 20 percent of its senior management positions as a continuing slump in oil prices has necessitated cost reductions, with further staff cuts possible in the future, a company spokesman said on Thursday.

Energy Lending Caught in a Squeeze
Emily Glazer et al., The Wall Street Journal

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Tax revenue falling short; North Dakota gets a 'wake-up call'
Mike Nowatzki, Forum News Service

North Dakota's tax revenues fell more than $40 million short of projections in July and August as the oil industry continued to idle drilling rigs amid low crude prices, prompting state lawmakers Wednesday to warn of the budget effects and suggest an updated revenue forecast may be needed.

Central Asia's shifting pipeline politics
Cristina Maza, The Christian Science Monitor

Global energy is undergoing tectonic shifts. Strong US oil and gas production has moved the locus of supply westward, while advanced efficiency and alternative energy have curbed demand across the developed world.

Utilities & Infrastructure

Clinton calls for sweeping power grid upgrades
Katie Bo Williams, The Hill

Hillary Clinton is calling for power grid upgrades to increase cybersecurity, the Democratic presidential front-runner revealed in a sweeping energy infrastructure policy statement released Wednesday.

Trader facing large FERC penalties could see big payoff as whistleblower in bank case

Glen Boshart, SNL

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The Southwest Power Pool on Tuesday hosted what amounted to an online mixer for the air regulators from the 14 states in which SPP ensures electric system reliability and operates electricity markets.

Renewables

Starbucks, Wal-Mart, Nike take on 100% renewable energy pledge
Alexandra Gibbs, CNBC

Starbucks, Wal-Mart, Goldman Sachs and Johnson & Johnson are among the latest round of companies making the pledge to convert completely to renewable energy, signaling a strong push for corporate backing of cleaner sources of power. The companies are part of a group of nine organizations, who have joined 36 corporations which have signed on to cut their carbon dioxide (CO2) emissions and source their electricity solely on green energy, as part of non-profit organization, The Climate Group's global initiative, "RE100".

Portable Wind Turbines Power Phones or Homes
Glenn McDonald, Discovery News

Billed as the world's first line of truly portable wind turbines, the team's Trinity power stations are designed to radically reduce the cost and hassle of harvesting wind power. The turbines come in four different sizes, starting with a 50-watt model that weighs in at 1.4 lbs and fits in your backpack.

Coal

US Coal Mines Continue To Dwindle As Weak Demand Takes A Toll
Avaneesh Pandey, International Business Times

The number of operating coal mines in the United States has hit a record low, as use of natural gas rises across the country. According to a report released Wednesday by the U.S. Energy Information Administration (EIA), just over 1,000 coal mines were operating in the country in 2013 — the most recent year for which data is available —

down from more than 1,400 in 2008, when coal production was at its highest.

US coal companies see a bright spot: pizza ovens
Mario Parker and Leslie Patton, Bloomberg News

Coal is finding its way back into the nation's favor — one pizza at a time. The growing appetite for coal-fired pizza is creating new demand for anthracite coal — it's the hardest kind and burns the hottest.

Nuclear

Nuclear fallout: Crystal River area tops nation in GDP loss after plant closure
Robert Trigaux, Tampa Bay Times

Only now are we starting to realize the profound economic impact of losing a nuclear power plant before its time. In an assessment of the gross domestic product growth in each of nation's largest 382 metropolitan areas, the one metro whose GDP contracted the most in 2014 was Florida's Homosassa Springs — an area that includes Citrus County and the town of Crystal River, home of the now defunct Crystal River nuclear power plant owned by Duke Energy.

Climate

China to Announce Cap-and-Trade Program to Limit Emissions
Julie Hirschfeld Davis and Coral Davenport, The New York Times

President Xi Jinping of China will make a landmark commitment on Friday to start a national program in 2017 that will limit and put a price on greenhouse gas emissions, Obama administration officials said Thursday. The move to create a so-called cap-and-trade system would be a substantial step by the world's largest polluter to reduce emissions from major industries, including steel, cement, paper and electric power.

Partisan applause as Pope Francis urges the US to fight climate change
Timothy Cama, The Hill

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Davis Burroughs, Morning Consult

"Disappointing," "scant," and "probably not as big as they would have hoped for,"

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Republicans vs. Pope: Where GOP candidates stand on climate change
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Many of the contenders not only denounce government intervention to combat climate change but reject climate science altogether. Here's where the leading GOP presidential candidates stand on the issue.

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Supporting energy policies that raise prices on consumers is a political loser. Thirty-six Members of Congress lost their seats after voting for the highly unpopular 2009 cap and trade legislation. Now cap and trade is back in the form of President Obama's costly and illegal carbon plan. Find out what history holds for supporters of costly carbon policies like the president's plan.

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America's Electricity Future is in the Hands of Voters
Laura Sheehan, Morning Consult

The positions candidates take on the campaign trail matter. For example, we're currently seeing President Obama carry out many of the pet projects promised during his two presidential campaigns – none more so than the illegal carbon plan recently issued by the Environmental Protection Agency.

If An Energy Bill Drops In The Senate But Everyone Knows It Won't Pass, Does It Make A Sound?
Ryan Koronowski, Think Progress

This week, Senate Democrats unveiled an energy bill that would attempt to move America to a low-carbon future. But if the bill has zero chance of being passed in a chamber controlled by Republicans, does it matter?

Michigan leaders should embrace EPA's Clean Power Plan
Barry Solomon, Michigan Live

The truth is, the recently announced Clean Power Plan of the Environmental Protection Agency will grow our economy, reduce asthma, heart and lung disease and protect our air, land and water.

The Clean Power Plan is also good economics. Here's why.
Dan Upham, Environmental Defense Fund

Believe the hype: The Environmental Protection Agency's Clean Power Plan is as much a plan to bolster the economy as it's a move to protect the health of people and our planet.

Technology – not caps – is the answer for clean, affordable energy
Greg Boyce, The Hill

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CBO estimates that enacting the bill would increase net offsetting receipts, which are treated as reductions in direct spending, by roughly $1 million over the 2020-2023 period.

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This report emphasises the problems that fossil-fuel subsidies cause in the context of broader policy efforts for mitigating greenhouse-gas emissions, and reviews the various reform initiatives that have already been taken at the international level (G-20, APEC, etc.)

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Morning Consult, P.O. Box 27068
Washington District of Columbia 20038
United States

This email is intended for grundler.christopher@epa.gov.
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To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: energy@morningconsult.cpro30.com
Sent: Fri 9/25/2015 12:15:18 PM
Subject: Morning Consult Energy, Presented by the American Coalition for Clean Coal Electricity: China to Announce Landmark Cap-And-Trade Program; Halliburton to Cut More Jobs

By Deirdra O'Regan

Today's Washington Brief

- President Xi Jinping today will commit China to a cap-and-trade system to limit greenhouse gas emissions starting in 2017, making China the world's largest carbon market. (The New York Times)

- Pope Francis urged the United States to take "responsible" action on climate change, but the pontiff received a mixed response from the mostly Republican audience during his historic address to Congress. (The Hill)

- A climate change rally at the Capitol failed to draw the numbers expected, but demonstrators present during the pope's speech pushed a positive message rather than aggressive tactics. (Morning Consult)

Today's Business Brief

- Halliburton Co. is cutting more jobs in North America due to the downturn in the oil industry. Job losses could amount to roughly 20,000 worldwide once finalized. (Houston Business Journal)

- TransCanada Corp., the company behind the Keystone XL pipeline, is cutting around 20 percent of its senior leadership, citing factors such as falling crude oil prices. (Reuters)

- Volkswagen of America Inc. sent letters in April to California owners of diesel-powered Volkswagens and Audis, warning of an emissions glitch and saying some owners needed new software to ensure emissions were "optimized and operating efficiently." (Reuters)

Today's Chart Review

The Evolution of International Crude-Oil Prices, 2008-15
International Energy Agency

Mark Your Calendars (All Times Eastern)

Friday
NRC public meeting on the Revised Fuel Cycle Oversight Process @ 8:30 a.m.
CSIS discussion of global natural gas markets @ 10 a.m

General

VW recall letters in April warned of an emissions glitch
Alexandria Sage, Reuters

In April of 2015, Volkswagen of America, Inc. sent letters to California owners of diesel-powered Audis and Volkswagens informing them of an "emissions service action" affecting the vehicles. Owners were told they would need to take their cars to a dealer for new software to ensure tailpipe emissions were "optimized and operating efficiently."

VW scandal caused nearly 1m tonnes of extra pollution, analysis shows
Karl Mathiesen and Arthur Neslen, The Guardian

Volkswagen's rigging of emissions tests for 11m cars means they may be responsible for nearly 1m tonnes of air pollution every year, roughly the same as the UK's combined emissions for all power stations, vehicles, industry and agriculture, a Guardian analysis suggests.

Obama to overhaul process for offsetting environmental harm
Corbin Hiar, E&E

The White House is preparing a presidential memorandum that seeks to streamline how the government offsets damage to public lands, waters and wildlife, according to several sources. The memo aims to consolidate separate mitigation policy reform efforts that are already underway at federal agencies and learn from past mistakes, sources said.

Clinton takes aim at pharma, Keystone — but industry lobbyists still provide campaign cash
Catherine Ho, Bloomberg News

Hillary Clinton took aim this week at the pharmaceutical industry and the Keystone oil pipeline. But that doesn't mean the Democratic presidential front-runner isn't enjoying the support of lobbyists representing drug and oil companies in Washington, many of whom are helping raise stacks of money for her campaign.

Caterpillar slashes revenue forecast, may cut up to 10,000 jobs
Lisa Von Ahn, Reuters

Caterpillar Inc slashed its 2015 revenue forecast and said it could cut up to 10,000 jobs through 2018, on Thursday joining a list of big U.S. industrial companies grappling with the shock waves from the mining and energy downturn.

EPA's fondness for high-end furniture costs taxpayers $92 million
Kellan Howell, The Washington Times

The Environmental Protection Agency over the past decade has spent a whopping $92.4 million to purchase, rent, install and store office furniture ranging from fancy hickory chairs and a hexagonal wooden table, worth thousands of dollars each, to a simple drawer to store pencils that cost $813.57.

U.S. Index Futures Advance as Yellen Supports 2015 Rate Increase
Alex Longley, Bloomberg News

U.S. stock-index futures advanced as Federal Reserve Chair Janet Yellen reiterated that the central bank is on track to raise interest rates this year, indicating its confidence in the economy. Standard & Poor's 500 Index E-mini contracts expiring in December jumped 1.2 percent to 1,942.5 at 7:05 a.m. in New York.

Oil & Natural Gas

Oil prices pare gains on stronger dollar, weak Japan data
Dmitry Zhdannikov, Reuters

Oil prices pared gains on Friday after the dollar rose on expectations the United States could still raise interest rates this year and after analysts from Standard & Poor's ratings cut their oil price assumptions. Weak consumer data from Japan also weighed on price and analysts said that the slowing global economic outlook meant that oil prices would likely remain low for months to come.

Halliburton job cut numbers surface, Houston at the center
Suzanne Edwards, Houston Business Journal

Halliburton Co. job cuts could amount to roughly 20,000 worldwide once finalized, and many will be in Houston, sources familiar with the matter say. Halliburton has terminated almost 16,000 positions globally, or approximately 19 percent of its

workforce, since its peak in 2014, spokesperson Emily Mir said in a statement to the Houston Business Journal.

TransCanada says cutting 20 percent of senior management positions
Nia Williams, Reuters

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Washington District of Columbia 20038
United States

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To: Shaffer, Patricia[Shaffer.Patricia@epa.gov]
From: Grundler, Christopher
Sent: Fri 9/25/2015 12:21:05 PM
Subject: FW: Draft script for VW press call on Friday

Ex. 5

One sided. Full page. No staple

From: Hengst, Benjamin
Sent: Friday, September 25, 2015 6:57 AM
To: Grundler, Christopher
Cc: Bunker, Byron; Birgfeld, Erin
Subject: Fwd: Draft script for VW press call on Friday

Chris, please let me know how you want to handle the length. I can take a whack at cutting down, but at this point I don't want to take something out you feel is critical. You want me to send you a shortened version in redline?

Begin forwarded message:

From: "Bunker, Byron" <bunker.byron@epa.gov>
Date: September 25, 2015 at 6:06:54 AM EDT
To: "Hengst, Benjamin" <Hengst.Benjamin@epa.gov>, "Reynolds, Thomas" <Reynolds.Thomas@epa.gov>, "Purchia, Liz" <Purchia.Liz@epa.gov>, "Valentine, Julia" <Valentine.Julia@epa.gov>, "Conger, Nick" <Conger.Nick@epa.gov>
Cc: "Grundler, Christopher" <grundler.christopher@epa.gov>, "Millett, John" <Millett.John@epa.gov>, "Birgfeld, Erin" <Birgfeld.Erin@epa.gov>, "Senn, John" <Senn.John@epa.gov>
Subject: RE: Draft script for VW press call on Friday

Attached is an updated draft of the script incorporating edits from Chris and catching up an edit from Janet that I had missed.

The only thing not addressed is the general concern that this has grown into a fairly long statement. I will read through it now and report back its duration.

Thanks,

Byron

****

Byron Bunker

Director Compliance Division

Office of Transportation and Air Quality

Environmental Protection Agency

2000 Traverwood Drive

Ann Arbor, MI 48105

Bunker.Byron@epa.gov

Phone: (734) 214-4155

Mobile: (734) 353-9623

****

From: Bunker, Byron
Sent: Thursday, September 24, 2015 9:10 PM
To: Hengst, Benjamin; Reynolds, Thomas; Purchia, Liz; Valentine, Julia; Conger, Nick
Cc: Grundler, Christopher; Millett, John; Birgfeld, Erin; Senn, John
Subject: RE: Draft script for VW press call on Friday

Updated with Janet's edits.

****

Byron Bunker

Director Compliance Division

Office of Transportation and Air Quality

Environmental Protection Agency

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Ann Arbor, MI 48105

Bunker.Byron@epa.gov

Phone: (734) 214-4155

Mobile: (734) 353-9623

****

From: Hengst, Benjamin
Sent: Thursday, September 24, 2015 8:49 PM
To: Reynolds, Thomas; Purchia, Liz; Valentine, Julia; Conger, Nick
Cc: Grundler, Christopher; Millett, John; Birgfeld, Erin; Bunker, Byron; Senn, John
Subject: Draft script for VW press call on Friday

All -- draft attached. This incorporates edits from Chris, Janet McCabe (Chris shared a version earlier with her), Byron, John Millett, Lee Cook in OTAQ. I'm not copying Janet on this, as she has seen this, and this version has her comments/questions in the bubbles.

Byron -- can you pls take a crack at addressing Janet's comments? There are only a small handful.

Tom, Nick, and others -- please edit away.

John Millet -- can you please send CARB a draft as an FYI. We mention them in here a few times so they should get a chance to review.

The Q&A will be circulated later.

thanks,

Ben

To: Snyder, Jim[Snyder.Jim@epa.gov]
Cc: Allen, Gregory (EEO)[Gregory.Allen@vw.com]; Giles, Michael (EEO)[michael.giles@vw.com]
From: Rodgers, William (EEO)
Sent: Fri 9/25/2015 12:23:54 PM
Subject: VW Group Decision Information Pending for Golf R

Hello Jim,

I just dawned on me that we still have an unanswered Decision Information submission for the following vehicle and tests submitted on 9-16-2015. It likely fell through the cracks due to our e-tron and TDI activity recently.

This submission was related to a running change to increase the ETW for 2015 Golf R models.

Vehicle ID: FAUA-S3A

Vehicle Configuration #: 3

Test Group Name: FVGAV02.0AUA

Regards,

Bill Rodgers

Emissions Certification Engineer

Volkswagen Group

3800 Hamlin Rd

Auburn Hills, MI 48326

p. (248) 754-4219

To: Bunker, Byron[bunker.byron@epa.gov]
From: Greuel, Justin
Sent: Fri 9/25/2015 12:34:02 PM
Subject: RE: FOR YOUR APPROVAL - Thanks Jackie

I just want you to know how thoroughly disappointed I am to have this meeting rescheduled! ;)

From: Bunker, Byron
Sent: Friday, September 25, 2015 8:27 AM
To: Jones, Jacqueline
Cc: Patterson, Susan; Greuel, Justin
Subject: RE: FOR YOUR APPROVAL - Thanks Jackie

Hi Jackie,

Can we reschedule the DECC meeting to next week and can we add a VW Follow Up from 10 to noon?

Everything else looks fine.

Thanks,

Byron

****

Byron Bunker

Director Compliance Division

Office of Transportation and Air Quality

Environmental Protection Agency

2000 Traverwood Drive

Ann Arbor, MI 48105

Bunker.Byron@epa.gov

Phone: (734) 214-4155

Mobile: (734) 353-9623

****

From: Jones, Jacqueline
Sent: Friday, September 25, 2015 8:24 AM
To: Bunker, Byron
Cc: Patterson, Susan
Subject: FOR YOUR APPROVAL - Thanks Jackie
Importance: High

Byron Bunker Calendar
On Friday, September 25, 2015

8:55 AM – 9:00 AMCD Hiring Status Update

Location: RM. N-120 AA
9:00 AM – 9:30 AMIO Daily Staff Meeting

Location: WJC-N RM. 5521A DC/RM. N-120 AA
11:00 AM – 11:45 AMDECC Monthly Tracking Update

Location: Byron's Office RM. N-12 AA
2:00 PM – 2:45 PMDAIC Monthly Tracking Update

Location: Byron's Office RM. N-12 AA
3:00 PM – 4:00 PMOECA / OTAQ Coordination Call

By Telephone: 866-299-3188, Access Code: Non-Responsive

To: Sergey Znaemsky[znaemsky@autoreview.ru]
Cc: Kaul, Meetu[Kaul.Meetu@epa.gov]; Ortiz, Julia[Ortiz.Julia@epa.gov]
From: StClair, Christie
Sent: Fri 9/25/2015 12:39:49 PM
Subject: Re: Autoreview Newspaper Request: VW defeat device

Hi Sergey,

My colleague Julia Ortiz can help you with this today.

Thanks,
Christie

Christie St. Clair

Office of Public Affairs

Environmental Protection Agency

o: 202-564-2880

m: 202-768-5780

On Sep 24, 2015, at 5:20 PM, "Sergey Znaemsky" <znaemsky@autoreview.ru> wrote:

Dear Cristine,
Dear Kaul,

Hello!

This is Sergey Znaemsky from Autoreview Russian Newspaper writing you. We are very thrilled by the investigation on VW defeat devices. Our newspaper https://en.wikipedia.org/wiki/Autoreview is known for series of independent crush-tests and fuel consumption tests. We run our own AR-CAP passive safety rating http://autoreview.ru/arcap/ for almost 15 years and we also evaluate cars in Russia on fuel economy with our own ARDC (Autoreview Driving Cycle) which is more relevant to real driving conditions then european NEDC and US FTP. I also need to say that our chief editor Michael Podorozhansky is the long time member of european Car of the Year Committee and our deputy-in-chief editor Leonid Golovanov is the juror of The International Engine of the

Year.
So we are very interested in your conclusions regarding VW and going to evaluate diesel cars here in Russia. For this reason could you please provide us some additional info on your investigation.

The questions are below:

— How do you measure 10-40% increase in emissions when defeat device is not active? We understand that there is always a huge difference between real life consumption/emission data and test results, but this is well explained by test procedure itself (lower speed and acceleration rates). In our understanding to detect the defeat device affect you need to run vehicle in through a very similar to FTP driving cycle which has the same speeds and acceleration but somehow in different consequence to bypass the defeat device activation and reveal the difference between results with and without illegal software. Did you do so? Is 10-40% difference corresponds to this cycles or to FTP and «real-life» road driving?

— Does defeat software activate by any plugged-in testing devices or by the driving cycle itself — just when vehicle starts to warm-up and drive in accordance with FTP?

— Who is «driving» the car during your tests is it robotic driver, computer program or human driver?

— How defeat device affect the performance of the car? Can driver feel any difference in throttle response or power output?

— Did you test VW cars for defeat device activation at other testing cycles (NEDC for example)?

— Did you test other VW engines? Are you sure they don't have the same software?

— Why defeat device applied to the 2.0 TDI? Do you have any explanation why this software is used especially on this engine?

— Did you test diesels from other OEMs? There was media buzz that BMW diesels passed test and real life driving evaluation without any suspicious difference in results — is it true?

Guess that would be enough questions for the beginning)

We are waiting for your response.
Thank you in advance!

Best regards,

Sergey Znaemsky

Editor
Autoreview newspaper
Moscow, Russia
office +7 495 958 0440
mobile +7 926 134 0329
znaemsky@autoreview.ru

www.autoreview.ru

From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Fri 9/25/2015 12:55:43 PM
Subject: Volkswagen Set to Name New CEO in Sweeping Overhaul
MAIL_CONVERSATION_TOPIC: Volkswagen Set to Name New CEO in Sweeping Overhaul
Created: Fri 3/18/2016 6:18:09 PM

Volkswagen AG is set to appoint Porsche brand chief Matthias Mueller as its new CEO and announce the departure of top executives in a sweeping overhaul to begin repairing the carmaker's image tarnished by rigged emissions tests.

View article...

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Automotive News
Sent: Fri 9/25/2015 12:58:53 PM
Subject: A.M. NEWSCAST: States put heat on VW | U.S. chief apologizes on Twitter | Past cheating scandals | Early UAW FCA votes | Nissan shows Titan XD | Ram's musical Texas tribute

September 25, 2015

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To: Grundler, Christopher[grundler.christopher@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]
Cc: Birgfeld, Erin[Birgfeld.Erin@epa.gov]
From: Hengst, Benjamin
Sent: Fri 9/25/2015 12:59:03 PM
Subject: Fwd: (VW) DDL 11AM Lean NOx Trap

Possible Q for the call

Begin forwarded message:

From: "Birgfeld, Erin" <Birgfeld.Erin@epa.gov>
Date: September 25, 2015 at 8:47:07 AM EDT
To: "Ortiz, Julia" <Ortiz.Julia@epa.gov>
Cc: "Conger, Nick" <Conger.Nick@epa.gov>, "Hengst, Benjamin" <Hengst.Benjamin@epa.gov>, "Sutton, Tia" <sutton.tia@epa.gov>, "Hull, George" <Hull.George@epa.gov>, "Millett, John" <Millett.John@epa.gov>
Subject: Re: (VW) DDL 11AM Lean NOx Trap

Hi Julia,thanks for filling in today!

Can you tell this gentleman to join the call at 10. It'll be a more efficient way for him to get an answer thanks.

Sent from my iPhone

On Sep 25, 2015, at 8:40 AM, Ortiz, Julia <Ortiz.Julia@epa.gov> wrote:

From: Robert Wright [mailto:robert.wright@ft.com]
Sent: Friday, September 25, 2015 8:16 AM
To: Ortiz, Julia
Subject: VW's emissions-cleaning technology

Dear Ms Ortiz,

A rival carmaker has told me that other car manufacturers were always surprised VW was the only manufacturer of diesels on the US market using a technology for some of its diesels - the Golf, Beetle and Jetta - to clean its exhaust emissions that didn't involve injecting urea into the exhaust stream. For these vehicles, VW used only a catalytic converter known as a Lean NOx trap. My contact says his company always wondered how VW hoped to meet the US's tough emissions requirements with such an arrangement. The technical differences between VW and other carmakers suggest its technology should have excited suspicion from the start.

Does the EPA think an arrangement with a Lean NOx trap alone is suitable to meet US emissions requirements? Did the technical differences between VW and other manufacturers excite any suspicion?

Robert Wright,

US Industry Correspondent
Financial Times,

330 Hudson Street

New York, NY 10013

USA
Tel: +1 917 551 5060

mobile: +1 646 379 5842

Twitter: @RKWinvisibleman

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To: Grundler, Christopher[grundler.christopher@epa.gov]; Millett, John[Millett.John@epa.gov]; Birgfeld, Erin[Birgfeld.Erin@epa.gov]; Conger, Nick[Conger.Nick@epa.gov]
From: Reynolds, Thomas
Sent: Fri 9/25/2015 1:04:04 PM
Subject: FW: Help with a a story?

FYI this went to my spam folder so just saw this AM, but we might want to be prepared in case this comes up on the call.

From: Sanger-Katz, Margot [mailto:margot.sanger-katz@nytimes.com]
Sent: Thursday, September 24, 2015 10:02 AM
To: Reynolds, Thomas
Subject: Help with a a story?

Hi Tom,

Coral told me you could help me. I'm interested in writing about the possible health impacts of the VW pollution. I know EPA did some calculations about how nitrogen oxide and other pollutants would affect QALYs at various levels. Might you be able to help walk me through that analysis and how it could be applied to the VW case?

Thanks so much for your help!

best,

Margot Sanger-Katz

Health Care Correspondent

The Upshot

The New York Times

sangerkatz@nytimes.com

(202) 862-0424 (o)

(202) 656-2553 (m)

Twitter @sangerkatz

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To: Kaul, Meetu[Kaul.Meetu@epa.gov]
From: E&E Publishing
Sent: Fri 9/25/2015 1:04:37 PM
Subject: September 25 -- ClimateWire is ready

Read today's ClimateWire on the web

AN E&E PUBLISHING SERVICE

CLIMATEWIRE — Fri., September 25, 2015

READ FULL EDITION

1.NATIONS:

China to launch a nationwide cap-and-trade system and to work with the U.S. on forging a Paris deal

China will put in place a nationwide carbon emissions trading program in 2017 and agree to stringent transparency rules in a new global climate change accord as part of a sweeping announcement President Obama and President Xi Jinping will make today, White House officials said.

2.AUTOS:

Calif. planning 'dual-track' recall and enforcement against Volkswagen

SACRAMENTO, Calif. -- Regulators here are planning "major enforcement action" against Volkswagen AG for skirting emissions standards, the head of the state's air agency said yesterday.

TODAY'S STORIES

3.RELIGION:
The pope's message on climate resonates with a diverse audience

4.CANADA:
In oil-rich Alberta, premier addresses climate, economic concerns

5.POLICY:
Richard Branson, leaders urge U.N. to work with businesses on sustainability goals

6.TECHNOLOGY:
New flow battery chemistry may boost prospects for home energy storage

7.EMISSIONS:
Waste entering municipal landfills more than double EPA estimates -- study

8.MARKETS:
U.N. climate chief calls for carbon trading to be phased out by midcentury

9.STATES:
Calif. to seek big cuts in short-lived climate pollutants like black carbon

10.POLITICS:
14 more jurisdictions join international alliance pledging lower emissions

11.TRANSPORTATION:
E.U. countries accused of backing flawed emission tests for cars

12.NATIONS:
Russia rejects calls to beef up its emissions pledge

13.STATES:
Utah ski resorts press governor to back Clean Power Plan

14.SPECIES:
'Most of them are starving' -- warming hits Calif. seabirds

E&ETV'S THE CUTTING EDGE

15.POLITICS:
***Greenwire*'s Chemnick talks climate momentum following papal address**

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To: Grundler, Christopher[grundler.christopher@epa.gov]; Blubaugh, Jim[Blubaugh.Jim@epa.gov]; Kelley, Rosemarie[Kelley.Rosemarie@epa.gov]; Belser, Evan[Belser.Evan@epa.gov]; Senn, John[Senn.John@epa.gov]
Cc: Nishida, Jane[Nishida.Jane@epa.gov]
From: Phillips, Anna
Sent: Fri 9/25/2015 1:09:25 PM
Subject: VEHICLES: Inhofe not ready to blame EPA for VW emissions scandal

AN E&E PUBLISHING SERVICE

VEHICLES:
Inhofe not ready to blame EPA for VW emissions scandal

Amanda Reilly, E&E reporter

Published: Friday, September 25, 2015

The chairman of the Senate Environment and Public Works Committee yesterday said that his panel was looking into the recent emissions scandal involving Volkswagen but had not yet committed to holding a hearing.

U.S. EPA officials last week accused Volkswagen of using sophisticated software to cheat emissions standards; the German automaker has since acknowledged that it had outfitted 11 million diesel-powered vehicles with "defeat devices" (***Greenwire***, Sept. 22).

Speaking to reporters in the Capitol yesterday, Sen. James Inhofe (R-Okla.) would not point fingers at either Volkswagen or EPA for the scandal.

The EPW chairman acknowledged that he's usually quick to criticize EPA for blunders involving environmental regulations but said that he wanted to take his time and find out who's at fault before assessing blame.

Blaming EPA "seems to be the popular thing to say, and I'm normally the first person who would say that, but I'm not," he said. "Because we're still looking into it to see how this could have happened and who really is at fault."

The House Energy and Commerce Subcommittee on Oversight and Investigations has already announced that it will hold a hearing on the issue in the coming weeks (***E&E Daily***, Sept. 22).

While he did not commit to holding a hearing, Inhofe said he believed the issue was a "serious thing."

"They've got a serious problem," he said of Volkswagen. "I wouldn't suggest getting one right now."

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To: Enrique_Salvador Ortiz_Espinosa[eortiz@profepa.gob.mx]
Cc: Haugen, David[haugen.david@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]
From: Rincon, Carlos
Sent: Fri 9/25/2015 1:12:43 PM
Subject: Contact at EPA having to do with Transportation and new Vehicle emissions regulations compliance rules and procedures

Dear Enrique:

The Attorney General for Environmental Protection (PROFEPA-SEMARNAT) Office may get dialogue in regards to VW's Technology issues heaving to do with technology installed by manufacturer of Diesel units at EPA's OTAQ.

I am giving you the Director (s) Office phone number (s) of whom one or several of them may direct PROFEPA to the right EPA Colleague to whom you and the Offices of the SEMARNAT Secretary and Attorney General for Environmental Protection could expand communication.

OTAQ's Director Christopher Grundler at 001202-564-1682;

David Haugen OTAQ's Testing and Advance Technology Division, at 001734-214-4366

-

Enrique, la Oficina del Procurador y Secretario de SEMARNAT pudiera dialogar con la oficina de USEPA OTAQ sobre asuntos relacionados con la tecnología sobre emisiones a vehículos a Diésel de la compañía VW;

-

Te hago saber los nombres, teléfonos y estoy también haciendo copia de aquellos directores en OTAQ con quienes pueden extender la comunicación y quienes e su oportunidad les dirigirán con la persona y departamento correspondiente de acuerdo a las conversaciones que requiere tanto la oficina del PROCURADOR de PROFEPA como la del Secretario de SEMARNAT.

-

Saludos desde El Paso del Norte

Dr. Carlos A. Rincon

U.S. EPA Region 6 Border Office Director

4050 Rio Bravo, Suite 100, El Paso, Texas 79902

Tel#: (915) 533-7273; Fax#:(915) 544-6026; Cell#: (214)789-1854

rincon.carlos@epa.gov

To: Belser, Evan[Belser.Evan@epa.gov]; Shinkman, Susan[Shinkman.Susan@epa.gov]; Kelley, Rosemarie[Kelley.Rosemarie@epa.gov]; Werner, Jacqueline[Werner.Jacqueline@epa.gov]; Orehowsky, Gregory[Orehowsky.Gregory@epa.gov]; Jorquera, Mario[Jorquera.Mario@epa.gov]; Alexander, David[Alexander.David@epa.gov]
Cc: Brooks, Phillip[Brooks.Phillip@epa.gov]; Kaul, Meetu[Kaul.Meetu@epa.gov]
From: Starfield, Lawrence
Sent: Fri 9/25/2015 1:19:59 PM
Subject: RE: EPA Request for Information to VW

Terrific effort. Thanks for all the hard work.

Larry

From: Belser, Evan
Sent: Thursday, September 24, 2015 7:29 PM
To: Giles-AA, Cynthia; Starfield, Lawrence; Shinkman, Susan; Kelley, Rosemarie; Werner, Jacqueline; Orehowsky, Gregory; Jorquera, Mario; Alexander, David
Cc: Brooks, Phillip; Kaul, Meetu
Subject: FW: EPA Request for Information to VW

We have issued VW its first information request.

Thank you everyone for your work on this.

Evan

From: Belser, Evan
Sent: Thursday, September 24, 2015 7:23 PM
To: 'david.geanacopoulos@vw.com'; 'stuart.drake@kirkland.com'
Cc: Brooks, Phillip; Kaul, Meetu
Subject: EPA Request for Information to VW

Mr. Geanacopoulos and Mr. Drake,

Please find attached a Request for Information from the EPA pursuant to section 208 of the Clean Air Act. This is a courtesy copy; the originals will be in tomorrow's mail.

Regards,
Evan Belser

Chief, Mobile Source Enforcement Branch, Air Enforcement Division

National Coordinator for Administrative Litigation, Office of Civil Enforcement

Office of Enforcement and Compliance Assurance

United States Environmental Protection Agency

202-564-6850

To: Snyder, Jim[Snyder.Jim@epa.gov]
From: Ex. 7
Sent: Fri 9/25/2015 1:23:33 PM
Subject: FW: A3 etron

Hi Jim,
Our discussion about dyno coefficient discrepancy has been resolved and your lab numbers look correct. We originally provided incorrect coefficients values for Verify input. I will correct these values in Verify.
A decision from our factory whether to request a retest of the US06 cycle is still pending. We should have more information on Monday.

Regards,

Ex. 7
Volkswagen Group
3800 Hamlin Rd
Auburn Hills, MI 48326
p. Ex. 7

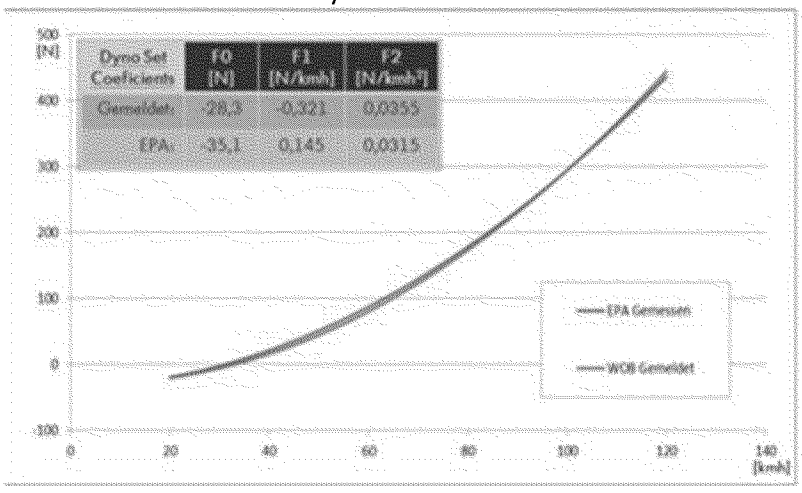
From: Ex. 7
Sent: Friday, September 25, 2015 9:04 AM
To: Ex. 7
Cc: Ex. 7
Subject: A3 etron Vehicle book typo

Good morning Ex. 7

After a bit more analysis we have found the discrepancies between EPA/WOB dyno load adjustment. In the vehicle book the Dyno Set coefficients are actually for a Twin roll, not a single roll. Please see the correct values below and update verify if necessary.

16" Twin Roll	-133,5/-0,247/0,0323
16" Single Rol	-53,5/-0,247/0,0323
17" Twin Roll	-108,3/-0,321/0,0355
17" Single Roll	-28,3/-0,321/0,0355

The EPA Road Load appears to be fine when compared to the correct values, so no further discussion about Roadload is necessary:



Thanks for the help,

Ex. 7

Mit freundlichen Grüßen / Regards

Ex. 7

Technische
Entwicklung
EA – Aggregate

Ex. 7

Wichtiger Hinweis: Die vorgenannten Angaben werden jeder E-Mail automatisch hinzugefügt und lassen keine Rückschlüsse auf den Rechtscharakter der E-Mail zu.
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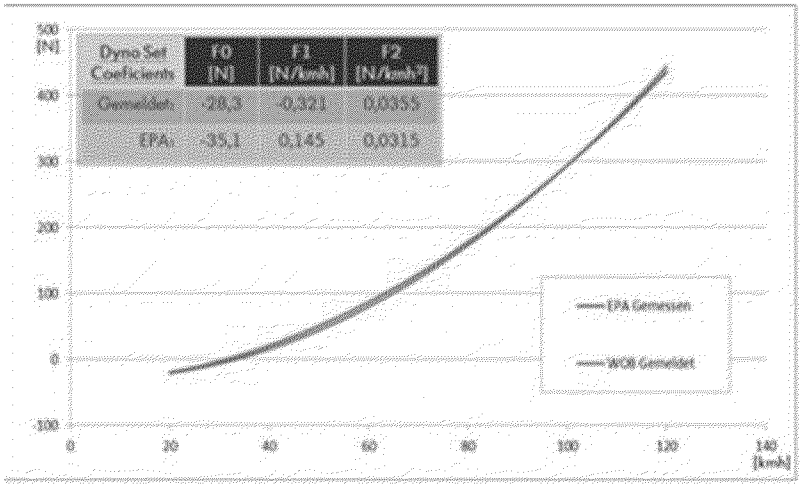

Dyno Set Coeficients	f0 [N]	f1 [N/km/h]	f2 [N/(km/h)²]
Gemessen:	28,3	-0,321	0,0355
EPA:	35,1	0,145	0,0315

12. I agree that I will be held legally bound, obligated, and responsible for any submittal made through my user account using the Verify System, as though I were making such a submittal in hardcopy form with my handwritten signature as certification.

13. I agree to retain a copy of this signed agreement as long as I continue to represent the regulated entity specified above as signatory of the company's electronic submissions.

Manufacturer Compliance Statements

Do all the tested vehicles meet all the applicable standards?	Select
Does this test group/evaporative family comply with all the applicable requirements of 40 CFR Parts 85, 86, 88, 600, 1037, 1065, 1066 and other regulations which may apply?	Select
Has the OBD system for this test group/evaporative family been approved by EPA or CARB?	Select
If this is a California-only test group, have you received the applicable CARB Executive Order?	Select
If yes, what is the CARB Executive Order Number?	
Has the safety application of the ORVR system for this evaporative/refueling family been reviewed by EPA? This refers to either the current ORVR system or a parent ORVR system in the case of carryover or previously certified OEM ORVR systems.	Select
Has the full amount of the applicable certification fee been paid for this test group?	Select
Are the vehicles covered by this test group/evaporative family free of defeat devices and strategies?	Select
Has the Greenhouse Gas Pre-Model Year Report been submitted to EPA for this model year and does it meet all the requirements of 40 CFR 600.514 or 40 CFR 1037.104?	Select
Does this test group and evaporative family need a CAP 2000 conditional certificate because EPA confirmatory testing is pending (i.e., a test has been scheduled with EPA but has not occurred at the time a certificate is being requested)?	Select
Is this certificate being requested under the Independent Commercial Importer (ICI) regulations at 40 CFR Part 85.1501- 85.1515?	Select
Is this certificate being requested under the aftermarket alternative fuel conversion provisions of 40 CFR Part 85 Subpart F?	Select
Lock/Unlock Comment	
New Certificate Needed?	Select

Save Form

Review & Submit

12. I agree that I will be held legally bound, obligated, and responsible for any submittal made through my user account using the Verify System, as though I were making such a submittal in hardcopy form with my handwritten signature as certification.

13. I agree to retain a copy of this signed agreement as long as I continue to represent the regulated entity specified above as signatory of the company's electronic submissions.

Manufacturer Compliance Statements

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If yes, what is the CARB Executive Order Number?	
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Has the full amount of the applicable certification fee been paid for this test group?	Select
Are the vehicles covered by this test group/evaporative family free of defeat devices and strategies?	Select
Has the Greenhouse Gas Pre-Model Year Report been submitted to EPA for this model year and does it meet all the requirements of 40 CFR 600.514 or 40 CFR 1037.104?	Select
Does this test group and evaporative family need a CAP 2000 conditional certificate because EPA confirmatory testing is pending (i.e., a test has been scheduled with EPA but has not occurred at the time a certificate is being requested)?	Select
Is this certificate being requested under the Independent Commercial Importer (ICI) regulations at 40 CFR Part 85.1501- 85.1515?	Select
Is this certificate being requested under the aftermarket alternative fuel conversion provisions of 40 CFR Part 85 Subpart F?	Select
Lock/Unlock Comment	
New Certificate Needed?	Select

Save Form

Review & Submit

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Birgfeld, Erin
Sent: Fri 9/25/2015 1:30:47 PM
Subject: FW: (VW) DDL 9/25; CBS Evening News; On Camera Request

Want to do this? Apparently you are a natural.

From: Purchia, Liz
Sent: Friday, September 25, 2015 9:26 AM
To: Conger, Nick
Cc: Ortiz, Julia; Birgfeld, Erin; Hengst, Benjamin; Millett, John; Hull, George
Subject: Re: (VW) DDL 9/25; CBS Evening News; On Camera Request

If Chris is up for it, I'd be fine with it.

Liz Purchia

U.S. EPA

202-564-6691

202-841-2230

On Sep 25, 2015, at 9:23 AM, Conger, Nick <Conger.Nick@epa.gov> wrote:

Looping Liz.

Nick Conger

Deputy Press Secretary

Office of the Administrator

U.S. Environmental Protection Agency

Office: (202) 564-6287

Cell: (202) 412-2655

From: Ortiz, Julia
Sent: Friday, September 25, 2015 9:21 AM
To: Conger, Nick; Birgfeld, Erin; Hengst, Benjamin
Cc: Millett, John; Hull, George
Subject: (VW) DDL 9/25; CBS Evening News; On Camera Request

Another on-camera interview request.

From: Van Cleave, Kris [mailto:kris.vancleave@cbs.com]
Sent: Friday, September 25, 2015 9:19 AM
To: Ortiz, Julia
Cc: Samuel, Stacey
Subject: CBS Evening News Inquiry

Julia,

After the conference call today would it be possible to schedule an on camera interview for tonight's CBS Evening News with either the Administrator, Ms. McCabe or Mr. Grundler?

Thank you for your consideration.

Best,

Kris

Kris Van Cleave

Correspondent

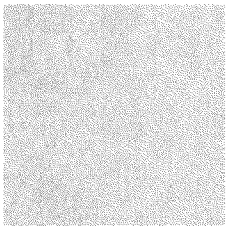
CBS News

(917) 301-4605

@krisvancleave

Sent from my iPhone

To: Grundler, Christopher[grundler.christopher@epa.gov]; Charmley, William[charmley.william@epa.gov]
Cc: Birgfeld, Erin[Birgfeld.Erin@epa.gov]
From: Ex. 4 - CBI
Sent: Fri 9/25/2015 1:45:18 PM
Subject: Volkswagen and the Era of Cheating Software. NYTimes
Volkswagen and the Era of Cheating Software.pdf



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Ex. 4 - CBI (Contractor)

U.S. Environmental Protection Agency

National Vehicle and Fuel Emissions Laboratory Library

2000 Traverwood Drive

Ann Arbor, MI 48105

Ex. 4 - CBI

Ex. 4 - CBI

To: Greuel, Justin[Greuel.Justin@epa.gov]
From: Tim Cheyne
Sent: Fri 9/25/2015 1:55:07 PM
Subject: Please watch the free recording of our VW defeat device revelations webinar

Impact of VW revelations - webinar recording No Images? **Click here**

WATCH THE FREE WEBINAR RECORDING

The impact of the latest VW revelations

Dear Justin,

Please find below a link to watch our recent record-breaking Integer webinar (we had over 760 attendees in less than 24 hours) exploring the impact of the VW defeat device revelations and what this means for the market.

Simply click here to watch the free recording >>
(you will need to fill in a mini-form before you can launch the presentation, but this only takes a minute)

Need to know more? Purchase the slides and Excel data for $100 >>
Owing to the huge demand across the industry and from investors for our webinar, and the hundreds of questions we were asked during the session, Integer is also making the full colour Powerpoint slides and charts, plus an accompanying Excel data file available to purchase on our website. These provide analysis and data on:

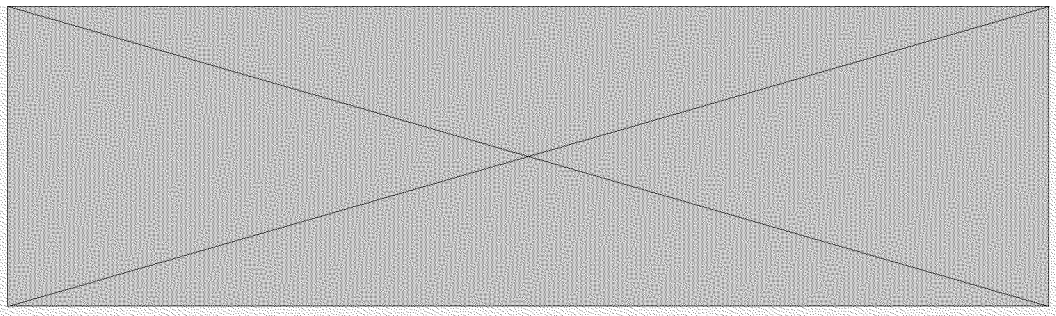
- Emissions standards in the US and in the EU
- How diesel vehicles are tested in the US
- What tests on real driving conditions have shown
- EU passenger car sales by OEM and engine type 2011-2015
- North American Passenger car and light duty vehicle sales 2011-2015
- OEM diesel sales strategy development and forecast to 2020

Personal consultations also available
Adam and I are also available for personal consultations and briefings to answer any further questions you may have (or need to report on internally). This really is a significant development for the future of diesel engines and emissions control technologies, and we look forward to helping you plan and understand the impacts in the short-, medium- and long-term. Simply reply to this email to arrange your expert briefing with us.

We hope you find the recording useful and look forward to hearing from you or seeing you at the Integer Emissions Summit in Chicago, October 27-29.

WATCH THE WEBINAR RECORDING HERE >>

Kind regards,
Tim Cheyne, Managing Director Integer Research
Adam Panayi, Emissions Research Manager



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.

To: Wehrly, Linc[wehrly.linc@epa.gov]
From: Greuel, Justin
Sent: Fri 9/25/2015 1:58:39 PM
Subject: FW: Please watch the free recording of our VW defeat device revelations webinar

FYI, not sure if you get these.

From: Tim Cheyne [mailto:publications@integer-research.com]
Sent: Friday, September 25, 2015 9:55 AM
To: Greuel, Justin
Subject: Please watch the free recording of our VW defeat device revelations webinar

Impact of VW revelations - webinar recording

No Images? **Click here**

WATCH THE FREE WEBINAR RECORDING

The impact of the latest VW revelations

Dear Justin,

Please find below a link to watch our recent record-breaking Integer webinar (we had over 760 attendees in less than 24 hours) exploring the impact of the VW defeat device revelations and what this means for the market.

Simply click here to watch the free recording >>
(you will need to fill in a mini-form before you can launch the presentation, but this only takes a minute)

Need to know more? Purchase the slides and Excel data for $100 >>
Owing to the huge demand across the industry and from investors for our webinar, and the hundreds of questions we were asked during the session, Integer is also making the full colour Powerpoint slides and charts, plus an accompanying Excel data file available to purchase on our website. These provide analysis and data on:

- **Emissions standards in the US and in the EU**
- **How diesel vehicles are tested in the US**
- **What tests on real driving conditions have shown**

•□□□□□□□ **EU passenger car sales by OEM and engine type 2011-2015**

•□□□□□□□ **North American Passenger car and light duty vehicle sales 2011-2015**

•□□□□□□□ **OEM diesel sales strategy development and forecast to 2020**

Personal consultations also available
Adam and I are also available for personal consultations and briefings to answer any further questions you may have (or need to report on internally). This really is a significant development for the future of diesel engines and emissions control technologies, and we look forward to helping you plan and understand the impacts in the short-, medium- and long-term. Simply reply to this email to arrange your expert briefing with us.

We hope you find the recording useful and look forward to hearing from you or seeing you at the Integer Emissions Summit in Chicago, October 27-29.

http://email.integer-research.com/t/r-l-fuhuda-djuleyhih-k/

WATCH THE WEBINAR RECORDING HERE >>

Kind regards,
Tim Cheyne, Managing Director Integer Research
Adam Panayi, Emissions Research Manager

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www.integer-research.com

You are receiving this message as you are a key figure in the emissions industry

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To: Kaul, Meetu[Kaul.Meetu@epa.gov]
Cc: Belser, Evan[Belser.Evan@epa.gov]
From: Senn, John
Sent: Fri 9/25/2015 2:22:32 PM
Subject: Re: Autoreview Newspaper Request: VW defeat device

Thanks Meetu. Sent this along to the press office to handle. Looks like its for OTAQ.

Sent from my iPhone

On Sep 24, 2015, at 8:44 PM, "Kaul, Meetu" <Kaul.Meetu@epa.gov> wrote:

Ms.Meetu Kaul, Attorney-Advisor

United States Environmental Protection Agency
Office of Civil Enforcement - Air Enforcement Division
WJC South, Room 1117B
1200 Pennsylvania Ave., N.W. (MC 2242A)
Washington D.C. 20460 (Courier 20004)
Direct: 202-564-5472
Fax: 202-564-0069
Email: kaul.meetu@epa.gov

From: Sergey Znaemsky [mailto:znaemsky@autoreview.ru]
Sent: Thursday, September 24, 2015 5:20 PM
To: StClair, Christie; Kaul, Meetu
Subject: Autoreview Newspaper Request: VW defeat device

Dear Cristine,

Dear Kaul,

Hello!

This is Sergey Znaemsky from Autoreview Russian Newspaper writing you. We are very thrilled by the investigation on VW defeat devices. Our newspaper https://en.wikipedia.org/wiki/Autoreview is known for series of independent crush-tests and fuel consumption tests. We run our own AR-CAP passive safety rating http://autoreview.ru/arcap/ for almost 15 years and we also evaluate cars in Russia on fuel economy with our own ARDC (Autoreview Driving Cycle) which is more relevant to real driving conditions then european NEDC and US FTP. I also need to say that our chief editor Michael Podorozhansky is the long time member of european Car of the Year Committee and our deputy-in-chief editor Leonid Golovanov is the juror of The International Engine of the Year.

So we are very interested in your conclusions regarding VW and going to evaluate diesel cars here in Russia. For this reason could you please provide us some additional info on your investigation.

The questions are below:

— How do you measure 10-40% increase in emissions when defeat device is not active? We understand that there is always a huge difference between real life consumption/emission data and test results, but this is well explained by test procedure itself (lower speed and acceleration rates). In our understanding to detect the defeat device affect you need to run vehicle in through a very similar to FTP driving cycle which has the same speeds and acceleration but somehow in different consequence to bypass the defeat device activation and reveal the difference between results with and without illegal software. Did you do so? Is 10-40% difference corresponds to this cycles or to FTP and «real-life» road driving?

— Does defeat software activate by any plugged-in testing devices or by the driving cycle itself — just when vehicle starts to warm-up and drive in accordance with FTP?

— Who is «driving» the car during your tests is it robotic driver, computer program or human driver?

— How defeat device affect the performance of the car? Can driver feel any difference in throttle response or power output?

— Did you test VW cars for defeat device activation at other testing cycles (NEDC for example)?

— Did you test other VW engines? Are you sure they don't have the same software?

— Why defeat device applied to the 2.0 TDI? Do you have any explanation why this software is used especially on this engine?

— Did you test diesels from other OEMs? There was media buzz that BMW diesels passed test and real life driving evaluation without any suspicious difference in results — is it true?

Guess that would be enough questions for the beginning)

We are waiting for your response.

Thank you in advance!

Best regards,

Sergey Znaemsky

Editor
Autoreview newspaper
Moscow, Russia
office +7 495 958 0440
mobile +7 926 134 0329
znaemsky@autoreview.ru

www.autoreview.ru

To: Stewart, Lori[Stewart.Lori@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]; Charmley, William[charmley.william@epa.gov]
Cc:
From: Non-Responsive
Sent: Fri 9/25/2015 2:55:02 PM
Subject: Re: Meeting request - late October

Congratulations on the VW NOV! Quite an amazing enforcement feat.

Non-Responsive

Non-Responsive

To: Brooks, Phillip[Brooks.Phillip@epa.gov]; Kelley, Rosemarie[Kelley.Rosemarie@epa.gov]; Shinkman, Susan[Shinkman.Susan@epa.gov]; Werner, Jacqueline[Werner.Jacqueline@epa.gov]; Kaul, Meetu[Kaul.Meetu@epa.gov]; Mario Jorquera (Jorquera.Mario@epa.gov)[Jorquera.Mario@epa.gov]
From: Belser, Evan
Sent: Fri 9/25/2015 3:11:45 PM
Subject: FW: EPA Update on Recent Volkswagen Announcement

FYI

From: press@epa.gov [mailto:press@epa.gov]
Sent: Friday, September 25, 2015 10:31 AM
To: Belser, Evan
Subject: EPA Update on Recent Volkswagen Announcement

CONTACT:

Julia Q. Ortiz

ortiz.julia@epa.gov

(202) 564-2663

(202) 564-4335

FOR IMMEDIATE RELEASE

September 25, 2015

EPA Update on Recent Volkswagen Announcement

WASHINGTON – Today the U.S. Environmental Protection Agency (EPA) released a letter sent to vehicle manufacturers notifying them that the agency is adding to its confirmatory testing additional evaluations designed to look for potential defeat devices.

View the letter here: http://www3.epa.gov/otaq/cert/violations.htm

Last Friday, EPA sent a Notice of Violation of the Clean Air Act to Volkswagen AG, Audi AG, and Volkswagen Group of America, Inc. alleging that four-cylinder Volkswagen and Audi diesel cars from model years 2009-2015 include software that circumvents EPA emissions standards.

These cars contain software that turns off emissions controls when driving normally, and turns them on when the car is undergoing an emission test. Known as a "defeat device," this design feature results in the cars emitting up to 40 times the amount of NOx emissions that the standards allow. NOx standards are in place to ensure public health is protected.

EPA's notice of violation, along with an In-Use Compliance Letter that the California Air Resources Board issued, provide information and details relating to the VW violations:

View a pdf of the Notice of Violation here:

http://www3.epa.gov/otaq/cert/documents/vw-nov-caa-09-18-15.pdf

View the California Air Resources Board's In-Use Compliance Letter here:

http://www.arb.ca.gov/newsrel/in_use_compliance_letter.htm

For more information on EPA's recent action, as well as information for owners of the affected vehicles, visit: http://www3.epa.gov/otaq/cert/violations.htm

If you would rather not receive future communications from Environmental Protection Agency, let us know by clicking here.
Environmental Protection Agency, 1200 Pennsylvania Avenue NW, Washington, DC 20460 United States

To: Brooks, Phillip[Brooks.Phillip@epa.gov]; Kelley, Rosemarie[Kelley.Rosemarie@epa.gov]; Shinkman, Susan[Shinkman.Susan@epa.gov]; Werner, Jacqueline[Werner.Jacqueline@epa.gov]; Kaul, Meetu[Kaul.Meetu@epa.gov]; Jorquera, Mario[Jorquera.Mario@epa.gov]
From: Belser, Evan
Sent: Fri 9/25/2015 3:11:45 PM
Subject: FW: EPA Update on Recent Volkswagen Announcement

FYI

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Sent: Friday, September 25, 2015 10:31 AM
To: Belser, Evan
Subject: EPA Update on Recent Volkswagen Announcement

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ortiz.julia@epa.gov

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http://www.arb.ca.gov/newsrel/in_use_compliance_letter.htm

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If you would rather not receive future communications from Environmental Protection Agency, let us know by clicking here.
Environmental Protection Agency, 1200 Pennsylvania Avenue NW, Washington, DC 20460 United States

From: Atkinson, Emily
Required Attendees: Niebling, William; Grundler, Christopher; Hengst, Benjamin; Belser, Evan
Location: **Non-Responsive**
Importance: Normal
Subject: Hearing Prep with OTAQ re: VW
Categories: Green Category
Start Date/Time: Mon 9/28/2015 8:45:00 PM
End Date/Time: Mon 9/28/2015 9:15:00 PM
Monday call - VW

To: McCabe, Janet; Niebling, William; Grundler, Chris; Hengst, Ben; Belser, Even

To: Atkinson, Emily[Atkinson.Emily@epa.gov]
Cc: Hengst, Benjamin[Hengst.Benjamin@epa.gov]
From: Niebling, William
Sent: Thur 9/24/2015 1:27:27 PM
Subject: Monday call - VW

Emily – Janet would like to have a 30 min call on Monday with Chris, Ben, Even Belser, and anyone else they want to include, to discuss how she should respond if any VW questions come up at her Tuesday CPP/ozone hearing with Senate EPW. Do you mind finding a time? Thanks!

-Wm.

William L. Niebling

Office of Air and Radiation

U.S. Environmental Protection Agency

tel: 202.564.9616

fax: 202.564.1408

To: Kelley, Rosemarie[Kelley.Rosemarie@epa.gov]
Cc: Brooks, Phillip[Brooks.Phillip@epa.gov]; Belser, Evan[Belser.Evan@epa.gov]
From: Werner, Jacqueline
Sent: Fri 9/25/2015 3:35:34 PM
Subject: Re: OMB Questions on FY17 OMB Submission - OECA due 9/29

I agree that it is way too early for specifics but I can certainly provide an estimate:

Ex. 5, 7

Please let me know if you need more.

Thanks,
Jacqueline

Sent from my iPhone
Jacqueline Robles Werner
Associate Director
Air Enforcement Division
W: 202-564-1036

On Sep 25, 2015, at 11:07 AM, Kelley, Rosemarie <Kelley.Rosemarie@epa.gov> wrote:

> I am forwarding to Phill and Jacqueline to see if they can weigh in on this important question.
>
> Rosemarie

From: Fogarty, Johnpc
Sent: Friday, September 25, 2015 10:36 AM
To: Kelley, Rosemarie; Belser, Evan
Cc: Shinkman, Susan
Subject: Fw: OMB Questions on FY17 OMB Submission - OECA due 9/29

Please see below - I asked for clarification on the metrics for quantifying the "additional work" needed on VW, which is FTE and contract support. We can also answer that we don't know because it's too early, but we can also give a range.

Ex. 5, 7

Ex. 5, 7

From: Strickland, Francine
Sent: Friday, September 25, 2015 10:19 AM
To: Fogarty, Johnpc; McCray, Deborah
Cc: Swack, David; Warren, JohnM
Subject: OMB Questions on FY17 OMB Submission - OECA due 9/29

Hi John,

Below are some questions that we received from OMB on the FY 17 budget. We need your assistance to answer Question #3.

Please send your response to us by COB Monday, September 28.

-

Civil Enforcement

- Please provide a breakdown of all of the Next Generation Compliance projects including cost estimates from FY2014 enacted, FY2016 Pres Bud, FY2017 OMB, the difference between FY2016PB and FY2017 OMB, and the program project area.

- What will the 155.0 reduction in legal support for civil enforcement cases mean for the program?

- Do you have an estimate for how much additional work the VW case will produce?

- For the change in fixed costs, please provide a breakdown of what that goes towards, salary adjustments, essential workforce support, etc.

Thank you,

Francine Strickland

OECA/OAP/BFMD

(202)564-2492

To: Charmley, William[charmley.william@epa.gov]
From: Grundler, Christopher
Sent: Fri 9/25/2015 3:37:37 PM
Subject: Honda Visit--Heads Up

Bill—we just learned that there will be an oversight hearing on Oct 8 re; VW and they want an EPA witness. S

Non-Responsive

Non-Responsive

To: Thomas, Erica K (USEU)[ThomasEK@state.gov]; Phillips, Anna[Phillips.Anna@epa.gov]; Blubaugh, Jim[Blubaugh.Jim@epa.gov]; Simon, Karl[Simon.Karl@epa.gov]; Harnett, Bill[Harnett.Bill@epa.gov]; Evarts, Dale[Evarts.Dale@epa.gov]; Kasman, Mark[Kasman.Mark@epa.gov]
Cc: McHone, Christopher H (USEU)[McHoneCH@state.gov]; Oosterloo, Hylko J (USEU)[OosterlooHJ@state.gov]; Hudak, Patrick M (OES)[HudakPM@state.gov]; Tibbetts, Robert E[TibbettsRE@state.gov]; Wagner, David Vance[WagnerDV2@state.gov]
From: Grundler, Christopher
Sent: Fri 9/25/2015 3:40:07 PM
Subject: RE: Some European Reactions to VW News

Thanks for sharing this Erica. I think what they mean about (not relevant) is that the vehicles in question were deliberately designed to "defeat" the test cycle and emission standard----so even if they had the same cycle and standard as the US they would stiff be facing the same problem

From: Thomas, Erica K (USEU) [mailto:ThomasEK@state.gov]
Sent: Friday, September 25, 2015 10:18 AM
To: Phillips, Anna; Blubaugh, Jim; Simon, Karl; Harnett, Bill; Evarts, Dale; Kasman, Mark; Grundler, Christopher
Cc: McHone, Christopher H (USEU); Oosterloo, Hylko J (USEU); Hudak, Patrick M (OES); Tibbetts, Robert E; Wagner, David Vance
Subject: Some European Reactions to VW News

Hi all,

Please see interesting links and the FAQ sheet (scroll down) the Commission put out. I also had to reattach my favorite video clip from Parliament for those of you to whom I have not yet sent it. In the FAQs, I found this highlighted statement particularly interesting. I would be interested to know why these differences are "not relevant"?

"Test cycles are different in the EU and US. In the US there are several test cycles while in the EU there is only one. However, the differences in the test cycles are not relevant, since any laboratory test cycle can be defeated. As for the emission limits for NOx, in the US it is 50mg per mile, while in the EU it is of 80mg per km but also this difference is not relevant for the existing case."

I must say I am glad that Europe is finally being taken to task for their air problems. The air

pollution coupled with the "we are greener than the U.S." attitude has been irking me since the day I arrived. I thought I would get to escape bad air after China.

Hope you are all well!

All the best!

Erica

http://www.europarl.europa.eu/news/en/news-room/content/20150923IPR94457/html/Car-emissions-MEPs-push-for-%E2%80%9Creal-life%E2%80%9D-test-protocol

http://www.eeb.org/index.cfm/news-events/news/dieselgate-scandal-shows-urgent-need-for-eu-to-clean-up-air-pollution/

European Commission - Fact Sheet

FAQ - Air pollutant emissions standards

Brussels, 25 September 2015

How are pollutant emissions regulated at EU level?

Directive 2007/46/EC provides a common legal framework for the type approval of cars, vans trucks, buses and coaches. Type approvals are subject to fully harmonised EU requirements under:

- legislation defining the emission limits, such as Regulation 715/2007/EC - approved by the European Parliament and the Council;

- implementing legislation defining the test procedures - reviewed according to comitology procedure by the technical Committee for Motor Vehicles (TCMV) where all Members states are represented.

The Euro 5 and 6 Regulation 715/2007/EC, agreed by the European Parliament and Council, specifies emission limits for all important toxic pollutants. These include nitrogen oxides (NOx, i.e. the combined emissions of NO and NO2). The currently applicable NOx emission limit for new diesel passenger cars and light vans sold in the EU is 80 mg/km.

What is the Commission doing to address shortcomings of emissions testing of diesel vehicles?

Currently emissions are measured on a laboratory test cycle (NEDC) which does not reflect the emissions of vehicles in normal driving conditions. The Commission has therefore been working intensely to develop robust procedures for the emission testing of vehicles in real driving. Currently nitrogen oxides (NOx) emissions of diesel vehicles measured on the road may in reality exceed substantially the emissions measured on the regulatory test cycle (NEDC), though in most cases probably in line with the applicable legislation. To address this shortcoming, the Commission has been working to develop Real Driving Emission (RDE) test procedures. They replace the current laboratory based testing and will assess the emission performance of vehicles on roads. The new procedure was voted in May 2015 by the respective regulatory committee (Technical Committee for Motor Vehicles, TCMV) where all Members states are represented, and it will come into force in January 2016.

How will the RDE test procedure work? Will it eliminate the risk of cheating with a defect devices?

The RDE procedure will complement the laboratory based procedure to check that the emission levels of nitrogen oxides (NOx), and at a later stage also particle numbers (PN), measured during the laboratory test are confirmed in real driving conditions. This means that the car will be driven outside and on a real road according to random acceleration and deceleration patterns. The pollutant emissions will be measured by portable emission measuring systems (PEMS) that will be attached to the car. RDE testing will reduce the currently observed differences between emissions measured in the laboratory, and those measured on road under real-world conditions, and to a great extent limit the risk of cheating with a defeat device.

When will the RDE test procedure be in force?

In May 2015 the new procedure received a positive vote from the Technical Committee for Motor Vehicles, where all Members states are represented, and it will come into effect in January 2016. In this initial stage the portable emissions system will be used for monitoring purposes and it will have no implications on the conformity certificate issued by the national type-approval authority (TAA). Work is now underway to establish the regulatory not-to-exceed (NTE) emission limits applicable in RDE testing. These limits define the acceptable small degree of deviation from the emission limit set in Regulation 715/2007/ECto take into account measurement uncertainties present in the on-road testing. The NTE approach has proven its robustness in the assessment of, for example, emissions form heavy-duty vehicles. Other elements that are being discussed are test boundary conditions, such as temperature, altitude or velocity. All the details related to the RDE procedure for passenger cars and vans are currently being discussed with stakeholders and Member States. The Commission services aim to have the not-to-exceed emission limits applicable for all type approvals in the autumn 2017 and for new vehicles in the autumn 2018. The not-to-exceed limits should reflect environmental objectives as well as economic and technical feasibility.

What does WLTP stand for?

A new test procedure, the Worldwide harmonized Light vehicles Test Procedures (WLTP), has been adopted in the United Nations system (UNECE) for measuring pollutant emissions and CO2 emissions from passenger cars and light commercial vans in the laboratory. The implementation process in the EU

has started in parallel. The focus of the improvements is CO2 emissions testing. For NOx, RDE testing will complement laboratory test procedures.

Who is responsible for the emission testing?

Before vehicles can be put on the market, they are tested by a national technical service in accordance with the EU legislation. The national type-approval authority (TAA) grants the approval on the basis of these tests. The manufacturer may make an application for approval in any EU country. Once approved in one Member State, all vehicles of its type may be registered throughout the EU. The type approval legislation requires that cars meet the limit values 'under normal conditions of use'. In practice this requirement is implemented by establishing a test cycle to put the car through its paces, and checking whether the cycle emissions are below the limit value. Any car whose emissions are below the limit value is fit for type approval. The detailed description and rules for these test are laid down in the implementing legislation pursuant to the Euro 5/6 Regulation 715/2007/EC. The same monitoring system will continue to apply for the RDE testing and the portable emission measurement system.

Who checks that national authorities actually carry out the tests correctly?

Market surveillance and control of compliance with the type-approval legislation is a competence of the Member States. Article 30 of theFramework Directive requires Member States to take all the necessary measures to ensure that vehicles conform to their type-approval and Member States other than the Member State which granted the type-approval can do their own tests if they feel that here is a breach of the legislation. If a Member State demonstrates that there is a problem, it may ask the Member State which granted the type-approval to take corrective measures.

Are there any emissions tests after the vehicle has been type approved?

In accordance with type-approval legislation, vehicles are subject to checks on conformity of production and also to measures to ensure in-service conformity. Conformity of production tests are carried out on samples of freshly produced vehicles and ensure that their emissions values are in-line with the ones measured at type-approval. In-service conformity tests are carried out on vehicles that have been in use for a certain number of kilometres or years to ensure that they still have a pollution performance that is within a certain margin of the type-approval values. The procedure used for both tests is the same laboratory test that was done for type-approval.

Can the EU impose penalties if the rules regarding type approval are violated?

Under the Euro 5/6 legislation, it is for the Member State which has type-approved a vehicle to impose penalties for breach of the type-approval procedure. In particular, if it were determined that a car type-approved in a Member State had been modified to beat the cycle, the Member State which type-approved the car would be responsible for imposing penalties. More specifically, article 30(1) of Directive2007/46/EC states that if a Member State which has granted an EC type-approval finds that new vehicles do not conform to the type it has approved, it shall take the necessary measures, including, where necessary, the withdrawal of type-approval, to ensure that production vehicles are brought into conformity with the approved type. In addition, Article 46 of the same Directive requires Member States to

determine the penalties and to take all necessary measures for their implementation.

Are defeat devices illegal in the EU?

Yes. Defeat devices are forbidden in the EU. Article 5 (2) of Euro 6 Regulation 715/2007/EC prohibits the use of defeat devices. Article 3(10) defines defeat device as any element of design which senses temperature, vehicle speed, engine speed (RPM), transmission gear, manifold vacuum or any other parameter for the purpose of activating, modulating, delaying or deactivating the operation of any part of the emission control system, that reduces the effectiveness of the emission control system under conditions which may reasonably be expected to be encountered in normal vehicle operation and use.

Is the Commission going to improve market surveillance? Should we have an independent supervisory authority?

The Commission is speeding up work on a more robust framework to take action against non-compliant and unsafe products. The focus is on clarifying and strengthening the recall system and the exchange of information among type-approval authorities, including by requiring Member States to organise and carry out market surveillance and controls of vehicles entering the market and also strengthening the safeguard and recall provisions, including more power for the Commission to intervene and decide on the remedial measures taken by Member States. These measures are included in a proposal for revision of the general type-approval framework that the Commission will adopt by the end of the year. The new market surveillance rules will clarify the responsibilities of economic operators and streamline the procedures for co-operation and information exchange between the Member States.

Why did the Commission decide to introduce RDE testing?

Once it became clear that the test procedure set out in Regulation 715/2007/ECand its implementing legislation was not reflecting real driving emissions of vehicles, the European Commission decided in 2010 to address this situation by complementing the current laboratory test with a real-driving test procedure, which should be able to capture the wide range of driving conditions encountered on the road. A "real-driving emissions of light duty vehicles" working group composed by industry stakeholders and Member States representatives was set up to develop a test procedure to directly assess the regulated emissions of light duty vehicles under real driving conditions. In the course of the work of the working group, two candidate procedures were investigated: a randomised test cycle and the use of portable emission measurements systems (PEMS). Following an in-depth analysis of both approaches, on-road testing with a portable device was judged to better cover the wide range of driving and ambient conditions than laboratory test cycles. As soon as the new procedure was ready from the technical point of view, the Commission proposed draft legislation which was voted in May 2015 by the respective regulatory committee (TCMV).

How does regulation differ in the EU and US both on emission limits and on testing procedures?

In the US, the Clean Air Act (CAA) requires every engine and motor vehicle to meet a set of emission standards and conformity requirements. Anyone wishing to sell an engine or vehicle within the United States must demonstrate compliance with the CAA and all applicable EPA regulations. Today, in the EU

as well as in the US, vehicles are being tested on a chassis dynamometer in the lab according to well-described driving patterns (= regulatory test cycles) for compliance with regulatory emission limits. Test cycles are different in the EU and US. In the US there are several test cycles while in the EU there is only one. However, the differences in the test cycles are not relevant, since any laboratory test cycle can be defeated. As for the emission limits for NOx, in the US it is 50mg per mile, while in the EU it is of 80mg per km but also this difference is not relevant for the existing case. This is why the introduction of the RDE procedure is so important, as it would allow authorities to detect the use of defeat devices.

What are the applicable limits for CO2 emissions?

Unlike pollutants, at low concentrations CO2 emissions are not directly harmful to our health, but cause climate change. That is why the EU is reducing its CO2 emissions, including from transport. In contrast to pollutant emissions, for CO2 emissions there are no maximum limits per vehicle. But CO2 emissions are monitored and EU Regulations 443/2009 and 510/2011 establish CO2 performance standards for cars and vans and emission reduction targets. By 2021, the fleet average to be achieved by all new cars is 95 grams of CO2 per kilometre. This means a fuel consumption of around 4.1 l/100 km of petrol or 3.6 l/100 km of diesel. For vans, the target is 147 grams of CO2 per kilometre, corresponding to around 5.5 l/100 km of diesel. To help drivers choose new cars with low fuel consumption, cars have a label showing their test cycle fuel efficiency and CO2 emissions. If defeat devices were used to influence test CO2 emissions, it is likely the relative size of their impact would be lower than for pollutant emissions. For CO2 emissions the laboratory test procedure should improve with the introduction of the "Worldwide harmonized Light vehicles Test Procedure".

What is the Commission doing to tackle air pollution?

The Commission adopted a Clean Air Policy Package in December 2013, consisting of new air quality objectives for the period up to 2030, a revised National Emission Ceilings Directive with stricter national emission ceilings for the six main pollutants (SO_2, NOx, non-methane VOCs, NH_3, PM2.5 and CH_4), and a proposal for a new Directive to reduce pollution from medium-sized combustion installations. The local air quality limits which may not be exceeded are set under the Ambient Air Quality Directives. The Directives address three main pollutants, particulate matter (PM10) originating from emissions from industry, traffic and domestic heating, sulphur dioxide (SO2) and nitrogen dioxide (NO2). Infringement procedures in this area are about the exceedances of the limit values which are measured at the monitoring stations in each Member State and appropriate measures to comply with these limit values.

How does the EU inform citizens about the consequences of air pollution and car emissions?

EU legislation foresees that Member States must ensure that up-to-date information on ambient concentrations of the different pollutants is routinely made available to the public. When information or alert thresholds are exceeded, Member States need to inform the public about the exceedance and the actions that are eventually taken. To facilitate consumer choice, citizens will also be informed of the real-world vehicle emissions measured according to the new test cycle (from the Euro 6 deadlines onwards). At EU level a number of sources exist that provide information to the public. Several important databases concerning air quality are managed by the European Environment Agency (EEA), including the AirBase database, the database on ozone. The Ambient Air Quality Portal contains a collection of documents delivered by each country, concerning various topics, including air quality.

This email is UNCLASSIFIED.

Erica Keen Thomas

Counselor for Energy, Environment, Science and Technology

United States Mission to the European Union

Rue Zimmer 13

1000 Brussels

Belgium

Office: (32)(0)2 811-5881

Fax: (32)(0)2 811-5982

Mobile: (32)(0)475 700 190

thomasek@state.gov

This email is UNCLASSIFIED.

To: Birgfeld, Erin[Birgfeld.Erin@epa.gov]
Cc: Hengst, Benjamin[Hengst.Benjamin@epa.gov]
From: Grundler, Christopher
Sent: Fri 9/25/2015 3:50:11 PM
Subject: Re: VW; US News&World Report; ASAP

Ex. 5

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

On Sep 25, 2015, at 11:46 AM, Birgfeld, Erin <Birgfeld.Erin@epa.gov> wrote:

Chris,

We are getting questions about whether EPA and CARB will be testing ALL makes and models of diesel cars and light trucks. **Ex. 5**

Ex. 5

Thanks,

Erin

FYI - 2015-2016 diesels include the following makes:

Audi

BMW

Volkswagen

Mercedes

Chevrolet

Jeep

Land Rover

Dodge

Porsche

From: Bunker, Byron
Sent: Friday, September 25, 2015 11:41 AM
To: Birgfeld, Erin
Cc: Cohen, Janet
Subject: RE: VW; US News&World Report; ASAP

Ex. 5

Ex. 5

Ex. 5

****

Byron Bunker

Director Compliance Division

Office of Transportation and Air Quality

Environmental Protection Agency

2000 Traverwood Drive

Ann Arbor, MI 48105

Bunker.Byron@epa.gov

Phone: (734) 214-4155

Mobile: (734) 353-9623

****

From: Birgfeld, Erin
Sent: Friday, September 25, 2015 11:16 AM
To: Bunker, Byron
Cc: Cohen, Janet
Subject: FW: VW; US News&World Report; ASAP
Importance: High

Ex. 5

Ex. 5

Ex. 5

From: Ortiz, Julia
Sent: Friday, September 25, 2015 11:09 AM
To: Conger, Nick; Birgfeld, Erin; Hengst, Benjamin
Cc: Valentine, Julia; Millett, John; Hull, George
Subject: VW; US News&World Report; ASAP

I sent him the first number – of light duty diesels on the road, not just VWs and Audis. Also asked:

Ex. 5

From: Neuhauser, Alan [mailto:ANeuhauser@usnews.com]
Sent: Friday, September 25, 2015 10:37 AM
To: Ortiz, Julia
Subject: RE: EPA Update on Recent Volkswagen Announcement

Hi Julia -

Thanks for this. I have two quick follow-ups confirming details from the press call just now:

- In his prepared remarks, I think Chris Grundler gave a number what percentage of light-duty diesel vehicles on the road are made up of the VW and Audi vehicles. I didn't quite catch that number - would you mind sending what that was?
- Also, to confirm, it sounded like EPA was confirming in the call that recalls would indeed be coming for the vehicles that were found to be in violation of the CAA. I'm just writing to confirm that this is the case, and that the timeline was that it would happen within about a year.

Thanks so much.

Best,

Alan

--
Alan Neuhauser
Reporter/Producer | U.S. News & World Report
aneuhauser@usnews.com | @alneuhauser
Office: 202-955-2185 | Cell: 202-603-9144

From: Julia Ortiz [ortiz.julia@epa.gov]
Sent: Friday, September 25, 2015 10:08 AM
To: Neuhauser, Alan
Subject: EPA Update on Recent Volkswagen Announcement

CONTACT:

Julia Q. Ortiz

ortiz.julia@epa.gov

(202) 564-2663

(202) 564-4335

FOR IMMEDIATE RELEASE

September 25, 2015

EPA Update on Recent Volkswagen Announcement

WASHINGTON – Today the U.S. Environmental Protection Agency (EPA) released a letter sent to vehicle manufacturers notifying them that the agency is adding to its confirmatory testing additional

evaluations designed to look for potential defeat devices.

View the letter here: http://www3.epa.gov/otaq/cert/violations.htm

Last Friday, EPA sent a Notice of Violation of the Clean Air Act to Volkswagen AG, Audi AG, and Volkswagen Group of America, Inc. alleging that four-cylinder Volkswagen and Audi diesel cars from model years 2009-2015 include software that circumvents EPA emissions standards.

These cars contain software that turns off emissions controls when driving normally, and turns them on when the car is undergoing an emission test. Known as a "defeat device," this design feature results in the cars emitting up to 40 times the amount of NOx emissions that the standards allow. NOx standards are in place to ensure public health is protected.

EPA's notice of violation, along with an In-Use Compliance Letter that the California Air Resources Board issued, provide information and details relating to the VW violations:

View a pdf of the Notice of Violation here:

http://www3.epa.gov/otaq/cert/documents/vw-nov-caa-09-18-15.pdf

View the California Air Resources Board's In-Use Compliance Letter here:

http://www.arb.ca.gov/newsrel/in_use_compliance_letter.htm

For more information on EPA's recent action, as well as information for owners of the affected vehicles, visit: http://www3.epa.gov/otaq/cert/violations.htm

If you would rather not receive future communications from Environmental Protection Agency, let us know by clicking here.
Environmental Protection Agency, 1200 Pennsylvania Avenue NW, Washington, DC 20460 United States

To: Grundler, Christopher[grundler.christopher@epa.gov]
Cc: Shaffer, Patricia[Shaffer.Patricia@epa.gov]
From: Blubaugh, Jim
Sent: Fri 9/25/2015 3:50:13 PM
Subject: Fwd: FINAL Briefing Memo for Administrator's Meeting with EU Commissioner Vella -- (Pat please print for Chris)
image001.jpg
ATT00001.htm
image001.jpg
ATT00002.htm
GM-Vella Meeting 09 28 2015 FINAL.doc
ATT00003.htm

Chris,

Attached is the briefing memo for the Administrator for her Monday meeting with EU Commissioner Vella. We understand that general mobile source cooperation make not be on the EU's final agenda but we still expect they will have some questions on the VW case. The tps on VW are from the NOV and some Qs and As that we have.

There is a lot of info in here on other topics as well.

Thanks,
Jim

Begin forwarded message:

From: "Phillips, Anna" <Phillips.Anna@epa.gov>
Date: September 25, 2015 at 10:46:00 AM EDT
To: "Harnett, Bill" <Harnett.Bill@epa.gov>, "Niebling, William" <Niebling.William@epa.gov>, "Blubaugh, Jim" <Blubaugh.Jim@epa.gov>, "Simon, Karl" <Simon.Karl@epa.gov>, "Pierce, Alison" <Pierce.Alison@epa.gov>, "Schmit, Ryan" <schmit.ryan@epa.gov>, "Coleman, Cheryl" <Coleman.Cheryl@epa.gov>, "Prins, Christopher" <Prins.Christopher@epa.gov>
Cc: "Mazur, Sarah" <Mazur.Sarah@epa.gov>, "Slimak, Michael" <Slimak.Michael@epa.gov>, "Hagerthey, Scot" <Hagerthey.Scot@epa.gov>
Subject: FW: FINAL Briefing Memo for Administrator's Meeting with EU Commissioner Vella -- September 28 at 11:15 a.m.

FYI and many thanks to all for your inputs.

Best,

Anna

~~~~~~

Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

Office of International & Tribal Affairs

Washington, D.C. 20460

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427
E-mail: phillips.anna@epa.gov

http://www2.epa.gov/international-cooperation

~~~~~~

Please consider the environment before printing this message.

From: Phillips, Anna
Sent: Friday, September 25, 2015 10:40 AM
To: Dieu, Martin; Stewart, Lakita; Starks, Angela
Cc: Kasman, Mark; Almodovar, Lisa; Finman, Hodayah; Bailey, Marianne; Adrian, Stephanie (Adrian.Stephanie@epa.gov); MacDonald, Ted; Rourk, Alexis; Sonntag, William; Muehling, Brian; Huber, Patrick; Metcalf, Alexander; Ferrante, Joe
Subject: FINAL Briefing Memo for Administrator's Meeting with EU Commissioner Vella -- September 28 at 11:15 a.m.
Importance: High

Attached is the final briefing memo for the Administrator's meeting with EU Commissioner for Environment, Maritime Affairs and Fisheries Karmenu Vella on Monday, September 28th at 11:15 a.m. This version incorporates Jane's comments and is ready to go forward to the Administrator's Office.

Best,

Anna

~~~~~~

Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

Office of International & Tribal Affairs

Washington, D.C. 20460

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427
E-mail: phillips.anna@epa.gov
~~~~~~

http://www2.epa.gov/international-cooperation

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~~~~~~

From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Fri 9/25/2015 4:02:57 PM
Subject: Former Volkswagen CEO could get a $67 million parachute
MAIL_CONVERSATION_TOPIC: Former Volkswagen CEO could get a $67 million parachute
Created: Fri 3/18/2016 6:18:09 PM

View article...

Ex. 5

Ex. 5

Ex. 5

From: timothy.gardner@thomsonreuters.com [mailto:timothy.gardner@thomsonreuters.com]
Sent: Friday, September 25, 2015 11:55 AM
To: Ortiz, Julia
Subject: Just so we understand it, does the stepped up testing include CO2?

I think CO2 is calculated by measuring MPG. So would these new tests measure CO2 as well?

Thanks, T

From: Ortiz, Julia [mailto:Ortiz.Julia@epa.gov]
Sent: Friday, September 25, 2015 10:39 AM
To: Gardner, Timothy (Reuters News)
Subject: RE: hi Julia, any chance we could get copy of letter to automakers? thanks Tim

Link below:

CONTACT:

Julia Q. Ortiz

ortiz.julia@epa.gov

(202) 564-2663

(202) 564-4335

FOR IMMEDIATE RELEASE

September 25, 2015

EPA Update on Recent Volkswagen Announcement

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From: timothy.gardner@thomsonreuters.com
[mailto:timothy.gardner@thomsonreuters.com]
Sent: Friday, September 25, 2015 10:39 AM
To: Ortiz, Julia
Subject: hi Julia, any chance we could get copy of letter to automakers? thanks Tim

Best, Tim

Timothy Gardner

Correspondent

Reuters

1333 H St. 4th Fl

Washington, D.C. 20005

+1 202-898-8360 (w)

+1 202-380-8348 (c)

@timogard

To: Grundler, Christopher[grundler.christopher@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Charmley, William[charmley.william@epa.gov]; Nam, Ed[nam.ed@epa.gov]; Olechiw, Michael[olechiw.michael@epa.gov]
From: Simon, Karl
Sent: Fri 9/25/2015 5:08:29 PM
Subject: Mary N on international harmonization

Nichols also said she saw the need to re-examine and possibly coordinate vehicle emissions testing internationally.

"There's been for years discussion about aligning the testing and procedures of the U.S. and Europe and the emerging markets in China and India," she said. "Some countries use an old, outdated version of our testing or the E.U.'s testing."

Nichols said it should be relatively easy to fix the software to make the cars control their nitrogen oxide emissions in all conditions.

"They have to reprogram the software and get rid of the defeat device, which is a set of instructions; that part is not really difficult," she said. "You still have to implement it; [you've] got to get people to bring their cars in and you've got to get the work done, so it's not going to happen instantaneously, but certainly we know how to do that."

Still unclear is whether controlling NOx emissions will reduce the cars' gas mileage, as well as what motivated Volkswagen to write the software workaround.

"People are really trying to understand what the total motivation here was because it affected a number of different models," Nichols said.

Driving Innovation in Clean Transportation

From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Fri 9/25/2015 5:27:08 PM
Subject: Volkswagen names Porsche's Mueller as CEO in sweeping overhaul
MAIL_CONVERSATION_TOPIC: Volkswagen names Porsche's Mueller as CEO in sweeping overhaul
Created: Fri 3/18/2016 6:18:09 PM

Volkswagen AG appointed Porsche brand chief Matthias Mueller as chief executive officer as the German carmaker reels from the biggest crisis in its history.

View article...

To: Kaul, Meetu[Kaul.Meetu@epa.gov]
From: E&E Publishing
Sent: Fri 9/25/2015 5:40:41 PM
Subject: September 25 -- Greenwire is ready

Read today's Greenwire on the web

AN E&E PUBLISHING SERVICE

GREENWIRE — Fri., September 25, 2015

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Boehner stuns Congress with resignation

Speaker John Boehner announced today that he will resign from the House's top post at the end of October -- an abrupt decision that surprised fellow Republicans despite recent rumblings that the GOP's conservative wing would attempt to force him to give up the gavel in a dispute over funding for the abortion rights group Planned Parenthood.

TOP STORIES

2.CLIMATE:

China rolls out cap and trade, tops U.S. aid pledge

3.POPE FRANCIS:

'Any harm done to the environment ... is harm done to humanity'

4.AIR POLLUTION:

EPA boosts auto emissions testing after Volkswagen scandal

CONGRESS

5.APPROPRIATIONS:

House expected to pass 'clean' spending bill, avoid shutdown

6.REGULATIONS:

House passes NEPA fast-track review bill

POLITICS

7.PEOPLE:

Neb. ag director who butted heads with EPA to lead state group

8.AIR POLLUTION:

Public health groups make late push for tighter ozone limit

NATURAL RESOURCES

9.ENDANGERED SPECIES:

Nev. counties, miners sue to block sage grouse plans

10.OCEANS:

Fish sold to consumers contains plastic, debris -- study

11.SALMON:

Feds propose trucking chinook to colder waters

12.MARINE MAMMALS:

3 dozen dead walruses puzzle FWS

13.INVASIVE SPECIES:

Fox cull makes strides on Arctic islands

LAW

14.AIR POLLUTION:

Industry, states ask court to scrap MATS rule

15.ENDANGERED SPECIES:

Animal advocates air listing grievances to federal judges

16.CHEMICALS:

Judge allows C8 case against DuPont to proceed

17.RAIL:

Judge delays $338M settlement over Quebec oil train accident

CLIMATE CHANGE

18.CALIFORNIA:

Air board likely to greenlight fuel standard

19.POLLINATORS:

Climate change shrinks bees' tongues -- study

20.EMISSIONS:

Viral videos carry heavy carbon footprint

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21.FEDERAL WORKFORCE:

Morale poll results coming soon with 'positive trends'

BUSINESS

22.BIOTECH:

USDA may get tougher on genetically modified wheat trials

23.RARE EARTHS:

Texas company strikes research deal with Pentagon

24.DRINKING WATER:

Thirsty West leads investor scramble to latest hot commodity

25.COAL:

Anthracite finds new life in pizza ovens

AIR AND WATER

26.WATER POLLUTION:

EPA touts benefits of new electronic reporting rule

27.WATER POLLUTION:

Md. paper mill spills latex in Potomac River

INTERNATIONAL

28.CANADA:

Troubled company plans mountaintop mine

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29.POLITICS:

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To: Grundler, Christopher[grundler.christopher@epa.gov]
From: E&E Publishing
Sent: Fri 9/25/2015 5:43:46 PM
Subject: September 25 -- Greenwire is ready

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GREENWIRE — Fri., September 25, 2015

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From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Fri 9/25/2015 5:56:52 PM
Subject: Volkswagen set to name Porsche's Mueller as new CEO in big overhaul
MAIL_CONVERSATION_TOPIC: Volkswagen set to name Porsche's Mueller as new CEO in big overhaul
Created: Fri 3/18/2016 6:18:09 PM

Volkswagen AG appointed Porsche brand chief Matthias Mueller as chief executive officer as the German carmaker reels from the biggest crisis in its history.

View article...

To: Snyder, Jim[Snyder.Jim@epa.gov]
From: Ex. 7
Sent: Fri 9/25/2015 6:01:55 PM
Subject: RE: A3 etron

Correction FTP, not US06 retest, as stated below.
Ex. 7

From: Ex. 7
Sent: Friday, September 25, 2015 9:24 AM
To: ''Jim Snyder' (Snyder.Jim@epamail.epa.gov)'
Subject: FW: A3 etron

Hi Jim,
Our discussion about dyno coefficient discrepancy has been resolved and your lab numbers look correct. We originally provided incorrect coefficients values for Verify input. I will correct these values in Verify.
A decision from our factory whether to request a retest of the US06 cycle is still pending. We should have more information on Monday.

Regards,

Ex. 7
Volkswagen Group
3800 Hamlin Rd
Auburn Hills, MI 48326
p. Ex. 7

From: Ex. 7
Sent: Friday, September 25, 2015 9:04 AM
To: Ex. 7
Cc: Ex. 7
Subject: A3 etron Vehicle book typo

Good morning Ex. 7

After a bit more analysis we have found the discrepancies between EPA/WOB dyno load adjustment. In the vehicle book the Dyno Set coefficients are actually for a Twin roll, not a single roll. Please see the correct values below and update verify if necessary.

16" Twin Roll	-133,5/-0,247/0,0323
16" Single Rol	-53,5/-0,247/0,0323
17" Twin Roll	-108,3/-0,321/0,0355
17" Single Roll	-28,3/-0,321/0,0355

The EPA Road Load appears to be fine when compared to the correct values, so no further discussion about Roadload is necessary:
<< OLE Object: Picture (Device Independent Bitmap) >>

Thanks for the help,

Ex. 7

Mit freundlichen Grüßen / Regards

Ex. 7

Ex. 7

Wichtiger Hinweis: Die vorgenannten Angaben werden jeder E-Mail automatisch hinzugefügt und lassen keine Rückschlüsse auf den Rechtscharakter der E-Mail zu.
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To: Birgfeld, Erin[Birgfeld.Erin@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]; Ortiz, Julia[Ortiz.Julia@epa.gov]
Cc: Millett, John[Millett.John@epa.gov]; Conger, Nick[Conger.Nick@epa.gov]
From: Hengst, Benjamin
Sent: Fri 9/25/2015 6:04:18 PM
Subject: RE: Remarks as prepared for VW
VW9 25 15 VW update script - Final as prepared.pdf

From: Birgfeld, Erin
Sent: Friday, September 25, 2015 2:00 PM
To: Grundler, Christopher; Ortiz, Julia
Cc: Millett, John; Hengst, Benjamin; Conger, Nick
Subject: Remarks as prepared for VW

Hi all,

These are the cleaned up versions of the remarks as prepared for today's call.

Thanks,

Erin

Erin Birgfeld

Communications Director

Office of Transportation and Air Quality

U.S. EPA

202-564-6741 (work)

202-255-4434 (cell)

Press Call: 9/25/2015

Release of Auto Manufacturer Expanded Testing Guidance Letter

Final Remarks as Prepared

Janet McCabe, Acting Assistant Administrator, Office of Air and Radiation, U.S. EPA

- Last Friday, EPA sent a Notice of Violation of the Clean Air Act to Volkswagen AG, Audi AG, and Volkswagen Group of America, Inc. alleging that four-cylinder Volkswagen and Audi diesel cars from model years 2009-2015 include software that circumvents EPA emissions standards.

- Put simply, these cars contain software that turns off emissions controls when driving normally, and turns them on when the car is undergoing an emission test.

- Known as a "defeat device," this design feature results in the cars emitting up to 40 times the amount of NOx emissions that are allowed to ensure public health is protected.

- EPA's notice of violation, along with an In-Use Compliance Letter that the California Air Resources Board issued, provide information and details relating to the VW violations.

VW FOIA, EPA 06/20/2017 2017-FFP_026660

- As we stated last week, these violations are very serious. Not only because the illegal defeat device results in excess emissions many times the allowable standard, but also because VW was concealing the facts from EPA, the State of California, and from consumers.

- Given the seriousness of this situation, we are having this call today in order to provide an update on our work and next steps.

- Today's update does not affect our current investigation of VW.

- That investigation continues, and the reasons for it are spelled out in our notice of Violation that we issued last week.

- Today's update is to inform you all about a letter to all auto manufacturers that we are sending today.

- This letter is intended to notify all automakers that we are stepping up our testing activities in response to VW's alleged violations.

- We take seriously our responsibility to oversee the implementation and enforcement of our clean air regulations. It is this oversight that ensures both the benefits of clean air emissions standards and that the industry is competing on a level playing field and that consumers are getting what they pay for.

VW FOIA, EPA 06/20/2017 2017-FFP_026661

- Our regulatory programs for cars and trucks are working. We know this because air quality monitors tell a clear and compelling story: U.S. air quality has dramatically improved as a result of implementing our program, even as vehicle miles and the economy have grown significantly.

- EPA and California's joint implementation of our motor vehicle programs have been very successful at delivering on our agencies' missions to protect human health and the environment.

- Both EPA and California have robust oversight programs that have adapted as technologies and circumstances have changed.

- But we also know, and the VW violations before us now have made it all the clearer, that we must continue to improve and adapt our oversight. And we will.

- I will now turn to Chris Grundler, EPA's Director of our Office of Transportation and Air Quality, who will provide some information about our current approach to vehicle emissions compliance, along with a few other relevant updates.

Chris Grundler, Office Director, Office of Transportation and Air Quality, U.S. EPA

- EPA's compliance program for cars and trucks is at the heart of ensuring that the Agency delivers on the promise of the Clean Air Act.

- EPA has a well-established process in place for certifying that new vehicles meet federal emission standards for air pollutants. This program, which includes new car testing and audits, ensures that cars are compliant with our clean air regulations.

- All new cars sold in the United States must have an EPA-issued "certificate of conformity." It is not legal to sell a new car in the U.S. without such a certificate.

- Neither CARB nor EPA allow manufacturers to self-certify. Volkswagen does not have a 2016 model year EPA Certificate of Conformity or a CARB Executive Order for its four cylinder diesel vehicles because CARB and EPA are not yet convinced that the data and evidence presented by Volkswagen demonstrate the vehicles will perform as required by the regulations.

- Experienced engineers and scientists at the two organizations review manufacturer applications for certification, request additional evidence, and perform confirmatory tests on a portion of the vehicles before reaching a decision to approve or deny an application.

- Manufacturers must attest to the accuracy and integrity of the data and other documentation they submit. They face severe penalties if they are found to have misled the agencies.

- The agencies have broad discretion to require manufacturers to conduct additional testing under section 206 of the Clean Air Act, or to conduct tests on their own to verify vehicle performance with the emission regulations.

- If EPA believes that vehicles are not compliant, we do not certify them, and they cannot be sold. Ultimately it is this action that held VW to account.

- Beyond reviewing design and emissions information, as part of our ongoing compliance oversight, EPA tests vehicles we borrow from private owners to ensure that they match the certified design and align with data submissions. In addition, we perform audits of vehicles selected at random from manufacturer production lines to help confirm fuel economy and GHG performance. Finally, we perform in-use investigations using Portable Emissions Measurement Systems (PEMS) to evaluate vehicle performance on the road.

- EPA also is responsible for much of the original development of portable emissions monitoring technology – the kind of equipment that West Virginia University used to test the VW and BMW vehicles in 2014 that led to the discovery of high emissions from VW diesels.

- We use this same equipment ourselves to conduct real world emissions testing every year. In recent years, though, EPA has focused its portable emissions testing efforts primarily on the heavy-duty diesel truck market whose annual NOx emissions dwarf the inventory from light-duty diesels (LD diesel passenger cars make up less than 0.2% of on-highway diesel NOx emissions)

- Why? Because that's where most diesel emissions are. It's also an area where we have seen industry employ defeat devices in the past. Every year we make

decisions about where to prioritize our limited testing resources, and we prioritize based on, among other things, where the emissions are greatest.

- WVU and ICCT chose light duty diesel cars like VW's for their testing precisely because they believed these vehicles would be clean. These vehicles make up less than 1 percent of the US light-duty fleet.

- As soon as the testing showed they were not clean, CARB took the lead in coordination with EPA took on the issue, which led us to where we are today.

- EPA and California's oversight programs are active and robust, as our recent actions to address issues with Hyundai, Kia and Ford vehicles demonstrate.

- But technologies evolve and circumstances change, and we are continuously looking at ways to improve our compliance and oversight programs. In the past, we have added new procedures, like high-speed driving and air-conditioning use, to ensure our lab tests better replicate real-world driving conditions

- And we will continue to adapt. As EPA Administrator McCarthy said a few days ago, we are "upping our game."

- Today we are putting vehicle manufacturers on notice that our confirmatory testing is now going to include additional evaluations designed to look for potential defeat devices.

- We aren't going to tell them what these tests are, they don't need to know. They only need to know we will be keeping their vehicles longer and driving them more.

- We will be continuing to review with our partners at the California Air Resources Board what we can learn from this VW case and will adapt and improve as we always have to ensure we deliver on the Agency's mission.

NEXT STEPS

- Now let me provide you with a brief update of other steps related to the VW matter.

- We are actively recruiting light duty diesel vehicles to test for defeat devices or other compliance issues.

- This testing is starting now, in concert with testing by the California Air Resources Board and Environment Canada.

- Many of these same vehicles are sold in Canada as well as the US. We are very pleased that Environment Canada will be an active partner in this effort allowing us to more quickly test all light-duty diesel makes and models for potential defeat devices.

- Turning to next steps to address the affected vehicles

- First, we should be clear that since the discovery of the defeat device we have not issued a recall order to Volkswagen or Audi.

- The California Air Resources Board (CARB) and EPA are working intently with Volkswagen to evaluate potential recall solutions for the affected vehicles.

- The September 18, 2015 Notice of Violation and CARB In-Use Compliance letter cover three generations of Volkswagen four cylinder diesel vehicles. We expect solutions will be found relatively quickly for the most recent generation (all model year 2015 vehicles) and soon thereafter for the 2012-2014 VW Passat diesels

- We expect the first generation of vehicles (all pre-2015 vehicles except for the Passat) will require additional engineering development that will take longer.

- The agencies will evaluate the technical solutions that Volkswagen develops to ensure their emissions performance is improved in real world driving and will carefully scrutinize for impacts on consumers.

- As the engineering work progresses, the Agencies and Volkswagen will communicate timelines for the recalls and the nature of the solutions.

- If you are an owner of an affected Volkswagen or Audi diesel vehicle you should know that when a recall is ordered the notice will come from Volkswagen. It will provide you with information about the recall and with instructions about how to get your car repaired at no cost to you.

- In the meantime, these cars are safe and legal to drive. Owners do not need to take any action at this time.

- We will continue to update you as our investigation continues.

VW FOIA, EPA 06/20/2017 2017-FFP_026667

To: Grundler, Christopher[grundler.christopher@epa.gov]; Blubaugh, Jim[Blubaugh.Jim@epa.gov]; Simon, Karl[Simon.Karl@epa.gov]; Kasman, Mark[Kasman.Mark@epa.gov]
From: Phillips, Anna
Sent: Fri 9/25/2015 6:18:42 PM
Subject: AIR POLLUTION: EPA boosts auto emissions testing after Volkswagen scandal

AN E&E PUBLISHING SERVICE

AIR POLLUTION:
EPA boosts auto emissions testing after Volkswagen scandal

Sean Reilly, E&E reporter

Published: Friday, September 25, 2015

U.S. EPA officials today said they are ramping up emissions testing across the auto industry, seeking to regain public confidence after last week's revelation that Volkswagen had gotten away with cheating for years.

In a **letter** sent today to all car manufacturers, the agency said it may require testing on any vehicle under real-world driving conditions with the goal of detecting "defeat devices" similar to what VW has admitted to using on four-cylinder diesel-fueled vehicles from model years 2009 through 2015.

Although improved air quality over the years shows the existing regulatory framework is working, "we must continue to improve and adapt our oversight, and we will," Janet McCabe, EPA's acting air chief, told reporters in a conference call this morning.

The agency is collaborating with the California Air Resources Board and its Canadian counterpart, Environment Canada, to test VW diesel models already on the road for the defeat devices, said Chris Grundler, director of EPA's Office of Transportation and Air Quality.

EPA and California regulators are also working closely with Volkswagen, Grundler said, to come up with "recall solutions" for the 482,000 VW and Audi diesel vehicles covered by the violation notice issued Friday. Affected models include the Jetta, Beetle, Golf, Audi A3 and Passat.

The scandal, which could cost Volkswagen billions of dollars in fines just in the United States, has already forced the resignation of Martin Winterkorn, the CEO of Volkswagen AG, and led the company to ask German prosecutors to open a criminal investigation. Replacing Winterkorn is Matthias Müller, the current chairman of Porsche AG, Volkswagen's board announced today.

It also has raised questions about the adequacy of EPA's testing regimen, given that the cheating was uncovered not by its staff, but by West Virginia University researchers working for the International Council on Clean Transportation, a private nonprofit group.

On today's call, Grundler said EPA had developed the testing technology used

by the West Virginia researchers, adding that the agency has focused its real-world testing on heavy-duty diesel trucks that generate far more nitrogen oxide emissions than light-duty cars. The software Volkswagen used to circumvent emissions requirements was buried in 100 million lines of code, he added.

At the Safe Climate Campaign, which has been critical of the existing regimen, Director Dan Becker said the added testing announced today makes sense but is "only a very initial step."

"EPA is going to have to move to bring testing in-house," Becker said in a phone interview. "They are going to have to essentially take the automakers out of the process of doing self-testing, then reporting some of the results -- or false results to EPA."

In an email, a spokesman for the Alliance of Automobile Manufacturers, whose members include VW's American arm, would only say the trade group is certain that all carmakers will review the new EPA guidance.

In a statement, a spokeswoman for the Association of Global Automakers, the trade group representing many foreign car manufacturers -- although not Volkswagen -- said "the integrity of the emissions and fuel economy testing certification process is very important to our industry," adding that it will keep working with state and federal regulators to ensure "that the process achieves the objectives of the regulators, manufacturers, and consumers."

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To: Good, David[good.david@epa.gov]
Cc: Snyder, Jim[Snyder.Jim@epa.gov]
From: Thomas, Richard (EEO)
Sent: Fri 9/25/2015 6:25:21 PM
Subject: Audi A3 e-tron ultra
monroney(18) A3 e-tron ultra.pdf

Hi Dave;

As your requested, attached is a sample of the fuel economy label for the 2106 Audi A3 e-tron ultra. Please let me now if you have any concerns and that all the required data has been properly displayed. The factory has told me that it is a non-blended PHEV, I believe this point was already pointed out to EPA in an A3 e-tron presentation in early August.

Best regards,

Richard

Richard E. Thomas

Senior Emission Certification Specialist

Engineering & Environmental Office (EEO)

Volkswagen Group of America, Inc.

3800 Hamlin Road

Auburn Hills, MI 48326

Phone: 248 754 4213

Fax: 248 754 4207

mailto: Richard.Thomas@VW.com

LOC:
Exterior:

Dealer Stock Status:

VIN: Ex. 6
Interior:

MODEL: 8VA5PX-2016 Audi A3 Sportback 1.4T FWD e-tron S tronic
2015268-TEST LABEL

2016 Audi A3 Sportback 1.4T FWD e-tron S tronic

Audi
Truth in Engineering

STANDARD EQUIPMENT (unless replaced by options)

TECHNICAL
- 1.4 TFSI®, 4 CYL., PHEV, 204hp / 258lb-ft combined
- 6-speed S tronic® transmission
- 16" 15-spoke-Y-design wheels, 205/55 summer tires
- ESC (Electronic Stability Control) with secondary collision brake a
- Disc brakes, ventilated front & solid rear discs
- ABS (Anti-lock brake system) with brake assist
- Electromechanical speed-sensitive power steering
- TPMS (tire pressure monitoring system)

COMFORT/CONVENIENCE
- Panoramic sunroof w/ retractable sunshade
- Audi xenon plus headlights w/ LED DRLs & taillights
- Rain & light sensor
- Power adjustable exterior mirrors
- 12-way power adjustable driver seat including lumbar adjustment
- 60/40 split-folding rear seat
- Leather seating surfaces
- Dual-zone automatic climate control
- 3-spoke leather-wrapped multifunction steering wheel
- Audi sound system
- AM/FM/SAT/1CD audio w/ SD card reader & aux-in
- SIRIUS® satellite radio (w/ three-month complimentary subscripti
- Preparation for mobile phone (Bluetooth®)
- Driver information system
- Parking system plus with rearview camera
- Mobile charging unit
- Audi drive select
- LED interior lighting package

SAFETY/SECURITY
- Driver and front passenger advanced airbag supplemental restrai
- Driver and front passenger knee airbags
- Driver and front-passenger seat-mounted thorax side airbags
- Sideguard® inflatable curtain airbags
- Rear side airbags
- Driver 3-point safety belts with automatic pretensioning and force
- Front passenger 3-point safety belts with Automatic Locking Retr automatic pre-tensioning, and force limiters
- Rear outboard 3-point safety belts with Automatic Locking Retrac automatic pre-tensioning
- Rear center 3-point safety belt with Automatic Locking Retractor (
- Lower Anchors and Tethers for Children (LATCH) in rear
- Rear child safety locks
- Anti-theft vehicle alarm system

WARRANTY/MAINTENANCE
- 4 Year/50,000 mile (whichever occurs first) New Vehicle Limited

URER'S SUGGESTED RETAIL PRICE

Sportback 1.4T FWD e-tron S tronic $

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Method:

EPA
DOT **Fuel E**

Plug-In Hybrid Vehicle
Electricity-Gasoline

Compact Cars range from 14 to 116 MPG. The best vehicle rates 119 MPGe.

Electricity
Charge Time: 2.5 hours (240V)
86 MPGe
38 kW-hrs per 100 miles
combined city/highway

Gasoline Only
39 MPG
2.8 gallons per 100 miles
combined city/highway

Driving Range
All electric range | Gasoline only
0 5 10 **17** miles 22 430

You save
$3,750
in fuel costs

Annual fuel cost
$1,050

Fuel Economy & Greenhou

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This vehicle emits 99 grams of CO_2
distributing fuel & electricity also cr

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EPA
DOT **Fuel E**

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Electricity-Gasoline

Compact Cars range from 14 to 116 MPG. The best vehicle rates 119 MPGe.

Electricity
Charge Time: 2.5 hours (240V)
86 MPGe
38 kW-hrs per 100 miles
combined city/highway

Gasoline Only
39 MPG
2.8 gallons per 100 miles
combined city/highway

Driving Range
All electric range | Gasoline only
0 5 10 **17** miles 22 430

You save
$3,750
in fuel costs

Annual fuel cost
$1,050

Fuel Economy & Greenhou

1 10 8

This vehicle emits 99 grams of CO_2
distributing fuel & electricity also cr

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To: Ex. 7 @ARB[Ex. 7 @arb.ca.gov]; Grundler, Christopher[grundler.christopher@epa.gov]; Simon, Karl[Simon.Karl@epa.gov]; Ex. 7 @arb.ca.gov Ex. 7 @arb.ca.gov]
Cc: Michael P. Walsh[mpwalsh@igc.org]; Drew Kodjak[drew@theicct.org]
From: axel Friedrich
Sent: Fri 9/25/2015 6:37:37 PM
Subject: Fwd: Update NEDC Tracker
refTracker-beta.apk
NEDC (1).csv

Dear Ex. 7 dear Karl, dear Ex. 7
attached you find a app for Android tablets which allows to drive on roads different drive cycles. It was impossible to implement the app for ipad due to limitations for the bluetooth connections. It can be used to detect defeat devices. In the ladt 5 days I gave numerous interviews in television, radio and newspaper about VW but also other manufactures. You need the cycles CSV file. As an example I add the NEFZ CSV file. If you have any questions don't hesitate to contact me.
Have a nice weekend.

Axel.

ps. I hold the license for the app. Don't distribute without notice to me..

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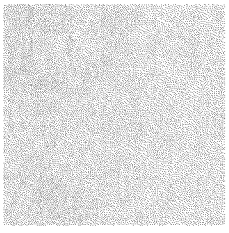
Sent: Fri 9/25/2015 6:57:16 PM
Subject: 8 Seriously Undervalued Cars That Should Be Classics
MAIL_CONVERSATION_TOPIC: 8 Seriously Undervalued Cars That Should Be Classics
Created: Fri 3/18/2016 6:18:09 PM

There's a reason why a vintage Porsche 911, Shelby Mustang GT350, or E-Type Jaguar will command sums greater than your mortgage. Not all cars are created equal, and as a general rule, time sorts out the brilliant automobiles from the rolling appliances in the form of the open market. Strangely, though, some cars slip through the proverbial cracks and go for prices ranging from reasonably affordable to dirt-freaking-cheap. Here are just eight of those cars, all of which are seriously undervalued despite possessing the depth of character normally associated with vaunted classics. There's a reason why a vintage Porsche 911, Shelby Mustang GT350, or E-Type Jaguar will command sums greater than your mortgage. Not all cars are created equal, and as a general rule, time sorts out the brilliant automobiles from the rolling appliances in the form of the open market. Strangely, though, some cars slip through the proverbial cracks and go for prices ranging from reasonably affordable to dirt-freaking-cheap. Here are just eight of those cars, all of which are seriously undervalued despite possessing the depth of character normally associated with vaunted classics. Just make sure they don't have leather seats. More: 8 Ways Your Mechanic Is Ripping You Off 1. Chevrolet Corvair Monza Years: 1960-69 General value today: $12,000 Why it should be more: The Corvair is one of the most unique American cars ever produced. With an air-cooled flat-six engine (turbocharged in later models) mounted in the back, it had more in common with the then-new Porsche 911 than contemporary American muscle cars. Chevy offered the Corvair in a variety of body styles, but the Corvair Monza is the muscle car-esque coupe that would've been a classic by now, if not for an all-time PR nightmare when Ralph Nader claimed that it was "unsafe at any speed." The NHTSA exists in part because of this car, but if you're interested in owning and driving a classic car, it's a fine piece of machinery that by rights should fetch double what it does today. More: 15 Lies You've Been Told About Cars 2. Buick Reatta Years: 1988-1991 General value today: $4,000-6,000 (coupe) or $13,000-15,000 (convertible) Why it should be more: The oft-forgotten Buick is an outlier: it was a handbuilt two-seater designed to restore luster to the Buick name, and came with advanced features like a touchscreen dash... back in 1988. Today, there's a small but fervent group of Reatta fans that rally around the car and support each other when the need for parts arises, and there's even a Reatta-only salvage yard in Arizona that eerily stands as a memorial. 3. BMW E39 540iT M Tech Year: 2003 only General value today: $15,000-20,000 Why it should be more: The BMW 540 in the late 1990s and early 2000s is a pretty righteous potential classic in its own right, but the 540i Touring (that's BMW-speak for station wagon) ups the uniqueness and coolness quotient exponentially. Add in the fact that only the 2003 M Tech received a M5-esque body kit from the factory along with a host of performance goodies, and you've got a legit, potentially collectible, and seriously quick, station wagon. With fewer than 300 brought into the U.S., this is as close as you'll ever get to investing in a sure thing, if you're lucky enough to find one for sale. 4. Volkswagen Corrado VR6/SLC Years: 1992-95 General value today: $3,000-5,000 Why it should be more: Nearly 200 hp under the hood in a car that weighs 2,800 lbs certainly isn't bad -- in terms of power-to-weight ratio, the Corrado was nipping at the heels of the very first BMW M3. It was also a fine handling car that beautifully bridged the maturity gap between the Golf and the Jetta. 5. Studebaker Avanti Years: 1962-63 General value today: $20,000 Why it should be more:

When it first debuted a couple of years before the Mustang, the Avanti was a state of the art V8 coupe with plenty of power, disc brakes to help slow things down, and seating for four. Its polarizing design is one that not many cars have rivaled before or since -- a feat made all the more impressive by an urban legend that it was sketched on a napkin during a flight. Sadly, the car debuted during a severely trying time for Studebaker, and less than 6,000 were made before the factory closed. In a strange twist, the Avanti lived a very long second life after new owners purchased the rights. Those subsequent Avantis, produced until 2006, were merely a shadow of the real deal, and likely aren't undervalued -- however low that value may be -- but the original is a true American classic. 6. Ford Thunderbird Turbo Coupe Years: 1984-88 General value today: $4-8,000 Why it should be more: It may have been Motor Trend's Car of the Year in 1987, but the Turbo Coupe was still Ford's best kept secret of the mid-1980s. With power figures eventually approaching 200 hp from a turbocharged 2.3 liter four cylinder that was shared by the much more famous Mustang SVO, the top-of-the-line Thunderbird was both a more luxurious version of its Mustang counterpart, and an American answer to European grand tourers of the day. For 1987-88 only, the Turbo Coupe received unique bodywork that made it stand out from the lineup, and is still a brilliant example of the best of 1980s styling. 7. Porsche 914 Years: 1969-76 General value today: $10,000-15,000 Why it should be more: The 914 was developed as a new entry-level sports car in the Porsche lineup beneath the 911, and also as a replacement for the VW Karmann Ghia. For those unfamiliar with it, the 914 is simply an oddly-shaped, forgotten Porsche. But to enthusiasts, the tiny 2,000-lb featherweight represents the pinnacle of well-balanced, lightweight, and low-powered sports cars. 8. First Generation (NA) Mazda Miata Years: 1989-97 General value today: $5,000 Why it should be more: Ask any car guy, and the Mazda Miata has been a classic since its inception, partly because it unabashedly takes its inspiration from classic British roadsters, but mostly because the well-balanced and super-light Miata is just so damn good. Still, with nearly a million MX-5 (Mazda Experiment project 5) Miatas on the road, the majority, sadly, are viewed pejoratively through a veil of cuteness.

View article...

To: Grundler, Christopher[grundler.christopher@epa.gov]; Charmley, William[charmley.william@epa.gov]
Cc: Birgfeld, Erin[Birgfeld.Erin@epa.gov]
From: Ex. 4 - CBI
Sent: Fri 9/25/2015 7:05:28 PM
Subject: Wall St. Jrnl. quotes you. EPA to Overhaul Air-Emissions Testing in Wake of Volkswagen Cheating Revelation
epa-to-overhaul-air-emissions-testi.pdf



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Ex. 4 - CBI (Contractor)

U.S. Environmental Protection Agency

National Vehicle and Fuel Emissions Laboratory Library

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Ann Arbor, MI 48105

Ex. 4 - CBI

http://www.epa.gov/otaq

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To: Grundler, Christopher[grundler.christopher@epa.gov]; Charmley, William[charmley.william@epa.gov]
Cc: Birgfeld, Erin[Birgfeld.Erin@epa.gov]
From: Nims, Kirk
Sent: Fri 9/25/2015 7:22:04 PM
Subject: EPA Steps Up Passenger Vehicle Tests In Wake Of VW Emissions Scandal | InsideEPAclimate.com

http://insideepaclimate.com/climate-daily-news/epa-steps-passenger-vehicle-tests-wake-vw-emissions-scandal

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Chris is quoted here.

Kirk Nims, Librarian Ma.L.Sc. (Contractor)

U.S. Environmental Protection Agency

National Vehicle and Fuel Emissions Laboratory Library

2000 Traverwood Drive

Ann Arbor, MI 48105

Phone - (734) 214-4434

Fax - (734) 214-4525

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To: Grundler, Christopher[grundler.christopher@epa.gov]
From: E&E Publishing
Sent: Fri 9/25/2015 8:07:27 PM
Subject: September 25 -- E&ENews PM is ready

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AN E&E PUBLISHING SERVICE

E&ENEWS PM — Fri., September 25, 2015

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U.S.-China deal boosts hope for Paris

News that the world's largest emitting nation will soon cap greenhouse gases across its economy was met with cheers today by environmental groups hopeful that the move helps efforts to secure a global climate deal.

2.CLIMATE:

All eyes on India in wake of U.S.-China agreement

UNITED NATIONS -- Indian Prime Minister Narendra Modi today put poverty alleviation squarely at the center of his country's effort to fight climate change.

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Idaho latest to sue feds over sage grouse plans

4.ENERGY POLICY:

House panel to vote on divisive omnibus bill next week

5.CONGRESS:

McCarthy would be 'excellent speaker' -- Boehner

6.CONGRESS:

Senators offer bill to cut lawmakers' pay during shutdown

7.VEHICLES:

New VW chief pledges 'maximum transparency' in wake of scandal

8.HOUSE:

Rep. LaHood appointed to Natural Resources, Science committees

9.COAL:

EPA reviewing W.Va. takeover petition -- court filings

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Greenwire's Chemnick talks climate momentum following papal address

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To: Kaul, Meetu[Kaul.Meetu@epa.gov]
From: E&E Publishing
Sent: Fri 9/25/2015 8:07:46 PM
Subject: September 25 -- E&ENews PM is ready

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E&ENEWS PM — Fri., September 25, 2015

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To: Charmley, William[charmley.william@epa.gov]
Cc: Bunker, Byron[bunker.byron@epa.gov]; Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Simon, Karl[Simon.Karl@epa.gov]; Snapp, Lisa[snapp.lisa@epa.gov]; Cohen, Janet[cohen.janet@epa.gov]
From: Birgfeld, Erin
Sent: Fri 9/25/2015 8:17:02 PM
Subject: Re: VW reporting - strange quote attributed to Chris G. regarding "EPA had deferred to European regulators on diesel emissions"?

Thanks for flagging this bill. I will get on it.

Sent from my iPhone

On Sep 25, 2015, at 4:14 PM, Charmley, William <charmley.william@epa.gov> wrote:

Dear all –

I know it is the end of a very, very, very long week, and I know that Byron, Janet, Erin and everyone has worked very hard to get all of the messaging right.

I wanted to point the following quote out because it makes no sense to me – and I saw it in a few different articles.

"Grundler says the EPA had deferred to European regulators on diesel emissions because diesels make up half the cars in Europe. The European Union became aware in 2010 that lab testing was not as accurate as on-road tests might be. In the case of carbon dioxide emissions tests — not nitrogen oxide — the discrepancy was as much as 20 percent."

Ex. 5

Ex. 5

Ex. 5

Ex. 5

Thanks

Bill

http://abcnews.go.com/Business/wireStory/epa-change-diesel-tests-thwart-vw-cheating-34028612

EPA to Change Diesel Tests to Thwart VW-Like Cheating

•□□□□□□□ By matthew daly and tom krisher, associated press

WASHINGTON — Sep 25, 2015, 1:50 PM ET

The Environmental Protection Agency said Friday that it will launch sweeping changes to the way it tests for diesel emissions after getting duped by clandestine software in Volkswagen cars for seven years.

In a letter to car manufacturers, the EPA said it will add on-road testing to its regimen, "using driving cycles and conditions that may reasonably be expected to be encountered in normal operation and use, for the purposes of investigating a potential defeat device" similar to the one used by Volkswagen.

The testing would be in addition to the standard emissions test cycles already in place, the EPA said.

VW's sophisticated software allowed its cars to pass tests in the lab and then spew pollution into the atmosphere while on the highway. The changes announced Friday are designed to detect software and other methods automakers might use to rig a test.

"We're actually making sure that this is a one-off," EPA Administrator Gina McCarthy said Friday.

The agency is going to "look at all of the other models aggressively and do the testing we need to make sure there aren't any hidden software devices or other ways they could defeat the emission system," McCarthy said.

The revelations about VW led to unwanted scrutiny for the EPA. Its testing procedures have been criticized for being predictable and outdated, making it relatively easy for VW to cheat.

EPA did not initially uncover the problem; researchers at West Virginia University did, using on-road testing that EPA did not.

Sen. Bill Nelson, D-Fla., said he was frustrated that regulatory agencies such as the EPA are failing to protect the public. "Seven years is way too long a time that the EPA has been asleep at the switch," he said.

The VW case has similarities to those involving General Motors ' defective ignition switches and Takata Corp.'s exploding air bag inflators, where it also took years before those problems were disclosed to consumers, Nelson said.

"When there is this kind of deception, we've got to get these agencies to be able to cut through it and catch it," he said.

Chris Grundler, head of the EPA's office of transportation and air quality, defended the agency's testing procedures, noting that passenger vehicles with diesel engines account for far less than 1 percent of overall vehicle emissions of nitrogen oxides and other pollutants.

"It's not a question of equipment or technology or capability. It's a question of where we deploy those resources," Grundler told reporters Friday.

The EPA has conducted on-road testing on heavy duty trucks, rather than passenger cars, "because that's where the emissions are," he said. The additional testing announced Friday is part of a "continuous evolution of our oversight" of new and used cars and trucks, Grundler said.

VW has admitted to installing so-called defeat devices on Volkswagen and Audi cars with four-cylinder diesel engines. The devices switch on pollution controls when the cars are being tested, but turn off the controls when the software determines that the cars are back on real roads. The EPA says about 500,000 U.S. cars including the Jetta, Golf, Beetle, Passat and Audi A3 have the cheating software, and VW says a total of 11 million cars have it worldwide.

VW was able to fool the EPA because the agency only tested the cars on treadmill-like devices called dynamometers and didn't use portable test equipment on real roads. The

software in the cars' engine-control computers checked the speed, steering wheel position, air pressure and other factors to determine when dynamometer tests were under way. It then turned on pollution controls that reduced the output of nitrogen oxides that contribute to smog and other pollution, the EPA has said.

VW started the scheme with the 2009 model year, and may not have been caught without testing performed at West Virginia University on behalf of the International Council on Clean Transportation, a nonprofit group that advises governments on regulations. EPA and California regulators confronted VW with those findings to VW in May 2014. The automaker eventually did a recall late last year, without much improvement, the EPA says.

Only when the EPA and the California Air Resources Board refused to approve VW's 2016 diesel models for sale did the company admit earlier this month what it had done.

The EPA said the cars are safe to drive but VW will have to pay to recall and fix them. VW also faces billions in fines.

Grundler says the EPA had deferred to European regulators on diesel emissions because diesels make up half the cars in Europe. The European Union became aware in 2010 that lab testing was not as accurate as on-road tests might be. In the case of carbon dioxide emissions tests — not nitrogen oxide — the discrepancy was as much as 20 percent.

The EU will introduce new tests from next year, with on-road testing complementing the laboratory work that is currently being done. Lab tests will also be refined to try to reduce the margin of error.

It's not the first time the EPA has had to change testing to make sure automakers are playing by the rules. Earlier this year the agency updated gas mileage tests after some automakers were caught with inflated window sticker estimates.

Grundler disputes the notion that EPA would never have caught VW without the outside help. European regulators were looking into VW's on-road diesel emissions as far back as

2012, and since diesels make up half the cars there, the EPA decided to let Europe take the lead, he says.

"I don't think it's fair to say that this would never have been uncovered," he says. "Do I wish we had uncovered it sooner? Absolutely."

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Automotive News
Sent: Fri 9/25/2015 8:17:54 PM
Subject: P.M. NEWSCAST: New VW CEO aims to 'win back trust'; Horn keeps U.S. job; Skoda vet to lead region; EPA plans spot checks | U.S. to build Volvo S60 | Stein: What NYC drives

September 25, 2015

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Ex. 5

From: axel Friedrich <axel.friedrich.berlin@gmail.com>
Date: September 25, 2015 at 2:37:37 PM EDT
To: Ex. 7 Christopher Grundler <grundler.christopher@epa.gov>, "Simon, Karl" <Simon.Karl@epa.gov>,
Ex. 7
Cc: "Michael P. Walsh" <mpwalsh@igc.org>, Drew Kodjak <drew@theicct.org>
Subject: Fwd: Update NEDC Tracker

Dear Chris, dear Karl, dear Bart,
attached you find a app for Android tablets which allows to drive on roads different drive cycles. It was impossible to implement the app for ipad due to limitations for the bluetooth connections. It can be used to detect defeat devices. In the ladt 5 days I gave numerous interviews in television, radio and newspaper about VW but also other manufactures. You need the cycles CSV file. As an example I add the NEFZ CSV file. If you have any questions don't hesitate to contact me.
Have a nice weekend.

Axel.

ps. I hold the license for the app. Don't distribute without notice to me..

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To: Snyder, Jim[Snyder.Jim@epa.gov]
Cc: Ex. 7
Ex. 7
From: Ex. 7
Sent: Fri 9/25/2015 8:34:12 PM
Subject: EPA Request for Certification - Audi A3 e-tron

Hi Jim,

I have submitted the Initial Application and Certification Request for the A3 e-tron and e-tron ultra PHEV models, Test Group GVGAV01.4V3B. This Certification request is based on manufacturer test data using Tier 3 E10 fuel already waived from confirmatory testing. As you are aware the fuel economy for the worst case EDV (configuration 0) using E0 fuel is currently being confirmed at your lab. Please let me know if there are any questions.

I will be updating the CSI in the application with battery specific energy values and comments regarding Litmus test status next week. The existing calculated litmus thresholds in the CSI are erroneous due to Verify not being able to calculate the values with E10 fuel.

Regards,

Ex. 7

To: Grundler, Christopher[grundler.christopher@epa.gov]
Cc: Bunker, Byron[bunker.byron@epa.gov]
From: Hengst, Benjamin
Sent: Fri 9/25/2015 8:35:26 PM

Chris (and Byron)--

Heads up for now, pls don't share any of this until you get an official heads up from Janet or OCIR.

Sounds like for House E&C hearing there's a decent chance they will ask you (Chris) to testify alongside OCIR.

Again, not confirmed and we have no date yet.

There's also likely to be an incoming document request from their oversight committee for all VW-related materials.

Ben

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Automotive News
Sent: Fri 9/25/2015 8:38:55 PM
Subject: DAILY: VW's stunning management overhaul | EPA toughens auto emissions oversight | Volvo to build next-gen S60 at S.C. plant | Nissan taps Microsoft communications exec | Suzuki gets last laugh on VW

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VW, after a year of stonewalling, stunned U.S. regulators with confession

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THE VW DIESEL CRISIS

VW taps Mueller as CEO; Horn keeps U.S. job; Skoda's Vahland steers new N.A. unit

Volkswagen named Porsche boss Matthias Mueller CEO and tapped Skoda chief Winfried Vahland to oversee a newly created North American business unit in a sweeping overhaul triggered by the company's diesel emissions scandal. Michael Horn, strongly defended by U.S. dealers, will remain head of VW in the United States.

EPA toughens emissions oversight after VW cheating

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Volvo to build next-gen S60 at S.C. plant starting in 2018

U.S. environmental regulators will add more spot-checks to cars already on the road following Volkswagen AG's admission that it fitted as many as 11 million diesel cars worldwide with software that rigged pollution tests.

Volvo Cars will produce the next-generation S60 compact sedan in Ridgeville, S.C., when the company's new plant becomes operational there in 2018.

2 capitol product plan
Diesel test report cites emissions gaps at other automakers
VW faced ultimatum from EPA
VW accused of using 'defeat device' software in 482,000 diesels to skirt U.S. clean-air rules
VW says 11 million diesel vehicles worldwide have rigged emissions software

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Nissan taps Microsoft exec to lead global communications

HANS GREIMEL

Nissan has hired Microsoft communications manager Jonathan Adashek to head global communications. He will replace Jeff Kuhlman, who is returning to the U.S. for family reasons.

Suzuki gets last laugh, and vindication, on failed VW partnership

Suzuki executives can't help but feel some sense of vindication at the unraveling of former partner Volkswagen over its diesel dupe. After all, it was VW's backbiting over diesel engines that helped torpedo their ill-fated tie-up that was officially unwound this month after four years of bitter arbitration.

Rolls-Royce N.A. president to step down for 'entrepreneurial role'

Hyundai to recall 470,000 Sonatas in the U.S. over engine issue

Honda plans $210 million paint line in Ohio

BLOG: LARRY P. VELLEQUETTE

Greenpeace's 2011 anti-VW video looks so much different now

How VW's diesel emissions system works

VW managed fake U.S. test results from Germany, report says

Daimler denies manipulating emissions data

BLOG: LINDSAY CHAPPELL

Why Nissan will keep one eye on VW's diesel scandal

VW, after a year of stonewalling, stunned U.S. regulators with confession

THE VW DIESEL CRISIS

How VW's American ambitions planted the seeds of its diesel crisis

BMW did not manipulate emissions data, German magazine says

THE VW DIESEL CRISIS

VW rigged tests on 2.8 million cars in Germany, Berlin says

California gears up to penalize Volkswagen

Used-car dealers in Calif. sue VW over diesel emissions

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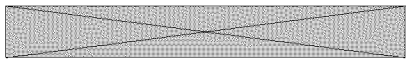

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» Oct. 14 - Best Dealerships To Work For
» Jan. 12 - Automotive News World Congress

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by Rocket Fuel
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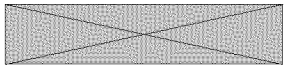
by Auto/Mate
» Oct. 22 at 2pm ET - Save on Energy
by KeyBank



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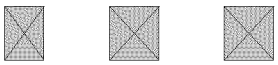

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To: Birgfeld, Erin[Birgfeld.Erin@epa.gov]
Cc: Hengst, Benjamin[Hengst.Benjamin@epa.gov]
From: Grundler, Christopher
Sent: Fri 9/25/2015 8:45:07 PM
Subject: Re: VW reporting - Ex. 5
Ex. 5

Even better if Tom calls

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

On Sep 25, 2015, at 4:43 PM, Birgfeld, Erin <Birgfeld.Erin@epa.gov> wrote:

> Will do. Nick is getting Tom Reynolds to address this now.
>
> **From:** Grundler, Christopher
> **Sent:** Friday, September 25, 2015 4:42 PM
> **To:** Birgfeld, Erin
> **Cc:** Hengst, Benjamin
> **Subject:** Re: VW reporting - Ex. 5
> Ex. 5
>
> Lemme know if I should call them
>
> Christopher Grundler, Director
>
> Office of Transportation and Air Quality
>
> U.S. EPA
>
> 202-564-1682 (DC)
>
> 734-214-4207 (Ann Arbor)
>
> On Sep 25, 2015, at 4:28 PM, Birgfeld, Erin <Birgfeld.Erin@epa.gov> wrote:
>
> > Hi Chris,

Ex. 5

Calling you now.

Thanks,

Erin

From: Charmley, William
Sent: Friday, September 25, 2015 4:14 PM
To: Bunker, Byron; Hengst, Benjamin; Birgfeld, Erin; Simon, Karl; Snapp, Lisa; Cohen, Janet
Subject: VW reporting - Ex. 5

Ex. 5

Dear all –

I know it is the end of a very, very, very long week, and I know that Byron, Janet, Erin and everyone has worked very hard to get all of the messaging right.

Ex. 5

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Ex. 5

Ex. 5

Ex. 5

Thanks

Bill

http://abcnews.go.com/Business/wireStory/epa-change-diesel-tests-thwart-vw-cheating-34028612

EPA to Change Diesel Tests to

Thwart VW-Like Cheating

•□□□□□□□□ By matthew daly and tom krisher, associated press

WASHINGTON — Sep 25, 2015, 1:50 PM ET

The Environmental Protection Agency said Friday that it will launch sweeping changes to the way it tests for diesel emissions after getting duped by clandestine software in Volkswagen cars for seven years.

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The testing would be in addition to the standard emissions test cycles already in place, the EPA said.

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The agency is going to "look at all of the other models aggressively and do the testing we need to make sure there aren't any hidden software devices or other ways they could defeat the emission system," McCarthy said.

The revelations about VW led to unwanted scrutiny for the EPA. Its testing procedures have been criticized for being predictable and outdated, making it relatively easy for VW to cheat.

EPA did not initially uncover the problem; researchers at West Virginia University did, using on-road testing that EPA did not.

Sen. Bill Nelson, D-Fla., said he was frustrated that regulatory agencies such as the EPA are failing to protect the public. "Seven years is way too long a time that the EPA has been asleep at the switch," he said.

The VW case has similarities to those involving General Motors ' defective ignition switches and Takata Corp.'s exploding air bag inflators, where it also took years before those problems were disclosed to consumers, Nelson said.

"When there is this kind of deception, we've got to get these agencies to be able to cut through it and catch it," he said.

Chris Grundler, head of the EPA's office of transportation and air quality, defended the agency's testing procedures, noting that passenger vehicles with diesel engines account for far less than 1 percent of overall vehicle emissions of nitrogen oxides and other pollutants.

"It's not a question of equipment or technology or capability. It's a question of where we deploy those resources," Grundler told reporters Friday.

The EPA has conducted on-road testing on heavy duty trucks, rather than passenger cars, "because that's where the emissions are," he said. The additional testing announced Friday is part of a "continuous evolution of our oversight" of new and used cars and trucks, Grundler said.

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VW was able to fool the EPA because the agency only tested the cars on treadmill-like devices called dynamometers and didn't use portable test equipment on real roads. The software in the cars' engine-control computers checked the speed, steering wheel position, air pressure and other factors to determine when dynamometer tests were under way. It then turned on pollution controls that reduced the output of nitrogen oxides that contribute to smog and other pollution, the EPA has said.

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"I don't think it's fair to say that this would never have been uncovered," he says. "Do I wish we had uncovered it sooner? Absolutely."

To: Birgfeld, Erin[Birgfeld.Erin@epa.gov]
Cc: Hengst, Benjamin[Hengst.Benjamin@epa.gov]
From: Grundler, Christopher
Sent: Fri 9/25/2015 8:46:29 PM
Subject: Ex. 5

Ex. 5

This is why Dr does not let me read newspapers

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

On Sep 25, 2015, at 4:43 PM, Birgfeld, Erin <Birgfeld.Erin@epa.gov> wrote:

> Will do. Nick is getting Tom Reynolds to address this now.
>
> **From:** Grundler, Christopher
> **Sent:** Friday, September 25, 2015 4:42 PM
> **To:** Birgfeld, Erin
> **Cc:** Hengst, Benjamin
> **Subject:** Ex. 5
>
> Ex. 5
>
> Lemme know if I should call them
>
> Christopher Grundler, Director
>
> Office of Transportation and Air Quality
>
> U.S. EPA
>
> 202-564-1682 (DC)
>
> 734-214-4207 (Ann Arbor)
>
> On Sep 25, 2015, at 4:28 PM, Birgfeld, Erin <Birgfeld.Erin@epa.gov> wrote:
>
> > Hi Chris,

Ex. 5

Calling you now.

Thanks,

Erin

From: Charmley, William
Sent: Friday, September 25, 2015 4:14 PM
To: Bunker, Byron; Hengst, Benjamin; Birgfeld, Erin; Simon, Karl; Snapp, Lisa; Cohen, Janet
Subject: Ex. 5 Ex. 5

Dear all –

I know it is the end of a very, very, very long week, and I know that Byron, Janet, Erin and everyone has worked very hard to get all of the messaging right.

Ex. 5

"Grundler says the EPA had deferred to European regulators on diesel emissions because diesels make up half the cars in Europe. The European Union became aware in 2010 that lab testing was not as accurate as on-road tests might be. In the case of carbon dioxide emissions tests — not nitrogen oxide — the discrepancy was as much as 20 percent."

Ex. 5

Ex. 5

Ex. 5

Thanks

Bill

http://abcnews.go.com/Business/wireStory/epa-change-diesel-tests-thwart-vw-cheating-34028612

EPA to Change Diesel Tests to

Thwart VW-Like Cheating

•□□□□□□□□ By matthew daly and tom krisher, associated press

WASHINGTON — Sep 25, 2015, 1:50 PM ET

The Environmental Protection Agency said Friday that it will launch sweeping changes to the way it tests for diesel emissions after getting duped by clandestine software in Volkswagen cars for seven years.

In a letter to car manufacturers, the EPA said it will add on-road testing to its regimen, "using driving cycles and conditions that may reasonably be expected to be encountered in normal operation and use, for the purposes of investigating a potential defeat device" similar to the one used by Volkswagen.

The testing would be in addition to the standard emissions test cycles already in place, the EPA said.

VW's sophisticated software allowed its cars to pass tests in the lab and then spew pollution into the atmosphere while on the highway. The changes announced Friday are designed to detect software and other methods automakers might use to rig a test.

"We're actually making sure that this is a one-off," EPA Administrator Gina McCarthy said Friday.

The agency is going to "look at all of the other models aggressively and do the testing we need to make sure there aren't any hidden software devices or other ways they could defeat the emission system," McCarthy said.

The revelations about VW led to unwanted scrutiny for the EPA. Its testing procedures have been criticized for being predictable and outdated, making it relatively easy for VW to cheat.

EPA did not initially uncover the problem; researchers at West Virginia University did, using on-road testing that EPA did not.

Sen. Bill Nelson, D-Fla., said he was frustrated that regulatory agencies such as the EPA are failing to protect the public. "Seven years is way too long a time that the EPA has been asleep at the switch," he said.

The VW case has similarities to those involving General Motors ' defective ignition switches and Takata Corp.'s exploding air bag inflators, where it also took years before those problems were disclosed to consumers, Nelson said.

"When there is this kind of deception, we've got to get these agencies to be able to cut through it and catch it," he said.

Chris Grundler, head of the EPA's office of transportation and air quality, defended the agency's testing procedures, noting that passenger vehicles with diesel engines account for far less than 1 percent of overall vehicle emissions of nitrogen oxides and other pollutants.

"It's not a question of equipment or technology or capability. It's a question of where we deploy those resources," Grundler told reporters Friday.

The EPA has conducted on-road testing on heavy duty trucks, rather than passenger cars, "because that's where the emissions are," he said. The additional testing announced Friday is part of a "continuous evolution of our oversight" of new and used cars and trucks, Grundler said.

VW has admitted to installing so-called defeat devices on Volkswagen and Audi cars with four-cylinder diesel engines. The devices switch on pollution controls when the cars are being tested, but turn off the controls when the software determines that the cars are back on real roads. The EPA says about 500,000 U.S. cars including the Jetta, Golf, Beetle, Passat and Audi A3 have the cheating software, and VW says a total of 11 million cars have it worldwide.

VW was able to fool the EPA because the agency only tested the cars on treadmill-like devices called dynamometers and didn't use portable test equipment on real roads. The software in the cars' engine-control computers checked the speed, steering wheel position, air pressure and other factors to determine when dynamometer tests were under way. It then turned on pollution controls that reduced the output of nitrogen oxides that contribute to smog and other pollution, the EPA has said.

VW started the scheme with the 2009 model year, and may not have been caught without testing performed at West Virginia University on behalf of the International Council on Clean Transportation, a nonprofit group that advises governments on regulations. EPA and California regulators confronted VW with those findings to VW in May 2014. The automaker eventually did a recall late last year, without much improvement, the EPA says.

Only when the EPA and the California Air Resources Board refused to approve VW's 2016 diesel models for sale did the company admit earlier this month what it had done.

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"I don't think it's fair to say that this would never have been uncovered," he says. "Do I wish we had uncovered it sooner? Absolutely."

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http://abcnews.go.com/Business/wireStory/epa-change-diesel-tests-thwart-vw-cheating-34028612

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Non-Responsive

Ex. 5

Ex. 5

Ex. 5

Ex. 5

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To: Conger, Nick[Conger.Nick@epa.gov]; Krisher, Tom[tkrisher@ap.org]
Cc: Grundler, Christopher[grundler.christopher@epa.gov]; Reynolds, Thomas[Reynolds.Thomas@epa.gov]
From: Daly, Matthew
Sent: Fri 9/25/2015 9:03:01 PM
Subject: RE: Correction in your story today

Tom Krisher wrote that yesterday based on his interview with Chris.

Tom is off today; I am happy to talk to Chris about it.

Phone is 2 **Ex. 6**

Matthew

From: Conger, Nick [mailto:Conger.Nick@epa.gov]
Sent: Friday, September 25, 2015 5:01 PM
To: Daly, Matthew
Cc: Grundler, Christopher; Reynolds, Thomas
Subject: Correction in your story today

Hi Matt,

In your recent story today, there is a paragraph that does not reflect what Chris Grundler said accurately. You write:

Grundler says the EPA had deferred to European regulators on diesel emissions because diesels make up half the cars in Europe. The European Union became aware in 2010 that lab testing was not as accurate as on-road tests might be. In the case of carbon dioxide emissions tests — not nitrogen oxide — the discrepancy was as much as 20 percent.

In fact, Chris did not say that we deferred to EU. He said diesels were a bigger deal in Europe, and that Europe has different cycles and standards. He also didn't say that road testing is more accurate than lab. That is part of the European debate.

Can you please update your story accordingly? If you'd like to speak with Chris about this, please let me know.

Nick Conger

Deputy Press Secretary

Office of the Administrator

U.S. Environmental Protection Agency

Office: (202) 564-6287

Cell: (202) 412-2655

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msk dccc60c6d2c3a6438f0cf467d9a4938

To: Grundler, Christopher[grundler.christopher@epa.gov]; Blubaugh, Jim[Blubaugh.Jim@epa.gov]; Kasman, Mark[Kasman.Mark@epa.gov]; Belser, Evan[Belser.Evan@epa.gov]; Kelley, Rosemarie[Kelley.Rosemarie@epa.gov]; Senn, John[Senn.John@epa.gov]
From: Phillips, Anna
Sent: Fri 9/25/2015 9:03:12 PM
Subject: VEHICLES: New VW chief pledges 'maximum transparency' in wake of scandal

AN E&E PUBLISHING SERVICE

VEHICLES:

New VW chief pledges 'maximum transparency' in wake of scandal

Sean Reilly, E&E reporter

Published: Friday, September 25, 2015

The new chief executive of Volkswagen AG today pledged "maximum transparency" in confronting the job of restoring trust as the German automaker struggles with the widening fallout from an emissions-cheating scam.

"Under my leadership, Volkswagen will do everything it can to develop and implement the most stringent compliance and governance standards in our industry," Matthias Müller said in a **news release** following his appointment by VW's board. "If we manage to achieve that, then the Volkswagen Group with its innovative strength, its strong brands and above all its competent and highly motivated team has the opportunity to emerge from this crisis stronger than before."

Müller, currently the chairman of VW's Porsche subsidiary, replaces Martin Winterkorn, who resigned Wednesday, five days after U.S. EPA and California state regulators accused the company of rigging almost a half-million diesel-powered passenger cars with software designed to game emission tests.

As described by EPA in a violation notice, the software activates full pollution controls only when the vehicle is undergoing tests, but otherwise runs on a separate calibration that results in nitrogen oxide emissions ranging from 10 to 40 times the permitted limit. In a conference call with reporters this morning, acting EPA air administrator Janet McCabe had no figures on how much additional NOx pollution has gone into the atmosphere as a result.

The scheme was uncovered last year by West Virginia University researchers working for the International Council on Clean Transportation, an independent nonprofit organization that advises regulators. According to EPA, however, Volkswagen management admitted to installing the "defeat devices" only when regulators refused to approve the company's 2016 diesel engines.

That approval has still not been granted, Chris Grundler, director of EPA's Office of Transportation and Air Quality, said on this morning's call. At the federal level, Volkswagen potentially faces billions of dollars in fines; the California Air Resources Board is also planning "major enforcement action," Chairwoman Mary Nichols said yesterday (***ClimateWire***, Sept. 25).

The repercussions are rippling through the auto industry as EPA today told other car manufacturers that it will impose additional testing aimed at uncovering

similar manipulation.

In stepping down this week, Winterkorn had denied any wrongdoing but said the company needed a fresh start. Exactly who bears responsibility for outfitting millions of VW and Audi vehicles worldwide with the defeat devices remains unclear. In a separate release today, Volkswagen's board said it has recommended the suspension of some employees but offered no further details as to the number or where exactly they stand in the corporate pecking order.

In the release, board members said they have also authorized an investigation by lawyers in Germany and the United States to fully "clarify the manipulation of emissions data of diesel engines" and voiced confidence in Müller's ability to help the company recover.

"The test manipulations are a moral and political disaster for Volkswagen," said Berthold Huber, the board's deputy chairman. "The unlawful behavior of engineers and technicians involved in engine development shocked Volkswagen just as much as it shocked the public. We can only apologize and ask our customers, the public, the authorities and our investors to give us a chance to make amends."

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To: Grundler, Christopher[grundler.christopher@epa.gov]
Cc: Bunker, Byron[bunker.byron@epa.gov]
From: Hengst, Benjamin
Sent: Fri 9/25/2015 9:26:13 PM
Subject: Re:

Oops -- I meant along side OECA. My bad.

> On Sep 25, 2015, at 5:21 PM, Grundler, Christopher <grundler.christopher@epa.gov> wrote:
>
> Thanks. I'm ok with it. The "along side OCIR" through me off a bit
>
> Christopher Grundler, Director
> Office of Transportation and Air Quality
> U.S. EPA
> 202-564-1682 (DC)
> 734-214-4207 (Ann Arbor)
>
>> On Sep 25, 2015, at 5:16 PM, Hengst, Benjamin <Hengst.Benjamin@epa.gov> wrote:
>>
>> Just left you a VM on your mobile.
>>
>>
>>
>>> On Sep 25, 2015, at 4:37 PM, Grundler, Christopher <grundler.christopher@epa.gov> wrote:
>>>
>>> Huh? Why? And why alongside OCIR?
>>>
>>> Christopher Grundler, Director
>>> Office of Transportation and Air Quality
>>> U.S. EPA
>>> 202-564-1682 (DC)
>>> 734-214-4207 (Ann Arbor)
>>>
>>>> On Sep 25, 2015, at 4:35 PM, Hengst, Benjamin <Hengst.Benjamin@epa.gov> wrote:
>>>>
>>>> Chris (and Byron)--
>>>>
>>>> Heads up for now, pls don't share any of this until you get an official heads up from Janet or OCIR.
>>>>
>>>> Sounds like for House E&C hearing there's a decent chance they will ask you (Chris) to testify alongside OCIR.
>>>>
>>>> Again, not confirmed and we have no date yet.
>>>>
>>>> There's also likely to be an incoming document request from their oversight committee for all VW-related materials.
>>>>
>>>> Ben
>>>>
>>>>
>>>>
>>>>

To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: EnergyGuardian
Sent: Fri 9/25/2015 9:27:06 PM
Subject: Obama: Chinese commitments put weight behind Paris talks

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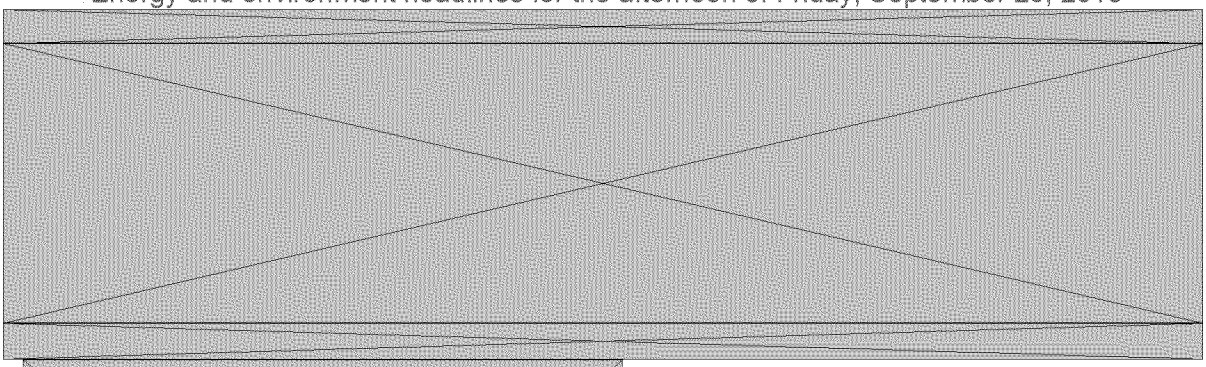
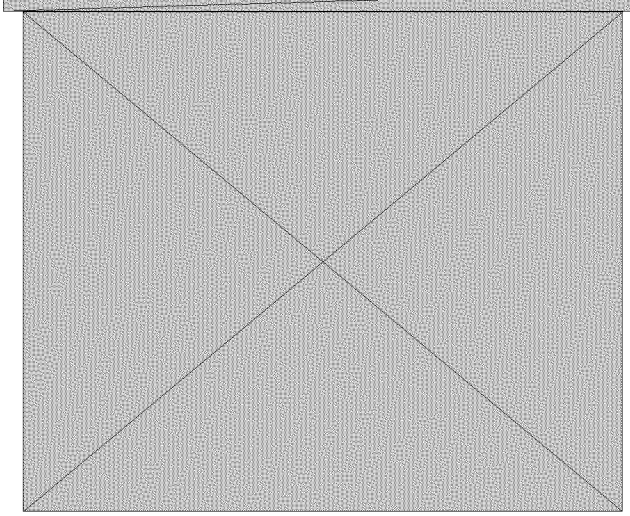
Energy and environment headlines for the afternoon of Friday, September 25, 2015





Obama: Chinese commitments put weight behind Paris talks

By Kevin Rogers

China's commitment to launching a cap-and-trade system by 2017, prioritizing renewable energy use, and investing $3.1 billion in climate finance for vulnerable countries will drive momentum toward a strong United Nations climate deal in December, President Barack Obama said Friday.

Speaking at a news conference following a bilateral meeting with Chinese President Xi

hoping, Obama said that the world's two largest polluters have now outlined their plans to slash emissions, and other nations will follow suit.

"When the world's two largest economies, energy consumers and carbon emitters come together like this, then there's no reason for other countries, whether developed or developing, to not do so as well," he said. "So this is another major step toward the global agreement the world needs to reach in two months' time."

In addition to the cap-and-trade system, which would apply to the nation's power generation, chemical production and much of its manufacturing, China will implement a "green dispatch" program that would prioritize the flow of renewable and low-carbon energy into the nation's power grid.

The UN talks in Paris will seek to strike a deal to keep global temperatures from rising 2 degrees Celsius from pre-industrial levels, the point at which scientists say the worst effects of climate change would become irreversible.

The U.S. and China, in a joint statement, called for that agreement to carry "legal force" to make sure commitments are upheld.

"We have agreed to expand bilateral practical cooperation, strengthen coordination in multilateral negotiation, and work together to push the Paris climate change conference to produce important progress," Xi said at the conference.

Both countries also committed to implementing heavy-duty truck emissions regulations by 2019, increased phase-out of hydrofluorocarbons, and improvements to efficiency standards for appliances and buildings.

Though Friday's announcement laid out some specifics on how China plans to make good on its commitment to cap its carbon emissions by 2030, critics said Obama was fleeced and warned China couldn't be trusted to uphold its end of the bargain.

"Once again, President Obama has allowed the Chinese government to run circles around him," Thomas Pyle, president of the free-market Institute for Energy Research, said in a statement. "This cap-and-trade commitment allows China to increase emissions for years into the future, while President Obama commits the U.S. to sharp reductions that will harm American families today."

Others, however, took China's announcement as an indication that the Paris talks would yield a strong deal to curb emissions.

"In setting a start date for its national emissions trading system, China sends a powerful signal that market-based strategies will play a critical role in the transition to a low-carbon future," Bob Perciasepe, president of the Center for Climate and Energy Solutions, said in a statement.

"Many issues remain and the United States and China cannot achieve a global accord alone," he said. "But the growing alignment of the world's two largest economies and emitters bodes well for a successful outcome in Paris."

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UN development summit sees more climate pledges

Lawsuit challenges limits on industry that aim to save sage grouse

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Obama should wrap up Arctic drilling: Senate Democrats

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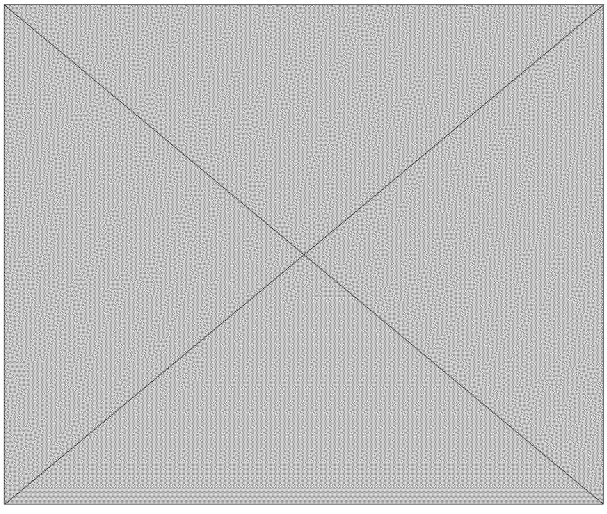
Oil gains on GDP rise, rig count drop

Democrats should hold climate debate: Steyer

EPA's 10-year furniture bill tops $92 million

Moody's envisions more battery storage on grid

Upcoming Events



Analysis: The pope, the speaker and the divided Republican party

By Brad Kalbfeld

For all of the focus Thursday on his remarks on the environment and poverty, the key theme in Pope Francis' speech to Congress was a call for unified action, for "solidarity" in solving problems.

"We must especially guard against the simplistic reductionism which sees only good or evil," Francis said. "The contemporary world, with its open wounds which affect so many of our brothers and sisters, demands that we confront every form of polarization which would divide it into these two camps."

He brought up the subject in the context of the fight against violent extremism, but in the next paragraph made clear it also applies to efforts to promote "the well-being of individuals and of peoples."

Francis added, "We must move forward together, as one, in a renewed spirit of fraternity and solidarity, cooperating generously for the common good. The challenges facing us today call for a renewal of that spirit of cooperation, which has accomplished so much good throughout the history of the United States."

The Vatican does not operate in a vacuum, and the pope was surely aware that he was

addressing an American political class that is riven with ideological divisions. His call seemed meant to spur political reconciliation, a return to governing by finding the middle ground, as opposed to the brinkmanship that has characterized much of Washington's governance in recent years, and that seems to be on the horizon as the end of the federal budget year approaches.

It was the threat of the return of that brinkmanship that led Rep. John Boehner to make his surprise announcement Friday that he is quitting both the speakership and his House seat. The Ohio Republican said his motivation was to spare the House the damage from a fight over his leadership, as GOP lawmakers struggled to decide whether they should force a government shutdown over the funding of Planned Parenthood.

"It's become clear to me that this prolonged leadership turmoil would do irreparable harm to the institution," Boehner told reporters. He said he was sure he would have survived a leadership vote, "but I didn't want my members to go through this, I didn't want this institution to go through this."

That Francis' call to avoid polarization fell on at least some deaf congressional ears was clear in the reaction of at least one Republican lawmaker, Rep. Tom Massie of Kentucky, who reacted to Boehner's announcement by saying the speaker had "subverted our Republic."

And the immediate, almost visceral reaction to the pope's references to climate change Thursday reflected the same polarization at work, with opponents to recent climate regulations ignoring his references to global warming and using his arguments about the poor as justification for rolling back Obama administration pollution rules.

The fight over federal funding and the presidential campaign will provide plenty of opportunities for heeding—or ignoring—the pontiff's plea for cooperation.

Boehner's decision suggests how he thinks it will turn out. Francis' speech was a big, emotional achievement for him. It is ironic that, just a day after that speech, with its plea to end the very polarization that dogged his speakership, Boehner decided the problem was so severe that protecting his beloved House would require his departure.

Brad Kalbfeld traveled extensively with Pope John Paul II, covering his visits to more than a dozen countries.

Pope decries environmental damage, then visits ground zero

By Nicole Winfield and Jennifer Peltz

NEW YORK (AP) — In a day of both forceful words and eloquent silence, Pope Francis stood before the United Nations on Friday to decry the destruction of the environment through the "selfish and boundless thirst" for profit, then paid tribute to the victims of 9/11 with a prayer service at ground zero.

Francis' agenda for his first full day in New York was packed with contrasts befitting a head of state dubbed the "slum pope" for his devotion to the poor.

With a schedule expected to take him from the halls of global power to a classroom in East Harlem, a parade through Central Park and a Mass in Madison Square Garden, Francis swept into a city on a rock-star wave of popularity and was met with cheering, sometimes shrieking, crowds.

Amid extraordinarily tight security, the pope started Day 4 of his first-ever trip to the U.S. at the United Nations, where he declared that the environment itself has rights and that mankind has no authority to abuse them.

More

UN development summit sees more climate pledges

By The Associated Press

UNITED NATIONS (AP) — India's prime minister has confirmed plans for a fivefold boost in renewable energy but is adding two years to the time frame.

Narendra Modi previously pledged that India would make the increase by the next time he faces election in 2020, but on Friday he acknowledged that it would take longer than planned. He now says it will take seven years.

Modi addressed the U.N. General Assembly shortly after world leaders adopted a sweeping new agenda for global development for the next 15 years. India's climate commitment to the U.N. has been widely anticipated in advance of a global summit in Paris in December. Its government has said it will make its climate commitment by Oct. 1.

But now that world leaders have launched an ambitious set of global goals to eliminate hunger and poverty over the next 15 years, how are they going to make it happen?

More

Lawsuit challenges limits on industry that aim to save sage grouse

By Matthew Brown

BILLINGS, Mont. (AP) — Two Nevada counties and some mining companies want a court to block new restrictions on mining, energy development and grazing that are meant to protect a declining bird species across millions of acres of the American West.

The case appears to be the first challenge to the Interior Department's declaration this week that it can protect the greater sage grouse without hobbling the region's economy.

The lawsuit filed in U.S. District Court targets newly signed federal land-use plans covering portions of Nevada, Montana, Idaho, California, Utah and Oregon. It has implications across the bird's 11-state range.

To help the grouse, Interior officials want to withdraw 10 million acres from future mining claims, prohibit oil and gas drilling near breeding grounds and impose new reviews on grazing permits.

More

VW taps head of Porsche to be new CEO amid emissions scandal

By Geir Moulson and Pan Pylas

BERLIN (AP) — Volkswagen's board appointed the head of its Porsche unit as CEO on Friday, handing longtime company insider Matthias Mueller the task of trying to lead the world's top-selling automaker past a growing emissions scandal.

The company also said it was suspending some employees and would reorganize its North America operations after admitting it used a piece of engine software to cheat on diesel car emissions tests in the U.S.

Winfried Vahland, until now chairman of the board of directors at Skoda, will lead the North American reshuffle.

The company says Michael Horn will remain as president and CEO of Volkswagen Group of America, but its U.S, Canada and Mexico markets will be "combined and significantly strengthened" to form a new "North America region."

The decisions come after the previous CEO, Martin Winterkorn, quit the job this week over the scandal, which has shredded the company's reputation.

The company could be heavily fined and hit with class-action lawsuits costing billions. It will also have to fix programming it has said is in some 11 million cars worldwide, far more than the 482,000 identified last week by U.S. authorities.

More

A message from America's Natural Gas Alliance

Clean is Powerful. Natural gas helps Georgia Power's plant generate electricity with 50% fewer emissions. Think about it.

Learn more at www.thinkaboutit.org.

Drinking water systems imperiled by failing infrastructure

By Ryan J. Foley

DES MOINES, Iowa (AP) — Deep inside a 70-year-old water-treatment plant, drinking water for Iowa's capital city is cleansed of harmful nitrates that come from the state's famously rich farmland.

Without Des Moines Water Works, the central Iowa region of 500,000 people that it serves wouldn't have a thriving economy. But after decades of ceaseless service, the utility is confronting an array of problems: Water mains are cracking open hundreds of times every year. Rivers that provide its source water are increasingly polluted. And the city doesn't know how it will afford a $150 million treatment plant at a time when revenues are down and maintenance costs are up.

"We're reaching the end of the life cycle of some of the most critical assets we've got," said Bill Stowe, CEO and general manager of the utility, where the downtown plant was built long before nitrates that can harm infants became a pressing concern.

Around the country, scores of decaying drinking water systems built around the time of World War II and earlier are in need of replacement. The costs to rebuild will be staggering. The costs of inaction are already piling up. The challenge is deepened by drought conditions in some regions and government mandates to remove more contaminants.

More

Cities bear rising cost of keeping water safe to drink

By John Seewer

TOLEDO, Ohio (AP) — Standing at the edge of the Great Lakes, the world's largest surface source of fresh water, this city of 280,000 seems immune from the water-supply problems

that bedevil other parts of the country. But even here, the promise of an endless tap can be a mirage.

Algae blooms in Lake Erie, fed by agriculture runoff and overflowing sewers, have become so toxic that they shut down Toledo's water system in 2014 for two days. The city is considering spending millions of dollars to avoid a repeat.

Similar concerns about water quality are playing out elsewhere. Farm fertilizers, discarded pharmaceuticals, industrial chemicals and even saltwater from rising oceans are seeping into many of the aquifers, reservoirs and rivers that supply Americans with drinking water.

Combating these growing threats means cities and towns must tap new water sources, upgrade aging treatment plants and install miles of pipeline, at tremendous cost.

More

Skiing, climbing, global warming: French Alps show dilemma

By Lori Hinnant

PARIS (AP) — The Alps are the birthplace of downhill skiing and a crucible for mountain climbing — but now the French government is trying to help their winter tourist towns adapt to a warming world.

French Prime Minister Manuel Valls visited the Mer de Glace (the Sea of Ice) Friday on Mont Blanc, where the retreating glacier has been documented for more than a century, through water colors painted before the invention of the still camera, black-and-white photos depicting a then-modern steam locomotive chuffing alongside the ice and today's high-definition satellite photos.

"The Mer de Glace reveals the extent of climate change, and, to the naked eye," said Valls. "The time has come to mobilize."

Researchers say the Sea of Ice is only the most accessible example of a problem the entire Alpine region is facing as warming mountainsides become more unstable and snowfall more inconsistent, threatening jobs and lives in a region heavily dependent on adventure tourism.

More

Protests in Nepal causing shortages of gasoline, medicine

By Post Basnet

KATHMANDU, Nepal (AP) — Nepal warned on Friday that shortages of gasoline and medicine would be severe soon as supply trucks from India stopped during protests at border crossings by hundreds of people angry about Nepal's new constitution.

Acting Nepalese Foreign Minister Khagraj Adhikari called Indian Ambassador Ranjit Rae and inquired about obstructions at the border, said Deepak Adhikari, a ministry spokesman.

The Indian foreign ministry in New Delhi denied there was any hurdle on its side and blamed protests inside Nepal for the disrupted movement of oil tankers and trucks loaded with medicine, sugar, salt, food and cooking gas cylinders.

The small Himalayan nation depends heavily on supplies from its giant neighbor.

More

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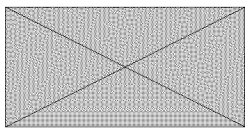

Week in Review – Pope Urges U.S. to Address Climate Change

Hillary Clinton Shares View on Keystone Pipeline.

Click here to read the brief

Boehner has been conservative ally on climate issues

Right-wing Republicans may have been unhappy with many of House Speaker John Boehner's positions, but they shared common ground on climate change, National Journal reports.

More

Rapid Act to streamline environmental review gets House nod

A bill approved by the House 233-170 Friday would reduce the environmental review requirements for federal infrastructure projects, The Hill reports.

More

Court hears arguments for and against EPA's MATS rule

Following up on the Supreme Court's ruling on the Environmental Protection Agency's Mercury and Air Toxics Standards rule, the U.S. Court of Appeals for the District of

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Columbia Circuit heard arguments Thursday for throwing out the rule, or keeping it in place while it's tweaked, E&E reports.

More

China faces big challenge scaling up cap-and-trade

Experts have said it will take years for China to build a carbon market that can help to control emissions, The New York Times reports.

More

Obama should wrap up Arctic drilling: Senate Democrats

A dozen Democratic senators have written to President Barack Obama, asking him to put a stop to Arctic drilling after Royal Dutch Shell finishes its exploratory drilling in the Chukchi Sea this season, The Hill reports.

More

Rig count drops again, oil rigs down for fourth week

For the fourth week in a row, the number of rigs drilling for oil in the U.S. has declined, falling 4 to 640, while the total rig count dropped to 838, FuelFix reports.

More

Oil gains on GDP rise, rig count drop

The drop in the number of rigs drilling for oil in the U.S.—for the fourth week in a row—combined with an upward revision of the second quarter gross domestic product to boost oil, which finished Friday with a weekly gain. Light, sweet crude for November delivery rose 79 cents to settle at $45.70 a barrel on the Nymex, while in London, Brent was up 43 cents to $48.60, The Wall Street Journal reports.

More

Democrats should hold climate debate: Steyer

Activist and party donor Tom Steyer said he'd like to see the Democratic presidential candidates hold a debate about climate change and clean energy issues sometime before the Iowa caucuses next year, Politico reports.

More

EPA's 10-year furniture bill tops $92 million

The Environmental Protection Agency has spent $92.4 million on office furniture over the

past decade, which averages out to $6,000 for each of EPA's nearly 16,000 employees, The Washington Times reports.

More

Moody's envisions more battery storage on grid

The next five years will see a big increase in the use of lithium-ion batteries on the grid to store electricity generated from renewables, according to a prediction from Moody's Investors Service reported in FuelFix.

More

Upcoming Events

- Sep. 25, Washington: President Barack Obama and Chinese President Xi Jinping to hold a joint press conference following their bilateral meeting. 12:00 pm , White House Rose Garden.
- Sep. 25, Notre Dame, Indiana: Environmental Protection Agency Administrator Gina McCarthy to speak at the University of Notre Dame on the moral implications of climate action and the agency's Clean Power Plan. 11:45 am , University of Notre Dame, Notre Dame, Ind. 46556.
- Sep. 25, Washington: The Center for Strategic and International Studies to hold a discussion on the international liquefied natural gas market and how low prices are affecting efforts to export. 10:00 am , 1616 Rhode Island Avenue, NW.
- Sep. 25, New York City: Pope Francis to speak before the United Nations General Assembly. 8:30 am , United Nations.

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This email was sent to brooks.phillip@epa.gov by energy@washingtonguardian.net
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Privacy Policy

To: Hengst, Benjamin[Hengst.Benjamin@epa.gov]
Cc: Bunker, Byron[bunker.byron@epa.gov]
From: Grundler, Christopher
Sent: Fri 9/25/2015 9:27:10 PM
Subject: Re:

Ok. That makes sense

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

> On Sep 25, 2015, at 5:26 PM, Hengst, Benjamin <Hengst.Benjamin@epa.gov> wrote:
>
> Oops -- I meant along side OECA. My bad.
>
>
>
>> On Sep 25, 2015, at 5:21 PM, Grundler, Christopher <grundler.christopher@epa.gov> wrote:
>>
>> Thanks. I'm ok with it. The "along side OCIR" through me off a bit
>>
>> Christopher Grundler, Director
>> Office of Transportation and Air Quality
>> U.S. EPA
>> 202-564-1682 (DC)
>> 734-214-4207 (Ann Arbor)
>>
>>> On Sep 25, 2015, at 5:16 PM, Hengst, Benjamin <Hengst.Benjamin@epa.gov> wrote:
>>>
>>> Just left you a VM on your mobile.
>>>
>>>
>>>
>>>> On Sep 25, 2015, at 4:37 PM, Grundler, Christopher <grundler.christopher@epa.gov> wrote:
>>>>
>>>> Huh? Why? And why alongside OCIR?
>>>>
>>>> Christopher Grundler, Director
>>>> Office of Transportation and Air Quality
>>>> U.S. EPA
>>>> 202-564-1682 (DC)
>>>> 734-214-4207 (Ann Arbor)
>>>>
>>>>> On Sep 25, 2015, at 4:35 PM, Hengst, Benjamin <Hengst.Benjamin@epa.gov> wrote:
>>>>>
>>>>> Chris (and Byron)--
>>>>>
>>>>> Heads up for now, pls don't share any of this until you get an official heads up from Janet or OCIR.
>>>>>
>>>>> Sounds like for House E&C hearing there's a decent chance they will ask you (Chris) to testify alongside OCIR.
>>>>>
>>>>> Again, not confirmed and we have no date yet.

>>>>>
>>>>> There's also likely to be an incoming document request from their oversight committee for all VW-related materials.
>>>>>
>>>>> Ben
>>>>>
>>>>>
>>>>>
>>>>>

To: Belser, Evan[Belser.Evan@epa.gov]; Fogarty, Johnpc[Fogarty.Johnpc@epa.gov]
Cc: Griffiths, Charles[Griffiths.Charles@epa.gov]; Kaul, Meetu[Kaul.Meetu@epa.gov]
From: Wheeler, William
Sent: Fri 9/25/2015 9:29:00 PM
Subject: RE: VW

Sounds like fun!

Will Wheeler, Economist

U.S. EPA, NCEE

202-566-2264

From: Belser, Evan
Sent: Friday, September 25, 2015 2:18 PM
To: Fogarty, Johnpc
Cc: Wheeler, William; Griffiths, Charles; Kaul, Meetu
Subject: Re: VW

Thank you very much John.

Ex. 7

Copying Meetu who is lead attorney. She or I will reach out in the next couple weeks to see whether you have time to brainstorm all this.

Thanks,

Evan

Evan Belser

Chief, Mobile Source Enforcement Branch

US EPA

On Sep 25, 2015, at 2:04 PM, Fogarty, Johnpc <Fogarty.Johnpc@epa.gov> wrote:

Ex. 7

Thx!

To: JSmith2@ENRD.USDOJ.GOV[JSmith2@ENRD.USDOJ.GOV]
From: Microsoft Outlook
Sent: Fri 9/25/2015 9:41:08 PM
Subject: Undeliverable: FW: Meeting with Cruden on VW
FW: Meeting with Cruden on VW

Delivery has failed to these recipients or groups:

JSmith2@ENRD.USDOJ.GOV (JSmith2@ENRD.USDOJ.GOV)
Your message wasn't delivered because, despite repeated attempts to contact it, the recipient's email system didn't respond.

Contact the recipient by some other means (by phone, for example) and ask them to tell their email admin that their email system isn't accepting connection requests from your email system. It's likely that the recipient's email admin is the only one who can fix this problem.

For more information, see Status code 4.4.7.

Diagnostic information for administrators:

Generating server: CY1PR09MB0759.namprd09.prod.outlook.com
Receiving server: na01-internal.map.protection.outlook.com (10.173.160.27)

JSmith2@ENRD.USDOJ.GOV
9/25/2015 9:41:08 PM - Remote Server at na01-internal.map.protection.outlook.com (10.173.160.27) returned '550 4.4.7 QUEUE.Expired; message expired'
9/25/2015 9:31:08 PM - Remote Server at na01-internal.map.protection.outlook.com (10.173.160.27) returned '451 4.4.0 DNS query failed. The error was: DNS query failed with error InfoNoRecords'

Original message headers:

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 CY1PR09MB0759.namprd09.prod.outlook.com (10.161.173.150) with Microsoft SMTP
 Server (TLS) id 15.1.274.16; Wed, 23 Sep 2015 21:39:45 +0000
Received: from CY1PR09MB0409.namprd09.prod.outlook.com ([10.160.147.147]) by
 CY1PR09MB0409.namprd09.prod.outlook.com ([10.160.147.147]) with mapi id
 15.01.0268.017; Wed, 23 Sep 2015 21:39:45 +0000
From: "Belser, Evan" <Belser.Evan@epa.gov>
To: "Kelley, Rosemarie" <Kelley.Rosemarie@epa.gov>, "Ben Fisherow
 (Walter.Benjamin.Fisherow@usdoj.gov)" <Walter.Benjamin.Fisherow@usdoj.gov>,
        "JSmith2@ENRD.USDOJ.GOV" <JSmith2@ENRD.USDOJ.GOV>
Subject: FW: Meeting with Cruden on VW
Thread-Topic: Meeting with Cruden on VW
Thread-Index:
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Accept-Language: en-US
Content-Language: en-US
X-MS-Has-Attach:
X-MS-TNEF-Correlator:
authentication-results: spf=none (sender IP is )
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x-originating-ip: [161.80.35.181]
x-microsoft-exchange-diagnostics:
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To: Bunker, Byron[bunker.byron@epa.gov]; Brooks, Phillip[Brooks.Phillip@epa.gov]
From: Grundler, Christopher
Sent: Fri 9/25/2015 11:13:20 PM
Subject: How Volkswagen Could Compensate Diesel Owners - NYTimes.com

http://mobile.nytimes.com/2015/09/26/your-money/how-volkswagen-could-compensate-diesel-owners.html?referer=https://www.google.com/

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

To: Grundler, Christopher[grundler.christopher@epa.gov]
Cc: Bunker, Byron[bunker.byron@epa.gov]; Haugen, David[haugen.david@epa.gov]
From: Charmley, William
Sent: Fri 9/25/2015 11:58:07 PM
Subject: Re: Oct 13 Showcase and PEMS

Great minds ...

David and I talked earlier today about the importance of having a PEMS booth. I believe David thought that was already planned.

Ex. 5

Ex. 5

Bill Charmley
Assessment and Standards Division
Office of Transportation and Air Quality
National Vehicle & Fuel Emissions Laboratory
US Environmental Protection Agency
Ann Arbor, Michigan
Desk phone 734-214-4466
Mobile phone 734-545-0333
Email charmley.william@epa.gov

> On Sep 25, 2015, at 6:54 PM, Grundler, Christopher <grundler.christopher@epa.gov> wrote:
>
> Guys:
>
> I'd like us to set up a static and mobile demonstration of PEMS technology at this event. Can you pull it off.?
>
> I'm pretty sure we have a static display --at least we used to. Being able to do a "drive along" with a reporter while actively measuring emissions would be awesome and would also be a big draw for media for obvious reasons.
>
> Pls let me know early next week
>
> C--
>
> Christopher Grundler, Director
> Office of Transportation and Air Quality
> U.S. EPA
> 202-564-1682 (DC)
> 734-214-4207 (Ann Arbor)

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: McCabe, Janet
Sent: Sat 9/26/2015 2:03:19 AM
Subject: Re: Worth Reading

A couple of good articles in the NYT business section today, including one about how the company governs itself.

Good work this week, Chris--you and the whole team. Hope you can get a little break this weekend.

From: Grundler, Christopher
Sent: Friday, September 25, 2015 12:24 AM
To: McCabe, Janet
Subject: Worth Reading

@timbray: The Economist has a great piece on the not-just-VW emissions scandal. Scorching! http://t.co/TJ2ZVucyOf

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

To: McCabe, Janet[McCabe.Janet@epa.gov]
Cc: Millett, John[Millett.John@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]
From: Reynolds, Thomas
Sent: Sat 9/26/2015 5:46:41 PM
Subject: Re: Google Alert - Janet McCabe

This effort came out very nicely

Sent from my iPhone

On Sep 26, 2015, at 1:32 PM, McCabe, Janet <McCabe.Janet@epa.gov> wrote:

excellent...

From: Millett, John
Sent: Saturday, September 26, 2015 1:23 PM
To: McCabe, Janet; Grundler, Christopher; Reynolds, Thomas
Subject: Fwd: Google Alert - Janet McCabe

Great collection of headlines. I think they got the message!

John Millett
202.510.1822

Begin forwarded message:

From: Google Alerts <googlealerts-noreply@google.com>
Date: September 26, 2015 at 12:02:38 PM EDT
To: millett.john@epa.gov
Subject: Google Alert - Janet McCabe

[redacted]

Janet McCabe

Daily update □ September 26, 2015

NEWS

New York Times

Volkswagen Names Matthias Müller, an Insider, as Chief Executive

New York Times
Janet McCabe, the agency's acting assistant administrator, said the level of standardized testing was not at

fault for Volkswagen's ability to skew ...

Flag as irrelevant

U.S. News & World Report

EPA Beefing Up Emissions Tests in Wake VW, Audi Cheating Scandal

U.S. News & World Report

“These violations are very serious,” **Janet McCabe**, acting assistant administrator for the EPA's Office of Air and Radiation, said during a call with ...

EPA steps up emissions testing after Volkswagen scandal - The Hill

EPA expands emissions tests in wake of VW scandal - Detroit Free Press

The Feds Have a Secret Plan to Stop the Next Car Pollution Scandal - Mother Jones

Full Coverage

Flag as irrelevant

The Guardian

VW appoints Porsche boss Müller as new chief executive - as it happened

The Guardian

Acting assistant administrator **Janet McCabe** has just said in a news conference that the EPA has written to all auto manufacturers today saying that it ...

Flag as irrelevant

Engadget

The EPA is cracking down hard on auto industry shenanigans

Engadget

"The Volkswagen violations before us now make it clear, we need to adapt and step up our oversight," **Janet McCabe**, acting administrator in the EPA's ...

Automobile testing norms being stepped up in US - Big News Network.com

Full Coverage

Flag as irrelevant

The Indian Express

AIR POLLUTION: Foes of stricter ozone standard get ready for EPA decision

Environment & Energy Publishing

The House Science chairman also requested that the administration make available several individuals, including EPA acting air chief **Janet McCabe** ...

Flag as irrelevant

MyTechBits

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Volkswagen Names Matthias Mueller CEO - Steelers Lounge (blog)

Full Coverage

Flag as irrelevant

MyTechBits

EPA says to take tougher stance on auto emissions tests

MyTechBits

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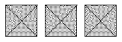
Volkswagen reportedly programmed its ...

 Flag as irrelevant

[redacted]

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Send Feedback

To: Birgfeld, Erin[Birgfeld.Erin@epa.gov]; Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Cohen, Janet[cohen.janet@epa.gov]; Wehrly, Linc[wehrly.linc@epa.gov]; Cook, Leila[cook.leila@epa.gov]
From: Grundler, Christopher
Sent: Sun 9/27/2015 12:14:57 AM
Subject: Fwd: Google Alert - Janet McCabe

Great job on short notice everyone

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

Begin forwarded message:

From: "Reynolds, Thomas" <Reynolds.Thomas@epa.gov>
Date: September 26, 2015 at 1:46:41 PM EDT
To: "McCabe, Janet" <McCabe.Janet@epa.gov>
Cc: "Millett, John" <Millett.John@epa.gov>, "Grundler, Christopher" <grundler.christopher@epa.gov>
Subject: Re: Google Alert - Janet McCabe

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Sent from my iPhone

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From: Millett, John
Sent: Saturday, September 26, 2015 1:23 PM
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Subject: Fwd: Google Alert - Janet McCabe

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Janet McCabe

Daily update □ September 26, 2015

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Flag as irrelevant

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Receive this alert as RSS feed

Send Feedback

To: OTAQ Materials[OTAQMaterials@epa.gov]
From: Charmley, William
Sent: Sun 9/27/2015 12:12:21 PM
Subject: FW: Agenda for the ARB-OTAQ Monthly Coordination Conference Call on Monday, September 28
Monthly ARB-EPA SL Call Agenda, Sept 28, 2015.docx

Please see the attached document for the 2pm call with CARB on Chris's calendar for Monday.

From: Charmley, William
Sent: Sunday, September 27, 2015 8:12 AM
To: Ex. 7 Ex. 7
Subject: Agenda for the ARB-OTAQ Monthly Coordination Conference Call on Monday, September 28

Dear all –

Attached is the updated Agenda for Monday's call, which is at 11 am west coast time, 2pm eastern.

I have also copied the agenda into this email.

Looking forward to talking to everyone tomorrow.

Thanks

Bill

Monthly ARB-OTAQ Senior Leadership Coordination Call

Monday, September 28, 2015 (11am-12pm Pacific, 2-3pm Eastern)

Call-in number: ph. Non-Responsive Participant Passcode: Non-Responsive

Agenda Items

1. VW Coordination [Byron & Annette]

- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]

Ex. 5, 7

2. **Heavy-duty Phase 2 program development (15 minutes)**

- Non-Responsive

3. **Light-duty MTE (10 minutes)**

- Non-Responsive

4. **Other items?**

Upcoming Actions/Events of Potential Interest:

-

- October 13: Heavy-duty Vehicle Technology Showcase at EPA's Ann Arbor Laboratory

-

- Light-duty Mid-term Evaluation Meetings w/ ARB/NHTSA/EPA

- Non-Responsive

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o

-

Non-Responsive

- October 30: U. of Michigan Transportation, Economics, Energy, & Environment Conference in Ann Arbor (Alberto speaking?)

- December 3: EPA Mobile Source Technical Review Sub-committee (MSTRS) Meeting, Long Beach, California

- December 10/11 UC Davis STEP Fall Research Meeting (Karl and Chris coming?)

To: McCabe, Janet[McCabe.Janet@epa.gov]
From: Grundler, Christopher
Sent: Sun 9/27/2015 1:45:37 PM
Subject: California Update

FYI, this is happening tomorrow. Richard usually participates

Monthly ARB-OTAQ Senior Leadership Coordination Call

Monday, September 28, 2015(11am-12pm Pacific, 2-3pm Eastern)

Call-in number: ph. Non-Responsive Participant Passcode: Non-Responsive

Agenda Items

1. VW Coordination [Byron & Annette]

- 2016 Executive Order / Certificate of Conformity
- LD Diesel Screening (CARB/EPA/EC)
- New Conformity Screening Procedures
- Gen 3 Recall
- Gen 2 Recall

Non-Responsive

Non-Responsive

4. Other items?

Upcoming Actions/Events of Potential Interest:

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- October 13: Heavy-duty Vehicle Technology Showcase at EPA's Ann Arbor Laboratory

-

- Light-duty Mid-term Evaluation Meetings w/ ARB/NHTSA/EPA

o September 30: Jaguar-LandRover (Ann Arbor)

o October 6: Volvo (Washington)

o October 7: Honda (Ohio)

o October 15: Nissan (Tennessee)

o October 26: Mercedes (Ann Arbor)

o Honeywell/Toyota/Tesla (California)

-

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Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

To: Ex. 7 @arb.ca.gov]; Ex. 7
Ex. 7 @arb.ca.gov]
From: Grundler, Christopher
Sent: Sun 9/27/2015 2:54:11 PM
Subject: VW9 25 15 VW update script - Final as prepared.docx
VW9 25 15 VW update script - Final as prepared.docx
ATT00001.txt

FYI, what was said in the press call Friday before we took a few questions. Byron and Ex. 7 worked out the "next steps" text

Press Call: 9/25/2015

Release of Auto Manufacturer Expanded Testing Guidance Letter

Final Remarks as Prepared

Janet McCabe, Acting Assistant Administrator, Office of Air and Radiation, U.S. EPA

- Last Friday, EPA sent a Notice of Violation of the Clean Air Act to Volkswagen AG, Audi AG, and Volkswagen Group of America, Inc. alleging that four-cylinder Volkswagen and Audi diesel cars from model years 2009-2015 include software that circumvents EPA emissions standards.

- Put simply, these cars contain software that turns off emissions controls when driving normally, and turns them on when the car is undergoing an emission test.

- Known as a "defeat device," this design feature results in the cars emitting up to 40 times the amount of NOx emissions that are allowed to ensure public health is protected.

- EPA's notice of violation, along with an In-Use Compliance Letter that the California Air Resources Board issued, provide information and details relating to the VW violations.

VW FOIA, EPA 06/20/2017 2017-FFP_026771

- As we stated last week, these violations are very serious. Not only because the illegal defeat device results in excess emissions many times the allowable standard, but also because VW was concealing the facts from EPA, the State of California, and from consumers.

- Given the seriousness of this situation, we are having this call today in order to provide an update on our work and next steps.

- Today's update does not affect our current investigation of VW.

- That investigation continues, and the reasons for it are spelled out in our notice of Violation that we issued last week.

- Today's update is to inform you all about a letter to all auto manufacturers that we are sending today.

- This letter is intended to notify all automakers that we are stepping up our testing activities in response to VW's alleged violations.

- We take seriously our responsibility to oversee the implementation and enforcement of our clean air regulations. It is this oversight that ensures both the benefits of clean air emissions standards and that the industry is competing on a level playing field and that consumers are getting what they pay for.

VW FOIA, EPA 06/20/2017 2017-FFP_026772

- Our regulatory programs for cars and trucks are working. We know this because air quality monitors tell a clear and compelling story: U.S. air quality has dramatically improved as a result of implementing our program, even as vehicle miles and the economy have grown significantly.

- EPA and California's joint implementation of our motor vehicle programs have been very successful at delivering on our agencies' missions to protect human health and the environment.

- Both EPA and California have robust oversight programs that have adapted as technologies and circumstances have changed.

- But we also know, and the VW violations before us now have made it all the clearer, that we must continue to improve and adapt our oversight. And we will.

- I will now turn to Chris Grundler, EPA's Director of our Office of Transportation and Air Quality, who will provide some information about our current approach to vehicle emissions compliance, along with a few other relevant updates.

Chris Grundler, Office Director, Office of Transportation and Air Quality, U.S. EPA

- EPA's compliance program for cars and trucks is at the heart of ensuring that the Agency delivers on the promise of the Clean Air Act.

- EPA has a well-established process in place for certifying that new vehicles meet federal emission standards for air pollutants. This program, which includes new car testing and audits, ensures that cars are compliant with our clean air regulations.

- All new cars sold in the United States must have an EPA-issued "certificate of conformity." It is not legal to sell a new car in the U.S. without such a certificate.

- Neither CARB nor EPA allow manufacturers to self-certify. Volkswagen does not have a 2016 model year EPA Certificate of Conformity or a CARB Executive Order for its four cylinder diesel vehicles because CARB and EPA are not yet convinced that the data and evidence presented by Volkswagen demonstrate the vehicles will perform as required by the regulations.

- Experienced engineers and scientists at the two organizations review manufacturer applications for certification, request additional evidence, and perform confirmatory tests on a portion of the vehicles before reaching a decision to approve or deny an application.

- Manufacturers must attest to the accuracy and integrity of the data and other documentation they submit. They face severe penalties if they are found to have misled the agencies.

- The agencies have broad discretion to require manufacturers to conduct additional testing under section 206 of the Clean Air Act, or to conduct tests on their own to verify vehicle performance with the emission regulations.

- If EPA believes that vehicles are not compliant, we do not certify them, and

they cannot be sold. Ultimately it is this action that held VW to account.

- Beyond reviewing design and emissions information, as part of our ongoing compliance oversight, EPA tests vehicles we borrow from private owners to ensure that they match the certified design and align with data submissions. In addition, we perform audits of vehicles selected at random from manufacturer production lines to help confirm fuel economy and GHG performance. Finally, we perform in-use investigations using Portable Emissions Measurement Systems (PEMS) to evaluate vehicle performance on the road.

- EPA also is responsible for much of the original development of portable emissions monitoring technology – the kind of equipment that West Virginia University used to test the VW and BMW vehicles in 2014 that led to the discovery of high emissions from VW diesels.

- We use this same equipment ourselves to conduct real world emissions testing every year. In recent years, though, EPA has focused its portable emissions testing efforts primarily on the heavy-duty diesel truck market whose annual NOx emissions dwarf the inventory from light-duty diesels (LD diesel passenger cars make up less than 0.2% of on-highway diesel NOx emissions)

- Why? Because that's where most diesel emissions are. It's also an area where we have seen industry employ defeat devices in the past. Every year we make decisions about where to prioritize our limited testing resources, and we prioritize based on, among other things, where the emissions are greatest.

- WVU and ICCT chose light duty diesel cars like VW's for their testing precisely because they believed these vehicles would be clean. These vehicles make up less than 1 percent of the US light-duty fleet.

- As soon as the testing showed they were not clean, CARB took the lead in

coordination with EPA took on the issue, which led us to where we are today.

- EPA and California's oversight programs are active and robust, as our recent actions to address issues with Hyundai, Kia and Ford vehicles demonstrate.

- But technologies evolve and circumstances change, and we are continuously looking at ways to improve our compliance and oversight programs. In the past, we have added new procedures, like high-speed driving and air-conditioning use, to ensure our lab tests better replicate real-world driving conditions

- And we will continue to adapt. As EPA Administrator McCarthy said a few days ago, we are "upping our game."

- Today we are putting vehicle manufacturers on notice that our confirmatory testing is now going to include additional evaluations designed to look for potential defeat devices.

- We aren't going to tell them what these tests are, they don't need to know. They only need to know we will be keeping their vehicles longer and driving them more.

- We will be continuing to review with our partners at the California Air Resources Board what we can learn from this VW case and will adapt and improve as we always have to ensure we deliver on the Agency's mission.

NEXT STEPS

- Now let me provide you with a brief update of other steps related to the VW matter.

- We are actively recruiting light duty diesel vehicles to test for defeat devices or other compliance issues.

- This testing is starting now, in concert with testing by the California Air Resources Board and Environment Canada.

- Many of these same vehicles are sold in Canada as well as the US. We are very pleased that Environment Canada will be an active partner in this effort allowing us to more quickly test all light-duty diesel makes and models for potential defeat devices.

- Turning to next steps to address the affected vehicles

- First, we should be clear that since the discovery of the defeat device we have not issued a recall order to Volkswagen or Audi.

- The California Air Resources Board (CARB) and EPA are working intently with Volkswagen to evaluate potential recall solutions for the affected vehicles.

- The September 18, 2015 Notice of Violation and CARB In-Use Compliance letter cover three generations of Volkswagen four cylinder diesel vehicles. We expect solutions will be found relatively quickly for the most recent generation (all model year 2015 vehicles) and soon thereafter for the 2012-2014 VW Passat diesels

- We expect the first generation of vehicles (all pre-2015 vehicles except for the Passat) will require additional engineering development that will take longer.

- The agencies will evaluate the technical solutions that Volkswagen develops to ensure their emissions performance is improved in real world driving and will carefully scrutinize for impacts on consumers.

- As the engineering work progresses, the Agencies and Volkswagen will communicate timelines for the recalls and the nature of the solutions.

- If you are an owner of an affected Volkswagen or Audi diesel vehicle you should know that when a recall is ordered the notice will come from Volkswagen. It will provide you with information about the recall and with instructions about how to get your car repaired at no cost to you.

VW FOIA, EPA 06/20/2017 2017-FFP_026777

- In the meantime, these cars are safe and legal to drive. Owners do not need to take any action at this time.

- We will continue to update you as our investigation continues.

VW FOIA, EPA 06/20/2017 2017-FFP_026778

Ex. 7

From: Grundler, Christopher
Sent: Sun 9/27/2015 3:20:47 PM
Subject: Re: Agenda for the ARB-OTAQ Monthly Coordination Conference Call on Monday, September 28

Non-Responsive

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

On Sep 27, 2015, at 11:05 AM, Ayala, Alberto@ARB <Alberto.Ayala@arb.ca.gov> wrote:

Non-Responsive

-----Original Message-----
From: Grundler, Christopher [grundler.christopher@epa.gov]
Received: Sunday, 27 Sep 2015, 7:50AM

Ex. 7

Subject: Re: Agenda for the ARB-OTAQ Monthly Coordination Conference Call on Monday, September 28

On 1, understood

On 2, just FYI, I am not attending due to an RFS meeting with the Administrator.

Also, Janets mtg with Rosekind is scheduled for the same day but not until later in the day (according to the Calrndar on my phone)

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

On Sep 27, 2015, at 10:32 AM, Ayala, Alberto@ARB <Alberto.Ayala@arb.ca.gov> wrote:

Ex. 5

Non-Responsive

-----Original Message-----
From: Grundler, Christopher [grundler.christopher@epa.gov]
Received: Sunday, 27 Sep 2015, 6:48AM
To: Charmley, William [charmley.william@epa.gov]

Ex. 7

Subject: Re: Agenda for the ARB-OTAQ Monthly Coordination Conference Call on Monday, September 28

If we have time, which is doubtful given current events, I am interested in how the Board Hearing went---perhaps just a brief summary of what LCFS re-adoption means,

and how the OBD proposal was received.

Thanks

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

On Sep 27, 2015, at 8:11 AM, Charmley, William <charmley.william@epa.gov> wrote:

> Dear all –
>
> Attached is the updated Agenda for Monday's call, which is at 11 am west coast time, 2pm eastern.
>
> I have also copied the agenda into this email.
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> Looking forward to talking to everyone tomorrow.
>
> Thanks
>
> Bill

Monthly ARB-OTAQ Senior Leadership Coordination Call

Monday, September 28, 2015 (11am-12pm Pacific, 2-3pm Eastern)

Call-in number: ph. 8 Non-Responsive , Participant Passcode: Non-Responsive
Non-Responsive

Agenda Items

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- □□□□□□

Ex. 5, 7

2. Heavy-duty Phase 2 program development (15 minutes)

- □□□□□□□□ a high level overview of the EPA process for the final rule
- □□□□□□□□ discussion of the ARB process and opportunities for continued alignment

3. Light-duty MTE (10 minutes)

•□□□□□□□ high-level take aways from recent Ford/FCA/GM meetings in Michigan

•□□□□□□□ discussion of potential NGO meeting

4. Other items?

Upcoming Actions/Events of Potential Interest:

-

- October 13: Heavy-duty Vehicle Technology Showcase at EPA's Ann Arbor Laboratory

-

- Light-duty Mid-term Evaluation Meetings w/ ARB/NHTSA/EPA

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- December 10/11 UC Davis STEP Fall Research Meeting (Karl and Chris coming?)

<Monthly ARB-EPA SL Call Agenda, Sept 28, 2015.docx>

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Aaron Kessler
Sent: Sun 9/27/2015 3:27:35 PM
Subject: Re: A few mins to talk VW timeline today?

Thanks for the kind words, Chris - means a lot coming from someone like yourself. I hope things are well on your end, and realize you probably can't say a whole lot about this anymore given the circumstances, but let's aim to keep the conversation going between us if we can, even if it's just off-the-record. You've got a valuable perspective on how this is going to play out in the coming weeks (and heck, months).

On Sun, Sep 27, 2015 at 10:46 AM, Grundler, Christopher <grundler.christopher@epa.gov> wrote:

> Nice piece you did with Jack and Bill V. I had forgotten about the BlueTec deal. I remember now how the VW guys were grousing about that. Great get
>
> C--
>
> Christopher Grundler, Director
> Office of Transportation and Air Quality
> U.S. EPA
> 202-564-1682 (DC)
> 734-214-4207 (Ann Arbor)
>
> On Sep 24, 2015, at 3:06 PM, Aaron Kessler <Ex. 6> wrote:
>
> > We can do it via email as well if that'd be easier for you today, as opposed to setting up a call.
> > For example, just want to nail down exactly when VW finally admitted what it had done. It sounds like it was a few days before the pivotal Sept 3 meeting.
> > And then the Sept 3 meeting itself (or was it a conf call?), who was participating from the VW side - was it folks from Germany? The US. Or both. If you can share who exactly from VW, as well as your end, was on that call...that would all be quite helpful in getting the texture of this.
> >
> > On Thu, Sep 24, 2015 at 2:53 PM, Aaron Kessler <Ex. 6> wrote:
> >
> > > Hey Chris -- I have indeed. Was very helpful. Though the last bits of detail I realize I don't have, need to go back to him as well...and he's stuck in a board meeting the rest of today. If you're able to help fill in some gaps, don't have to be quoted if you don't want to.
> > >
> > > On Thu, Sep 24, 2015 at 2:46 PM, Grundler, Christopher <grundler.christopher@epa.gov> wrote:

Have you talked to Stanley at CARB yet (spox)

From: Aaron Kessler [mailto:[Ex. 6]
Sent: Thursday, September 24, 2015 2:34 PM
To: Grundler, Christopher
Subject: A few mins to talk VW timeline today?

Chris,

We're putting together what I'll describe as the big push on a definitive timeline of events - and I was hoping you might have time to talk for a bit later today? I know we spoke briefly on Friday, but there are a few specific details of the final days leading up to VW's admission to EPA of what it had done that I need to fill in. Figured you'd be the person to do that...if you're willing.

Thanks,

Aaron Kessler
Business/Automotive Writer
The New York Times
1627 Eye Street NW, Washington, DC 20006

w: 202-688-5320

c: 609-214-6542

Ex. 6

@akesslerdc

To: Grundler, Christopher[grundler.christopher@epa.gov]

Ex. 7

Sent: Sun 9/27/2015 4:10:09 PM
Subject: Re: Agenda for the ARB-OTAQ Monthly Coordination Conference Call on Monday, September 28

I'm out Monday, but Jack or Sam can quickly talk about the LCFS readoption. We can also call you separately if that works better.

Floyd

On Sep 27, 2015, at 6:48 AM, Grundler, Christopher <grundler.christopher@epa.gov> wrote:

If we have time, which is doubtful given current events, I am interested in how the Board Hearing went---perhaps just a brief summary of what LCFS re-adoption means, and how the OBD proposal was received.

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Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

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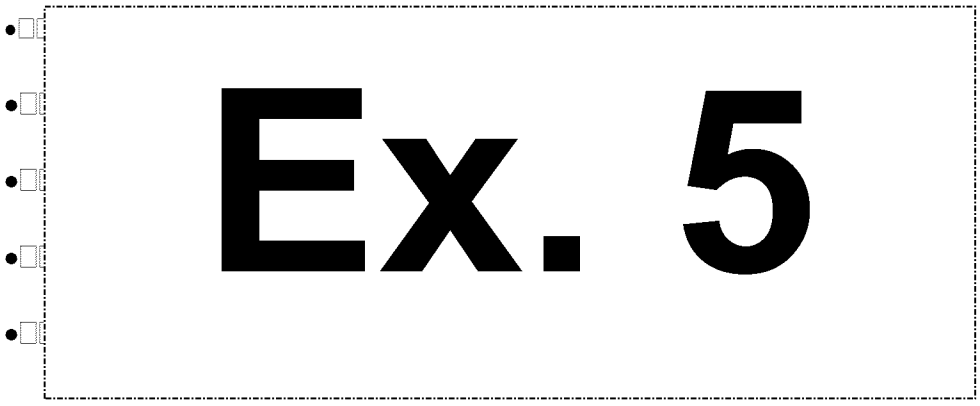
Monday, September 28, 2015 (11am-12pm Pacific, 2-3pm Eastern)

Call-in number: Non-Responsive Participant Passcode: Non-Responsive

Non-Responsive

Agenda Items

1. **VW Coordination [Byron & Annette]**



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- [redacted] a high level overview of the EPA process for the final rule

- [redacted] discussion of the ARB process and opportunities for continued alignment

3. Light-duty MTE (10 minutes)

- [redacted] high-level take aways from recent Ford/FCA/GM meetings in Michigan

- [redacted] discussion of potential NGO meeting

4. Other items?

Upcoming Actions/Events of Potential Interest:

-

- October 13: Heavy-duty Vehicle Technology Showcase at EPA's Ann Arbor Laboratory

-

- Light-duty Mid-term Evaluation Meetings w/ ARB/NHTSA/EPA

o September 30: Jaguar-LandRover (Ann Arbor)

o October 6: Volvo (Washington)

o October 7: Honda (Ohio)

o October 15: Nissan (Tennessee)

o October 26: Mercedes (Ann Arbor)

o Honeywell/Toyota/Tesla (California)

-

- October 30: U. of Michigan Transportation, Economics, Energy, & Environment Conference in Ann Arbor (Alberto speaking?)

- December 3: EPA Mobile Source Technical Review Sub-committee (MSTRS) Meeting, Long Beach, California

- December 10/11 UC Davis STEP Fall Research Meeting (Karl and Chris coming?)

<Monthly ARB-EPA SL Call Agenda, Sept 28, 2015.docx>

To: Conger, Nick[Conger.Nick@epa.gov]
Cc: Purchia, Liz[Purchia.Liz@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]
From: Birgfeld, Erin
Sent: Sun 9/27/2015 4:23:36 PM
Subject: Re: AP; DDL COB Mon, 9/28; certification

Thanks Nick!

Sent from my iPhone

On Sep 26, 2015, at 10:39 PM, Conger, Nick <Conger.Nick@epa.gov> wrote:

AP updated the story, removing the sentence that falsely attributed Chris as saying that EPA deferred to European regulators.

Sent from my Windows Phone

From: Birgfeld, Erin
Sent: 9/25/2015 8:28 PM
To: Purchia, Liz
Cc: Ortiz, Julia; Conger, Nick; Hengst, Benjamin; Valentine, Julia; Senn, John; Millett, John; Hull, George
Subject: Re: AP; DDL COB Mon, 9/28; certification

Nick reached out to Matt and organized a call between Matt and Chris. We are hopeful. Nick of course will have the latest.

Sent from my iPhone

On Sep 25, 2015, at 8:07 PM, Purchia, Liz <Purchia.Liz@epa.gov> wrote:

Ex. 5

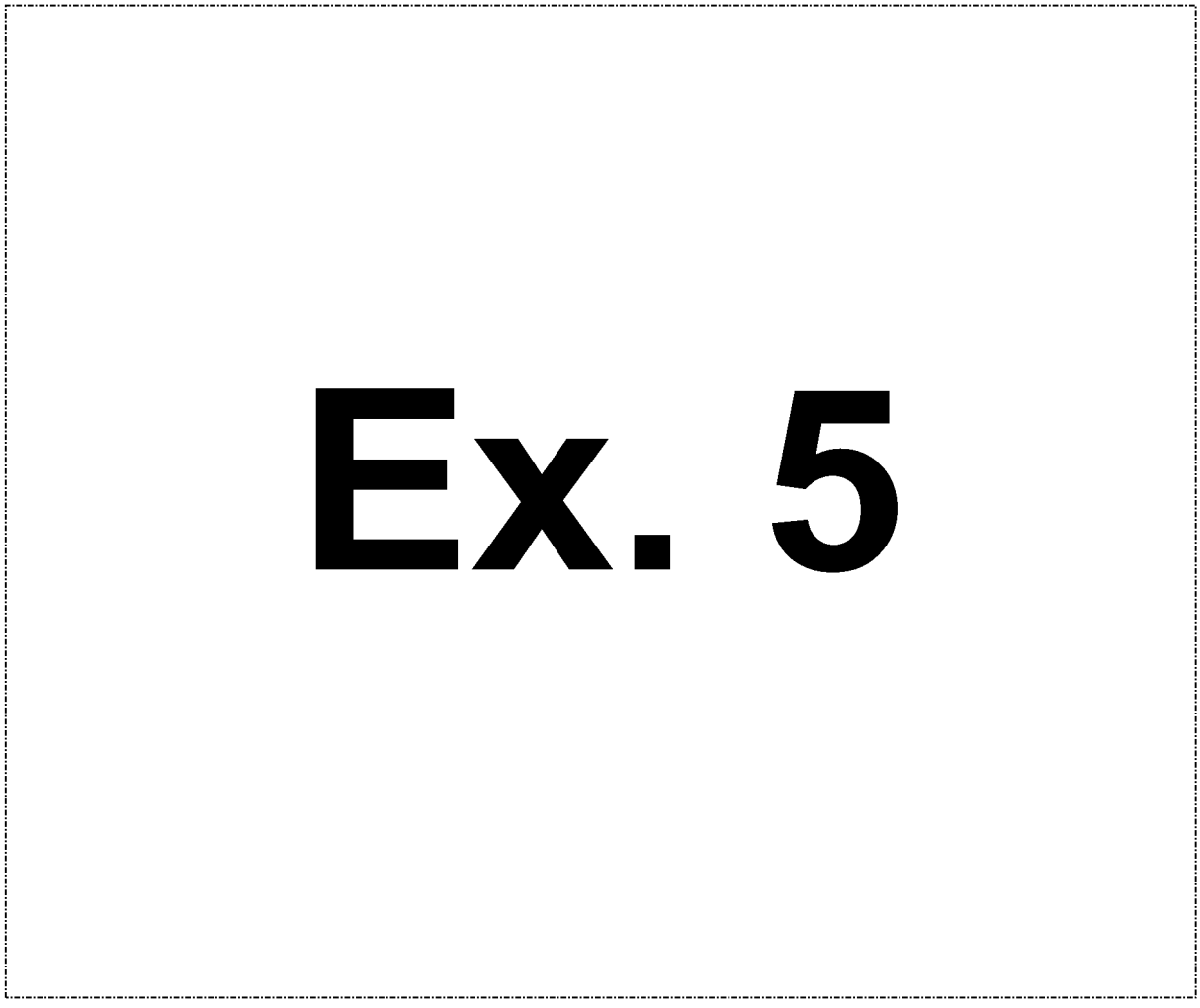
Liz Purchia
U.S. EPA
202-564-6691
202-841-2230

On Sep 25, 2015, at 4:43 PM, Birgfeld, Erin <Birgfeld.Erin@epa.gov> wrote:

Link to the story : http://abcnews.go.com/Business/wireStory/epa-change-diesel-tests-

thwart-vw-cheating-34028612

From: Birgfeld, Erin
Sent: Friday, September 25, 2015 4:39 PM
To: Ortiz, Julia; Conger, Nick; Hengst, Benjamin
Cc: Valentine, Julia; Senn, John; Millett, John; Hull, George; Purchia, Liz
Subject: RE: AP; DDL COB Mon, 9/28; certification
Importance: High



Ex. 5

Thanks,

erin

From: Ortiz, Julia
Sent: Friday, September 25, 2015 4:29 PM
To: Conger, Nick; Birgfeld, Erin; Hengst, Benjamin
Cc: Valentine, Julia; Senn, John; Millett, John; Hull, George; Purchia, Liz
Subject: VW: AP; DDL COB Mon, 9/28; certification

From: McCune, Gregory [mailto:GMcCune@ap.org]
Sent: Friday, September 25, 2015 4:11 PM
To: Ortiz, Julia
Subject: Question from AP on emissions testing

Julia,

Matt Daly suggested I reach out to you. We are working on a story about the emissions testing process as related to the VW issue. We have some specific questions about what the EPA does. I will list them below and wondered if you could answer them or

point me in the right direction?

•□□□□□□□ We understand that EPA "certifies" that a car model meets emission standards before it can be sold. What does "certification" mean? What exactly happens in terms of testing before this certification is given, who does the testing, what kind of testing and how much? (could you point me to a video or description of how the tests are conducted) We know that you announced today more robust testing but we want to know what was the exact procedure before the announcement today, and specifically how was it applied to VW?

•□□□□□□□ Once certification is given, does EPA do any further testing or spot checks of actual vehicles rolling off assembly lines or arriving at ports of entry from overseas?

•□□□□□□□ Are manufacturers required to do any further tests after certification of the model? Are car dealers? Are importers at ports? If not, how does a buyer of a car know that the car meets the emission standard? I assume the answer to the last question is that it says on the sticker but please verify if that is the case.

•□□□□□□□ Could you explain whether federal law requires states to do emissions testing of vehicles on the road and whether this covers just gas vehicles or diesel as well? If there is no requirement, why?

Thanks in advance for your help.

Cheers.

Greg

The information contained in this communication is intended for the use of the designated recipients named above. If the reader of this communication is not the intended recipient, you are hereby notified that you have received this communication in error, and that any review, dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify The Associated Press immediately by telephone at +1-212-621-1898 and delete this email. Thank you.
[IP_US_DISC]

msk dccc60c6d2c3a6438f0cf467d9a4938

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: energy@morningconsult.com
Sent: Sun 9/27/2015 6:01:37 PM
Subject: Morning Consult Energy, Presented by the American Coalition for Clean Coal Electricity: Week in Review & What's Ahead

By Colleen Leahy and Deirdra O'Regan

Week in Review

Pope Francis visits Washington

Pope Francis made a historic visit to Washington, where he first spoke at the White House, praising President Obama's Clean Power Plan. He later addressed a joint meeting of Congress and urged the United States to take "responsible" action on climate change.

Clinton and Bush reveal bits of their energy and environment plans

Democratic presidential frontrunner Hillary Clinton stated her position on the Keystone XL pipeline after years of silence on the issue, saying she opposes it. Her declaration pleased environmentalists but prompted Republicans to say her timing was just a political calculation meant to coincide with the pope's visit. Republican presidential candidate Jeb Bush unveiled his plans for government regulations, saying he would target much of President Obama's climate agenda, adding that he would repeal the Clean Power Plan, the Waters of the United States rule and the coal ash disposal rule if elected president.

Senate Democrats introduce voter-bait energy plan

Leading Senate Democrats Harry Reid (Nev.) and Chuck Schumer (N.Y.) released an aggressive energy plan, which includes a goal of reducing U.S. carbon emissions at least 2 percent annually through 2025. While the measure is unlikely to advance in the GOP-controlled Senate, Schumer said he foresees clean energy and job creation being top campaign issues in 2016.

EPA says Volkswagen purposefully evaded air laws

The Environmental Protection Agency accused Volkswagen of purposefully evading air pollution laws for seven years, with some tests showing that the company's vehicles emitted up to 40 times more pollution than allowed under federal law. The scandal led to the resignation of the company's chief executive officer, Martin Winterkorn.

What's Ahead

Lawmakers on Capitol Hill are working toward preventing a government shutdown come Oct. 1, the first day of the new fiscal year. The Senate is expected to vote early this week on a measure that would keep the government funded through Dec. 11 without defunding Planned Parenthood, an approach that faces an uncertain reception in the House.

EPA will make changes to its diesel emissions testing protocol in light of the Volkswagen scandal, adding on-road testing to the current lab tests. On Capitol Hill, the House Energy and Commerce Committee's Subcommittee on Oversight and Investigations will hold a hearing in the coming weeks on the Volkswagen emissions falsification scandal.

EPA is expected to release its final revision to the National Ambient Air Quality Standards (NAAQS) in the next two weeks, with a court-ordered deadline of Oct. 1. EPA has to adjust the NAAQS, which dictate the level of ozone permitted in the atmosphere, every five years.

The Land and Water Conservation Fund is set to expire on Wednesday. Although Senate Republicans and Democrats have reached a compromise on funding the program, the House hasn't taken up a reauthorization measure yet and may not do so before Sept. 30, the end of the fiscal year.

House Speaker John Boehner (R-Ohio) will resign from Congress on Oct. 30, prompting an upheaval in the House GOP leadership.

Mark Your Calendars (All Times Eastern)

Monday
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NRC All Employees public meeting @ 1:30 p.m.
EESI briefing on offshore wind in the U.S. and Europe @ 2:30 p.m.
World Resources Institute film screening of *Ethiopia Rising: From Red Terror to Green Revolution* @ 3 p.m.
Pew discussion on energy security and the DOD @ 3:30 p.m.
Columbia Center on Global Energy Policy discussion of Iranian oil post-sanctions @ 6 p.m.

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Reed Landberg, Bloomberg News

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Timothy Cama, The Hill

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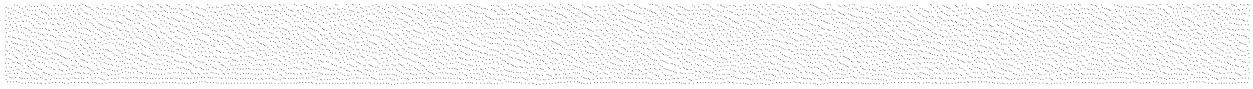

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To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: energy@morningconsult.com
Sent: Sun 9/27/2015 6:05:40 PM
Subject: Morning Consult Energy, Presented by the American Coalition for Clean Coal Electricity: Week in Review & What's Ahead

By Colleen Leahy and Deirdra O'Regan

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Timothy Cama, The Hill

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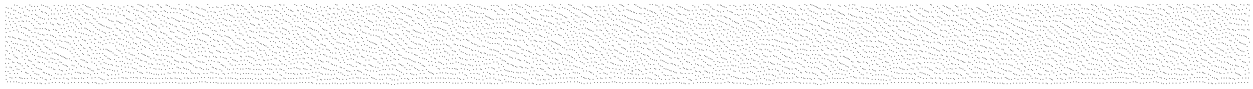

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To: Bunker, Byron[bunker.byron@epa.gov]
Cc: Grundler, Christopher[grundler.christopher@epa.gov]; Cook, Leila[cook.leila@epa.gov]
From: Hengst, Benjamin
Sent: Sun 9/27/2015 7:14:49 PM
Subject: Re: (VW) DDL 9/24 noon; The New York Times re: opening up access to codes

Chris -- Byron is right. We got a several of these inquiries and I told the the third floor team we were not in a position to comment. As Byron's background emails make clear this is not a simple matter.

On Sep 27, 2015, at 2:31 PM, Bunker, Byron <bunker.byron@epa.gov> wrote:

> See below for the e-mail chain that I mentioned.
>
> After this exchange, I think the press team told the Times we are running on a large number of issues and won't be able to comment on the DMCA at this time.
>
> **From:** Belser, Evan
> **Sent:** Wednesday, September 23, 2015 3:42 PM
> **To:** Bunker, Byron; Hengst, Benjamin; Cooper, Geoff; Orlin, David; Werner, Jacqueline
> **Cc:** Sutton, Tia; Charmley, William; Birgfeld, Erin
> **Subject:** RE: (VW) DDL 9/24 noon; The New York Times re: opening up access to codes
>
> **Ex. 5, 7**
>
> The reporter says, "Some experts have said that more transparency, not less, could hold automakers better accountable, whether it be over emissions or safety defects." Not sure who those experts are. I'm guessing they are not the people whose job is to hold automakers accountable.

Ex. 5, 7

Thanks,
Evan

From: Bunker, Byron
Sent: Wednesday, September 23, 2015 3:04 PM
To: Hengst, Benjamin; Cooper, Geoff; Orlin, David; Belser, Evan; Werner, Jacqueline
Cc: Sutton, Tia; Charmley, William; Birgfeld, Erin
Subject: RE: (VW) DDL 9/24 noon; The New York Times re: opening up access to codes

Let me catch everyone up on the background here, and then I will make a suggestion.

Geoff Cooper from OGC has been managing the DMCA question for the Agency with considerable input from OECA and OTAQ/CD on the issue. Geoff's been our dispassionate legal advisor and CD & OECA have been strong voices of concern.

Ex. 5

Ex. 5

Ex. 5

Thanks,

Byron

****

Byron Bunker

Director Compliance Division

Office of Transportation and Air Quality

Environmental Protection Agency

2000 Traverwood Drive

Ann Arbor, MI 48105

Bunker.Byron@epa.gov

Phone: (734) 214-4155

Mobile: (734) 353-9623

****

From: Hengst, Benjamin
Sent: Wednesday, September 23, 2015 1:22 PM
To: Bunker, Byron
Cc: Sutton, Tia; Charmley, William; Birgfeld, Erin
Subject: Fwd: (VW) DDL 9/24 noon; The New York Times re: opening up access to codes

I believe there was a Wired magazine article on this in the pat few days.

Who covers this issue for us? ASD? CD?

Ben

Begin forwarded message:

From: "Valentine, Julia" <Valentine.Julia@epa.gov>
Date: September 23, 2015 at 11:39:04 AM EDT
To: "Purchia, Liz" <Purchia.Liz@epa.gov>, "Conger, Nick" <Conger.Nick@epa.gov>, "Millett, John" <Millett.John@epa.gov>, "Hengst, Benjamin" <Hengst.Benjamin@epa.gov>
Cc: "Senn, John" <Senn.John@epa.gov>
Subject: (VW) DDL 9/24 noon; The New York Times re: opening up access to codes

Please advise

Julia P. ValentineOffice of Public AffairsUS EPA Headquarters 202.564.2663 desk202.740.1336 m/txt

---

From: Tabuchi, Hiroko <hiroko.tabuchi@nytimes.com>
Sent: Wednesday, September 23, 2015 11:36 AM
To: Valentine, Julia
Subject: Query from The New York Times

Dear Julia,

I'm a reporter at The New York Times and I'm writing a story with my colleague, David Gelles, on the challenges regulators face in regulating cars that increasingly rely on software and advanced electronics.

I know that the EPA has opposed opening up the codes that auto manufacturers use in their vehicles, because people might try to reprogram their cars to beat emissions rules.

In light of the recent Volkswagen revelations, also from the EPA, I was curious to know whether there was any rethink in the works at the agency on its stance. Some experts have said that more transparency, not less, could hold automakers better accountable, whether it be over emissions or safety defects.

Who would be the best person to speak with at the agency? Please do let me know. We are working on a somewhat tight deadline of noon on Thursday.

Thanks
Hiroko

Hiroko Tabuchi | Reporter | The New York Times | 620 Eighth Ave, New York, NY 10018 | Phone 212-556-2642 | Mobile 917-615-4180 | hiroko.tabuchi@nytimes.com | www.nytimes.com | @hirokotabuchi

Ex. 5

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Hiroko Tabuchi | Reporter | The New York Times | 620 Eighth Ave, New York, NY 10018 | Phone 212-556-2642 | Mobile 917-615-4180 | hiroko.tabuchi@nytimes.com | www.nytimes.com | @hirokotabuchi

To: robert.martell@vw.com[robert.martell@vw.com]; mark.mcnab@vw.com[mark.mcnab@vw.com]; michael.horn@vw.com[michael.horn@vw.com]; Sturgell, Gregory[Sturgell.Gregory@epa.gov]; Blubaugh, Jim[Blubaugh.Jim@epa.gov]; Dickinson, David[Dickinson.David@epa.gov]; Wehrly, Linc[wehrly.linc@epa.gov]; Ann Krinard[akrinard@gmail.com]
From: Ex. 6
Sent: Sun 9/27/2015 9:56:03 PM
Subject: REQUEST EPA COMPLIANT CAR

RE: TRADE-IN of 2012 VW Jetta Sportwagen Diesel with compromised emissions.

Hello to All Concerned:

First of All, I love my car. I'm sorry that VW has compromised my trust. I have owned many VW's over my life and I want to own one that does not spew as many toxins as my current car.

We purchased a "Clean Diesel" VW Jetta Sportwagen Diesel 2012 new.Current mileage 25,690 approximately. A 2015 scandal determined that car does not meet EPA standards for Nox emissions.

Request trade-in for VW Golf SportWagen with AdBlue System to resolve this situation. I am a conscientious person who does not want to do more harm to the environment by continuing to drive my car. This is a simple solution to keep more emissions out of our air.

Thank you for your time and consideration.

Ex. 6

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Shepardson, David
Sent: Mon 9/28/2015 2:19:32 AM
Subject: Fwd: PRESS RELEASE: How EPA Facilitates Auto Emission Fraud

Fyi

Sent from my iPhone

Begin forwarded message:

From: Kirsten Stade <kstade@peer.org>
Date: September 27, 2015 at 9:08:31 PM EDT
To: Kirsten Stade <kstade@peer.org>
Subject: PRESS RELEASE: How EPA Facilitates Auto Emission Fraud

For Immediate Release: Monday, September 28, 2015

Contact: Carol Goldberg (202) 265-7337

http://www.peer.org/news/news-releases/how-epa-facilitates-auto-emission-fraud.html

HOW EPA FACILITATES AUTO EMISSION FRAUD

Agency Doubles Down on Outmoded Dynamometers While Eschewing In-Use Data

Washington, DC — In the wake of Volkswagen's emissions cheating scandal, the U.S. Environmental Protection Agency still clings to the questionable testing methods that enabled the fraud, according to Public Employees for Environmental Responsibility (PEER). At the same time, the agency is not using actual on-the-road "in-use" data it collects from diesel vehicles to monitor emissions or efficiency.

EPA emission and fuel economy testing is conducted by putting the vehicle on a dynamometer – essentially a big treadmill. VW engineers used software to control how the engines performed on the dynamometer while actual in-use emissions were up to 40 times higher. The episode vividly illustrates that dynamometer test results can no longer be assumed to correlate with in-use emissions.

This was a lesson that EPA supposedly learned almost twenty years ago when it discovered that heavy duty diesel engine manufacturers were using the same type of cheating strategy VW employed. In response, EPA forced the heavy duty engine manufacturers to sign a consent decree in 1998 which, among other things, mandated "in-use testing" of vehicles to show compliance. That decree also clearly stipulated that data from that "in-use testing program" were to be made public. Yet –

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Perhaps indicating that an internal reappraisal has begun, on Friday September 25th, EPA issued a terse letter to manufacturers that it "may test or require testing on any vehicle at a designated location [under] conditions that may be reasonably expected to be encountered in normal driving operation…" However, this step is a far cry from requiring manufacturers to monitor in-use fleet performance and report that data to EPA. Moreover, EPA stipulates that any new testing is aimed not at increasing regulatory reliance on on-road performance but is instead limited to "the purposes of investigating a potential defeat device."

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Revisit EPA economic entanglements with auto industry

To: Shepardson, David[DShepardson@detroitnews.com]
From: Grundler, Christopher
Sent: Mon 9/28/2015 2:22:37 AM
Subject: Re: PRESS RELEASE: How EPA Facilitates Auto Emission Fraud

Whoa. Thanks

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

On Sep 27, 2015, at 10:19 PM, Shepardson, David <DShepardson@detroitnews.com> wrote:

Fyi

Sent from my iPhone

Begin forwarded message:

From: Kirsten Stade <kstade@peer.org>
Date: September 27, 2015 at 9:08:31 PM EDT
To: Kirsten Stade <kstade@peer.org>
Subject: PRESS RELEASE: How EPA Facilitates Auto Emission Fraud

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To: Haugen, David[haugen.david@epa.gov]
From: Grundler, Christopher
Sent: Mon 9/28/2015 2:37:01 AM
Subject: Re: URGENT Fwd: PRESS RELEASE: How EPA Facilitates Auto Emission Fraud

Ex. 5

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

On Sep 27, 2015, at 10:34 PM, Haugen, David <haugen.david@epa.gov> wrote:

> Yes, 1st thing.
> David
>
> On Sep 27, 2015, at 10:24 PM, Grundler, Christopher <grundler.christopher@epa.gov> wrote:
>
> > Monday morning fire drill. Prepare a desk statement first thing. I land in DC around 9am
> >
> > Christopher Grundler, Director
> > Office of Transportation and Air Quality
> > U.S. EPA
> > 202-564-1682 (DC)
> > 734-214-4207 (Ann Arbor)
> >
> > Begin forwarded message:
> >
> > **From:** "Shepardson, David" <DShepardson@detroitnews.com>
> > **Date:** September 27, 2015 at 10:19:32 PM EDT
> > **To:** "grundler.christopher@epa.gov" <grundler.christopher@epa.gov>
> > **Subject: Fwd: PRESS RELEASE: How EPA Facilitates Auto Emission Fraud**
> >
> > Fyi
> >
> > Sent from my iPhone

Begin forwarded message:

From: Kirsten Stade <kstade@peer.org>
Date: September 27, 2015 at 9:08:31 PM EDT
To: Kirsten Stade <kstade@peer.org>
Subject: PRESS RELEASE: How EPA Facilitates Auto Emission Fraud

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Revisit EPA economic entanglements with auto industry

To: Shepardson, David[DShepardson@detroitnews.com]
From: Grundler, Christopher
Sent: Mon 9/28/2015 2:37:55 AM
Subject: Re: PRESS RELEASE: How EPA Facilitates Auto Emission Fraud

I get back to DC around 9am

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

On Sep 27, 2015, at 10:36 PM, Shepardson, David <DShepardson@detroitnews.com> wrote:

> Sure
>
> I am watching lions
>
> Will give a more indepth read tomorrow
>
> Sent from my iPhone
>
> On Sep 27, 2015, at 10:29 PM, Grundler, Christopher <grundler.christopher@epa.gov> wrote:
>
>> Oh man. These guys are so far off. Thanks for sharing. Let me know if you think you need to write about it
>>
>> Christopher Grundler, Director
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>>
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>>> Fyi
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Ex. 5

From: "Shepardson, David" <DShepardson@detroitnews.com>

Date: September 27, 2015 at 10:19:32 PM EDT
To: "grundler.christopher@epa.gov" <grundler.christopher@epa.gov>
Subject: Fwd: PRESS RELEASE: How EPA Facilitates Auto Emission Fraud

Fyi

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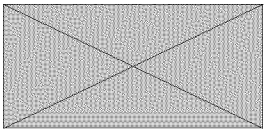
To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: Environmental Law360
Sent: Mon 9/28/2015 7:32:02 AM
Subject: Grid Operators Key To CPP Success, FERC Chair Says



ENVIRONMENTAL

Monday, September 28, 2015

TOP NEWS

Law360 Names Most Feared Plaintiffs Firms Of 2015

A handful of plaintiffs firms have won some of the largest and most impactful judgments and settlements over the past year, including a landmark $500 million settlement with JPMorgan Chase over its sale of mortgage-backed securities and a $663 million judgment against construction products giant Trinity Industries Inc. over defective guardrails. These firms are Law360's Most Feared Plaintiffs Firms of 2015.

China, US Make New Climate Change Commitments

Chinese President Xi Jinping said Friday during a visit to the White House that his country plans to launch a national emission trading system and implement a system to favor clean energy sources, as the world's two largest carbon emitters continue to cooperate on climate change.

Idaho Governor Sues DOI Over Sage-Grouse Land Use Plans

The federal government was hit Friday with a lawsuit from the state of Idaho over the designation of areas within the Great Basin as environmentally critical to the greater sage-grouse, the second such suit filed in as many days.

Oil, Trucking Groups Lose Challenge To Oregon Fuel Standard

An Oregon federal court has tossed a suit from energy and transportation industry groups seeking to overturn Oregon's recently enacted low-carbon fuel standard on constitutional and preemption grounds, ruling the program passes constitutional muster and does not violate federal law.

DOI To Pay Okla. Tribes $186M In Trust Land Management Row

The U.S. Department of the Interior will pay a combined $186 million to the Choctaw Nation and the Chickasaw Nation to resolve claims the government failed in its responsibility to protect the tribes' trust land, according to a filing in an Oklahoma federal court Friday.

States Tell DC Circ. To Vacate Entire EPA Mercury Rule

LAW FIRMS

Balch & Bingh

Beasl Allen

Belin McCo

Berns Litowi

Berns Shur

Braga Conro

Briggs and Morga

Bryan Cave

Cleary Gottlie

Coher Milste

Cory Watso

Coude Brothe

States and industry groups opposed to the U.S. Environmental Protection Agency's mercury rule on Thursday asked the D.C. Circuit to vacate the rule while the agency considers its costs, but the EPA argued that vacatur isn't necessary because the limited deficiency identified by the U.S. Supreme Court can be fixed quickly.

ANALYSIS

Grid Operators Key To CPP Success, FERC Chair Says

With regional cap-and-trade programs considered the best way for states to comply with the Clean Power Plan, regional grid operators will be crucial in ensuring such programs can be integrated into the U.S. electric grid without threatening reliability, Federal Energy Regulatory Commission Chairman Norman Bay told Law360 Friday.

POLICY & REGULATION

California Air Board Readopts Low Carbon Fuel Standard

The California Air Resources Board on Friday readopted a low carbon fuel standard which requires a 10 percent reduction by 2020 in the carbon intensity of transportation fuels.

EPA To Test More Vehicles For Emissions Fraud

The U.S. Environmental Protection Agency on Friday announced that it will start testing all automakers' light-duty diesel vehicles — both those on the road and those in production — for devices such as those that Volkswagen allegedly used to cheat federal emissions requirements.

ENFORCEMENT

EPA Sues Puerto Rican Co. Over Superfund Cleanup Costs

The U.S. Environmental Protection Agency took aim on Friday at the Puerto Rico Industrial Development Co. in a suit over contaminated groundwater in the Caribbean island's southeastern coastal region, seeking reimbursement for response costs at a National Priorities List site.

Halliburton Urges Dismissal Of Water Purification FCA Suit

Halliburton and other defendants urged a Virginia federal court Thursday to grant their motion to dismiss a False Claims Act suit accusing them of overbilling the government for water purification services, saying a May U.S. Supreme Court ruling that the claims were time-barred has effectively ended the case.

PG&E Ducks Punitive Damages In Tesoro Outage Suit

LAW FIRMS

Balch & Bingh

Beasl Allen

Belin McCo

Berns Litowi

Berns Shur

Braga Conro

Briggs and Morga

Bryan Cave

Cleary Gottlie

Cohen Milste

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Curtin & Heefn

Davis & Young

PG&E Corp. dodged punitive damages in Tesoro Refining & Marketing Co. LLC's contract suit claiming PG&E hid the dangers of a 2010 power outage that damaged a Tesoro refinery and released pollutants when a California federal judge said Friday that Tesoro's bid for additional damages came too late.

LITIGATION

DuPont Says Damages Not Justified In Drinking Water MDL

Nearly two weeks after the first trial began in multidistrict litigation accusing DuPont of contaminating drinking water, the chemical manufacturer told an Ohio federal court Thursday that a lack of evidence bars a plaintiff's claims of negligence, battery and emotional distress.

Calif. Tribe's Planned Casino Fights Off Neighbors' Challenges

A California federal judge shut down challenges Thursday to the Estom Yumeka Maidu Tribe of the Enterprise Rancheria's proposed casino and hotel in Yuba County, concluding the federal government didn't violate environmental or gaming laws when it agreed to take the proposed site into trust for the tribe.

Final Approval Of $341M Lac-Megantic Settlement Delayed

The final confirmation of a $341 million settlement for the victims of a fiery 2013 oil train derailment that killed 47 people in the town of Lac-Megantic, Quebec, was delayed Thursday to give the lone opposing party more time to agree on terms for withdrawing its objection.

Iowa Drainage Districts Want River Pollution Row Trimmed

Three county drainage districts told an Iowa federal court Thursday they cannot be sued for damages for allegedly discharging nitrate pollution into the Raccoon River without a permit and contaminating water that then flowed downstream into Des Moines.

Judge Axes Suit Against Groups Challenging Pa. Fracking Law

A Pennsylvania state court judge threw out a Butler County developer's lawsuit against five area residents and two environmental groups that oppose a local ordinance allowing fracking, one of the groups announced Friday.

Texas High Court Won't Review Water Well Damage Dispute

The Texas Supreme Court on Friday declined to hear a water authority's argument that governmental immunity shields it from a $1 million suit brought to enforce a settlement agreement that followed the authority's use of eminent domain to take a West Texas property.

Quebec Derailment Suit Misplaced In Texas, Railroad Co. Says

Canadian Pacific Railway Co. asked a Texas federal judge Thursday to dismiss a wrongful death and personal injury suit lodged by families of victims of a train derailment in Quebec, Canada, saying neither the company nor the suit relate to Texas.

LAW FIRM

Balch & Bingh

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Davis & Young

EXPERT ANALYSIS

Methods To Minimize CERCLA Liability: Part 3

Arizona v. City of Tucson makes it more difficult in the Ninth Circuit to obtain approval of consent decrees proposed by state environmental agencies versus those proposed by the U.S. Environmental Protection Agency. In addition, the Ninth Circuit's standard makes obtaining approval for proposed consent decrees more difficult than in almost all other circuits, says Lester Brown of Perkins Coie LLP.

OPINION: Have Big Law Firms Lost Their Way?

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Hill Peters

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Jones Day

Jones Gregg

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Keker & Van Nest

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Labat Sucha

Landc & Anast

Levin Papar

Loeb & Loeb

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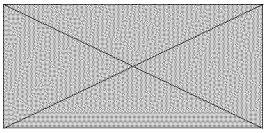
To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Environmental Law360
Sent: Mon 9/28/2015 7:35:13 AM
Subject: Grid Operators Key To CPP Success, FERC Chair Says



ENVIRONMENTAL

Monday, September 28, 2015

TOP NEWS

Law360 Names Most Feared Plaintiffs Firms Of 2015

A handful of plaintiffs firms have won some of the largest and most impactful judgments and settlements over the past year, including a landmark $500 million settlement with JPMorgan Chase over its sale of mortgage-backed securities and a $663 million judgment against construction products giant Trinity Industries Inc. over defective guardrails. These firms are Law360's Most Feared Plaintiffs Firms of 2015.

China, US Make New Climate Change Commitments

Chinese President Xi Jinping said Friday during a visit to the White House that his country plans to launch a national emission trading system and implement a system to favor clean energy sources, as the world's two largest carbon emitters continue to cooperate on climate change.

Idaho Governor Sues DOI Over Sage-Grouse Land Use Plans

The federal government was hit Friday with a lawsuit from the state of Idaho over the designation of areas within the Great Basin as environmentally critical to the greater sage-grouse, the second such suit filed in as many days.

Oil, Trucking Groups Lose Challenge To Oregon Fuel Standard

An Oregon federal court has tossed a suit from energy and transportation industry groups seeking to overturn Oregon's recently enacted low-carbon fuel standard on constitutional and preemption grounds, ruling the program passes constitutional muster and does not violate federal law.

DOI To Pay Okla. Tribes $186M In Trust Land Management Row

The U.S. Department of the Interior will pay a combined $186 million to the Choctaw Nation and the Chickasaw Nation to resolve claims the government failed in its responsibility to protect the tribes' trust land, according to a filing in an Oklahoma federal court Friday.

States Tell DC Circ. To Vacate Entire EPA Mercury Rule

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States and industry groups opposed to the U.S. Environmental Protection Agency's mercury rule on Thursday asked the D.C. Circuit to vacate the rule while the agency considers its costs, but the EPA argued that vacatur isn't necessary because the limited deficiency identified by the U.S. Supreme Court can be fixed quickly.

ANALYSIS

Grid Operators Key To CPP Success, FERC Chair Says

With regional cap-and-trade programs considered the best way for states to comply with the Clean Power Plan, regional grid operators will be crucial in ensuring such programs can be integrated into the U.S. electric grid without threatening reliability, Federal Energy Regulatory Commission Chairman Norman Bay told Law360 Friday.

POLICY & REGULATION

California Air Board Readopts Low Carbon Fuel Standard

The California Air Resources Board on Friday readopted a low carbon fuel standard which requires a 10 percent reduction by 2020 in the carbon intensity of transportation fuels.

EPA To Test More Vehicles For Emissions Fraud

The U.S. Environmental Protection Agency on Friday announced that it will start testing all automakers' light-duty diesel vehicles — both those on the road and those in production — for devices such as those that Volkswagen allegedly used to cheat federal emissions requirements.

ENFORCEMENT

EPA Sues Puerto Rican Co. Over Superfund Cleanup Costs

The U.S. Environmental Protection Agency took aim on Friday at the Puerto Rico Industrial Development Co. in a suit over contaminated groundwater in the Caribbean island's southeastern coastal region, seeking reimbursement for response costs at a National Priorities List site.

Halliburton Urges Dismissal Of Water Purification FCA Suit

Halliburton and other defendants urged a Virginia federal court Thursday to grant their motion to dismiss a False Claims Act suit accusing them of overbilling the government for water purification services, saying a May U.S. Supreme Court ruling that the claims were time-barred has effectively ended the case.

PG&E Ducks Punitive Damages In Tesoro Outage Suit

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PG&E Corp. dodged punitive damages in Tesoro Refining & Marketing Co. LLC's contract suit claiming PG&E hid the dangers of a 2010 power outage that damaged a Tesoro refinery and released pollutants when a California federal judge said Friday that Tesoro's bid for additional damages came too late.

LITIGATION

DuPont Says Damages Not Justified In Drinking Water MDL

Nearly two weeks after the first trial began in multidistrict litigation accusing DuPont of contaminating drinking water, the chemical manufacturer told an Ohio federal court Thursday that a lack of evidence bars a plaintiff's claims of negligence, battery and emotional distress.

Calif. Tribe's Planned Casino Fights Off Neighbors' Challenges

A California federal judge shut down challenges Thursday to the Estom Yumeka Maidu Tribe of the Enterprise Rancheria's proposed casino and hotel in Yuba County, concluding the federal government didn't violate environmental or gaming laws when it agreed to take the proposed site into trust for the tribe.

Final Approval Of $341M Lac-Megantic Settlement Delayed

The final confirmation of a $341 million settlement for the victims of a fiery 2013 oil train derailment that killed 47 people in the town of Lac-Megantic, Quebec, was delayed Thursday to give the lone opposing party more time to agree on terms for withdrawing its objection.

Iowa Drainage Districts Want River Pollution Row Trimmed

Three county drainage districts told an Iowa federal court Thursday they cannot be sued for damages for allegedly discharging nitrate pollution into the Raccoon River without a permit and contaminating water that then flowed downstream into Des Moines.

Judge Axes Suit Against Groups Challenging Pa. Fracking Law

A Pennsylvania state court judge threw out a Butler County developer's lawsuit against five area residents and two environmental groups that oppose a local ordinance allowing fracking, one of the groups announced Friday.

Texas High Court Won't Review Water Well Damage Dispute

The Texas Supreme Court on Friday declined to hear a water authority's argument that governmental immunity shields it from a $1 million suit brought to enforce a settlement agreement that followed the authority's use of eminent domain to take a West Texas property.

Quebec Derailment Suit Misplaced In Texas, Railroad Co. Says

Canadian Pacific Railway Co. asked a Texas federal judge Thursday to dismiss a wrongful death and personal injury suit lodged by families of victims of a train derailment in Quebec, Canada, saying neither the company nor the suit relate to Texas.

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To: Bunker, Byron[bunker.byron@epa.gov]; Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Birgfeld, Erin[Birgfeld.Erin@epa.gov]
From: Grundler, Christopher
Sent: Mon 9/28/2015 10:45:23 AM
Subject: VW Update

NPR Reporting this morning German govt has given firm Oct 7 deadline to come up with a solution to bring offending vehicles into compliance

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: EnergyGuardian
Sent: Mon 9/28/2015 11:10:50 AM
Subject: Ozone showdown drives busy week on energy policy

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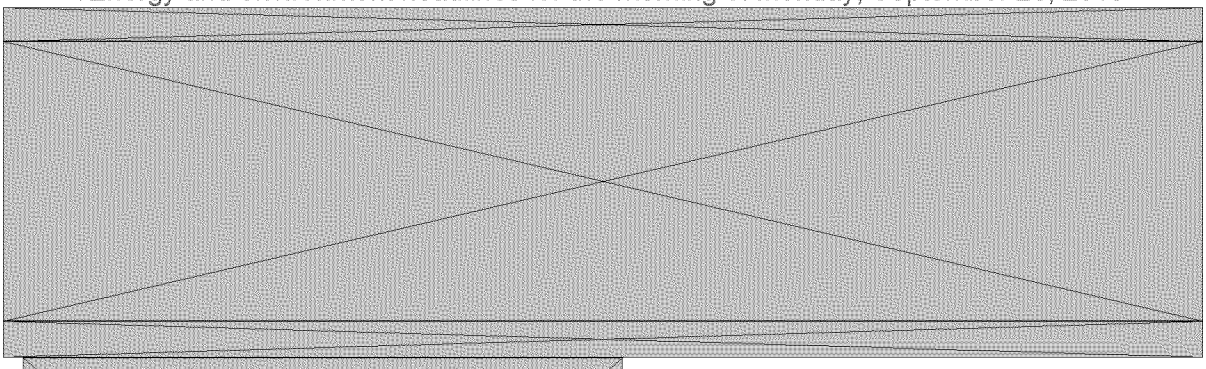
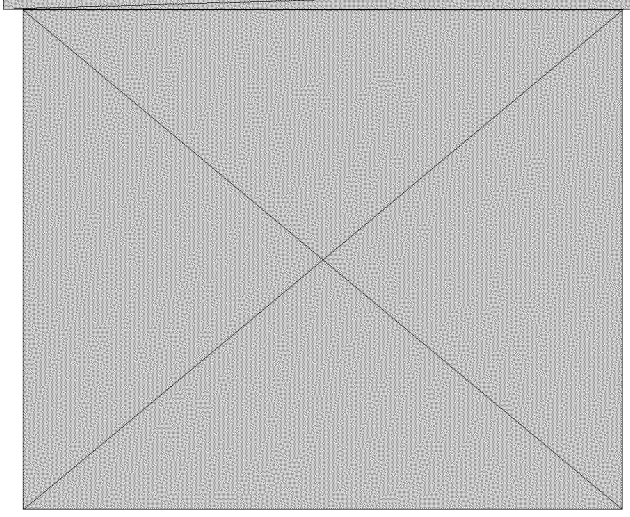
Energy and environment headlines for the morning of Monday, September 28, 2015





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Shell has spent upward of $7 billion on Arctic offshore exploration, including $2.1 billion in 2008 for leases in the Chukchi Sea off Alaska's northwest coast, where an exploratory well about 80 miles off shore drilled to 6,800 feet but yielded disappointing results. Backed by a 28-vessel flotilla, drillers found indications of oil and gas but not in sufficient quantities to warrant more exploration at the site.

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By Jonathan Matisse

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By Michael Biesecker and Eric Tucker

WASHINGTON (AP) — Who knew about the deception, when did they know it and who directed it?

Those are among questions that state and federal investigators want answered as they plunge into the emissions scandal at Volkswagen that has cost the chief executive his job, caused stock prices to plummet and could result in billions of dollars in fines.

Legal experts say the German automaker is likely to face significant legal problems, including potential criminal charges, arising from its admission that 11 million of its diesel vehicles sold worldwide contained software specifically designed to help cheat emissions tests.

The Environmental Protection Agency has accused VW of installing sophisticated stealth software that enabled "clean diesel" versions of its Passat, Jetta, Golf and Beetle models to detect when they were being tested and emit less-polluting exhaust than in real-world driving conditions. The agency says the "defeat devices" allowed those models to belch up to 40 times the allowed amounts of harmful fumes in order to improve driving performance.

More

Appeals court to hear Utah endangered species suit

By Lindsay Whitehurst

SALT LAKE CITY (AP) — A court battle over a Utah prairie dog ruling that activists say could undermine the Endangered Species Act is set to come before a federal appeals court in Denver on Monday.

U.S. Department of Justice lawyers want a federal appeals court to overturn the decision striking down protections for prairie dogs found primarily in and around the southern Utah town of Cedar City.

The ruling came after residents in the town sued with help from lawyers from the Sacramento based Pacific Legal Foundation. They said federal protections were allowing the small, burrowing animals to take over the town's golf course, airport and cemetery and even interrupt funerals with their barking.

In a finding that lawyers say was the first of its kind, U.S. District Judge Dee Benson decided that the Commerce Clause doesn't allow the federal government to regulate animals found on private land in only one state.

More

A message from the American Petroleum Institute

America is now the world's #1 natural gas producer and will soon be #1 in oil. Now more than ever, abundant energy means abundant prosperity, opportunity and security for all Americans.

Learn more at EnergyTomorrow.org

Fishermen worry as black sea bass stake New England claim

By Patrick Whittle

PORTLAND, Maine (AP) — As waters warm off the coast of New England, black sea bass are moving north and, fishermen say, threatening the region's most valuable aquatic species: the lobster.

The influx of sea bass — among a number of species that are appearing in greater numbers off of Maine and New Hampshire as ocean temperatures climb — has some fishermen and lobstermen saying the best solution is to ease restrictions on catching the newcomers.

The sea bass prey on lobsters, a much more economically important commercial species and a key piece of New England's culture, and quotas that have drifted downward in recent years should be increased, fishermen said.

"What we need is a major increase in the allowable catch, both commercially and recreationally, because black sea bass are wiping out your lobsters," said Marc Hoffman, a Long Island, New York, recreational bass fisherman.

More

Brazil pledges to cut greenhouse gas emissions

By Karl Ritter

STOCKHOLM (AP) — Brazil on Sunday became the first major developing country to pledge an absolute reduction in greenhouse gas emissions for an envisioned global pact against climate change.

The world's seventh biggest greenhouse gas polluter said it would cut its emissions by 37 percent by 2025 from 2005 levels by reducing deforestation and boosting the share of renewable sources in its energy mix. It also indicated an "intended reduction" of 43 percent by 2030.

"Our goals are just as ambitious, if not more so, than those set by developed countries,"

President Dilma Rousseff said as she announced the targets at the U.N. in New York.

In talks on a new climate agreement, set to be adopted in Paris in December, developed countries are expected to shoulder the biggest responsibility for cutting emissions of carbon dioxide and other greenhouse gases. For example, the U.S. has pledged to reduce its emissions by 26-28 percent between 2005 and 2025.

More

Hollande optimistic about Paris climate conference

By The Associated Press

UNITED NATIONS (AP) — France's president said Sunday he's optimistic a global climate summit in Paris later this year will reach an agreement, but more work is needed to determine how ambitious it will be.

Francois Hollande told reporters after a lunch with about 30 other leaders gathered at the U.N. that 81 countries have so far submitted national commitments toward fighting climate change, and he called on others to have their plans ready well before the Nov. 30-Dec.11 conference.

Hollande said "there is work to do" to match leaders' desires for a deal in Paris with the conditions need to make it "credible and capable of settling questions about warming for decades to come."

Hollande said he's earmarking an additional $4 billion annually for development programs aimed at fighting climate change and other global goals agreed to at a U.N. summit this week.

More

Amid VW scandal, polluted Paris asks if time to dump diesel

By Angela Charlton and Sylvie Corbet

PARIS (AP) — Guidebooks rarely mention it, but Paris is one of the most polluted cities in the rich world. The Eiffel Tower is periodically shrouded in smog, and there's one key culprit: France's disproportionately heavy reliance on diesel fuel.

Critics are increasingly questioning the need for diesel vehicles, especially after last week's discovery that Volkswagen tricked drivers worldwide into thinking their diesel engines were much cleaner than they really are.

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Paris' diesel-driven pollution problem is especially embarrassing for a city that's trying to be environmentally exemplary as it prepares to host crucial U.N. talks in two months on reducing emissions. City authorities banned all traffic from central Paris on Sunday and are trying to gradually forbid diesel altogether, as they try to clean up the capital's image.

But a nationwide crackdown on diesel remains taboo. And elsewhere in Europe - where the majority of new cars run on diesel engines versus just one-seventh worldwide - few are raising the alarm.

More

Russia, Ukraine reach deal on winter gas supplies

By John-Thor Dahlburg

BRUSSELS (AP) — Russia and Ukraine ended months of uncertainty and finally reached agreement Friday on supplies of natural gas to Ukraine for the coming winter, a high-ranking European Union official announced.

Maros Sefcovic, the EU Commission vice president for energy union, said the deal in talks he brokered assured that Ukraine would receive Russian gas for six months ending in March 2016.

The uncertainty over Russian gas supplies has taken place against the backdrop of the wider conflict between Moscow and Ukraine. In 2014, Russia annexed Crimea from Ukraine, and a pro-Russian armed insurgency continues in parts of eastern Ukraine, with Ukraine and NATO accusing Moscow of backing and supplying it.

Past gas disputes between Russia and Ukraine have led to cut-offs of supply, and one standoff in 2009 caused serious disruptions in shipments of Russian gas to EU countries as well.

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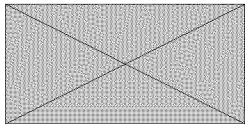

Week in Review – Pope Urges U.S. to Address Climate Change

Hillary Clinton Shares View on Keystone Pipeline.

Click here to read the brief

Corker demands details from Kerry on climate promises planned for Paris

In a letter to Secretary of State John Kerry, Senate Foreign Relations Committee Chairman. Bob Corker, R-Tenn., is demanding details of what the Obama administration plans to offer at the Paris climate conference in December, National Journal reports.

More

Clinton defends 'evolved' positions, including Keystone

Hillary Clinton said on "Meet the Press" Sunday that her past comments on the Keystone XL pipeline came at a time when "we did not have the full understanding" of how the oil sands extraction process had "a different degree of dirtiness and polluting," The Hill reports.

More

Clean Power Plan a topic at West Virginia energy conference

Governors and lawmakers gathered at the Greenbrier Resort for the Southern States Energy Board meeting will be discussing the Environmental Protection Agency's rule for limiting power plant carbon emissions, among other topics, West Virginia MetroNews reports.

More

Microsoft, Shell among major corporations pricing carbon internally

Microsoft, Disney and Shell are some of the major corporations calculating their own carbon use, charging themselves for it and then using the money for sustainability projects, The New York Times reports.

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Texas wind boom threatened by end to PTC

The rapidly growing wind power industry in Texas could be stalled if Congress fails to renew the expiring wind Production Tax Credit, The Dallas Morning News reports.

More

Oil drops on demand concerns

Worries about demand growth amid a continuing supply glut sent oil prices lower early Monday. U.S. benchmark crude dropped 37 cents to $45.33 a barrel in electronic trading on the Nymex, while in London Brent lost 45 cents to $48.15, Reuters reports.

More

EIA: Coal stocks show monthly drop but jump on year

Data from the Energy Information Administration shows coal stocks for electricity generation totaled 160.2 million short tons in July, a drop of 4.5 percent from June but an increase of nearly 28 percent from the period a year earlier, Platts reports.

More

'Hyperloop' transportation the goal of two LA startups

An idea that came from Tesla chief Elon Musk – to move people and goods between cities in tubes at speeds of hundreds of miles an hour – is being developed by two Los Angeles firms, Hyperloop Transportation Technologies Inc. and Hyperloop Technologies Inc., the Los Angeles Times reports.

More

Climate pledges not enough, researchers still predict catastrophe

An analysis by Climate Interactive to be released Monday predicts the world is still on track to heat up by more than 6 degrees Fahrenheit, despite recent climate pledges made by countries, The New York Times reports.

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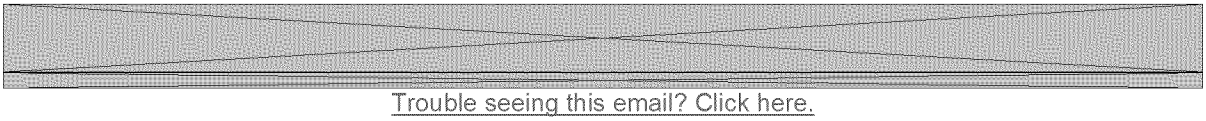
Starving seabirds straining California rescue center

The International Bird Rescue Center in Fairfield, Calif., is nursing common murres – many reduced to feather and bone -- at the highest rates in nearly two decades, speculating that changing ocean temperatures due to El Nino may be responsible, The Sacramento Bee reports.

More

Upcoming Events

- Sep. 28, New York City: President Barack Obama to deliver remarks before the United Nations General Assembly. 10:00 am , United Nations.



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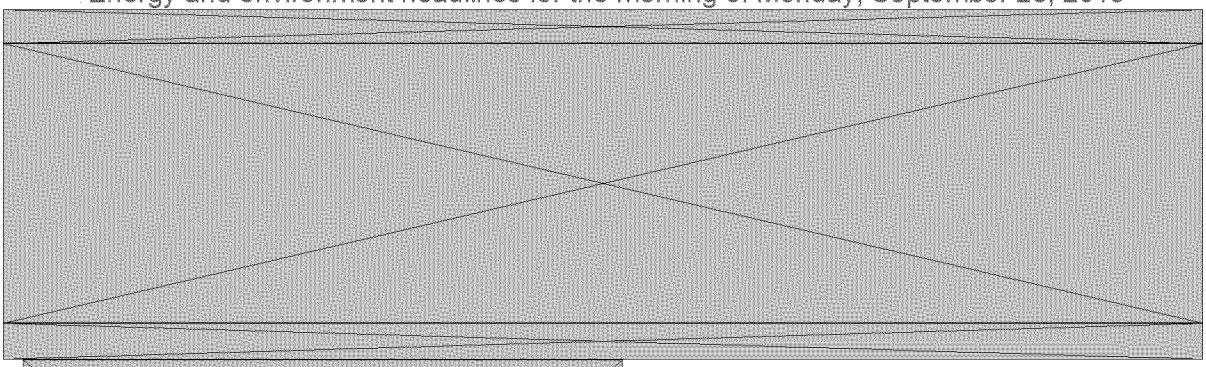

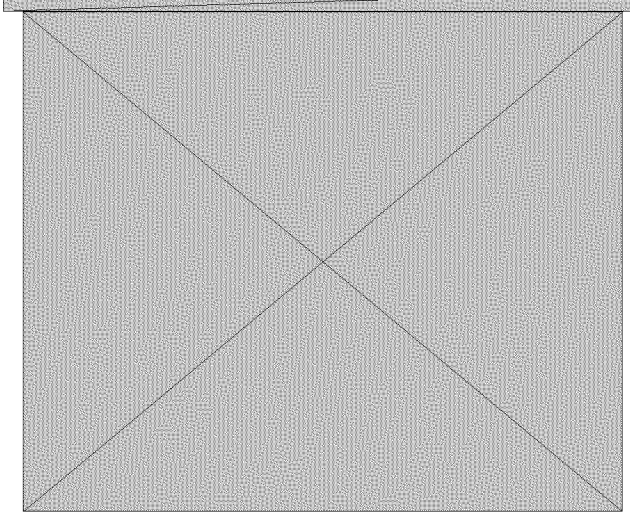

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WASHINGTON (AP) — Who knew about the deception, when did they know it and who directed it?

Those are among questions that state and federal investigators want answered as they plunge into the emissions scandal at Volkswagen that has cost the chief executive his job, caused stock prices to plummet and could result in billions of dollars in fines.

Legal experts say the German automaker is likely to face significant legal problems, including potential criminal charges, arising from its admission that 11 million of its diesel vehicles sold worldwide contained software specifically designed to help cheat emissions tests.

The Environmental Protection Agency has accused VW of installing sophisticated stealth software that enabled "clean diesel" versions of its Passat, Jetta, Golf and Beetle models to detect when they were being tested and emit less-polluting exhaust than in real-world driving conditions. The agency says the "defeat devices" allowed those models to belch up to 40 times the allowed amounts of harmful fumes in order to improve driving performance.

More

Appeals court to hear Utah endangered species suit

By Lindsay Whitehurst

SALT LAKE CITY (AP) — A court battle over a Utah prairie dog ruling that activists say could undermine the Endangered Species Act is set to come before a federal appeals court in Denver on Monday.

U.S. Department of Justice lawyers want a federal appeals court to overturn the decision striking down protections for prairie dogs found primarily in and around the southern Utah town of Cedar City.

The ruling came after residents in the town sued with help from lawyers from the Sacramento based Pacific Legal Foundation. They said federal protections were allowing the small, burrowing animals to take over the town's golf course, airport and cemetery and even interrupt funerals with their barking.

In a finding that lawyers say was the first of its kind, U.S. District Judge Dee Benson decided that the Commerce Clause doesn't allow the federal government to regulate animals found on private land in only one state.

More

A message from the American Petroleum Institute

America is now the world's #1 natural gas producer and will soon be #1 in oil. Now more than ever, abundant energy means abundant prosperity, opportunity and security for all Americans.

Learn more at EnergyTomorrow.org

Fishermen worry as black sea bass stake New England claim

By Patrick Whittle

PORTLAND, Maine (AP) — As waters warm off the coast of New England, black sea bass are moving north and, fishermen say, threatening the region's most valuable aquatic species: the lobster.

The influx of sea bass — among a number of species that are appearing in greater numbers off of Maine and New Hampshire as ocean temperatures climb — has some fishermen and lobstermen saying the best solution is to ease restrictions on catching the newcomers.

The sea bass prey on lobsters, a much more economically important commercial species and a key piece of New England's culture, and quotas that have drifted downward in recent years should be increased, fishermen said.

"What we need is a major increase in the allowable catch, both commercially and recreationally, because black sea bass are wiping out your lobsters," said Marc Hoffman, a Long Island, New York, recreational bass fisherman.

More

Brazil pledges to cut greenhouse gas emissions

By Karl Ritter

STOCKHOLM (AP) — Brazil on Sunday became the first major developing country to pledge an absolute reduction in greenhouse gas emissions for an envisioned global pact against climate change.

The world's seventh biggest greenhouse gas polluter said it would cut its emissions by 37 percent by 2025 from 2005 levels by reducing deforestation and boosting the share of renewable sources in its energy mix. It also indicated an "intended reduction" of 43 percent by 2030.

"Our goals are just as ambitious, if not more so, than those set by developed countries,"

President Dilma Rousseff said as she announced the targets at the U.N. in New York.

In talks on a new climate agreement, set to be adopted in Paris in December, developed countries are expected to shoulder the biggest responsibility for cutting emissions of carbon dioxide and other greenhouse gases. For example, the U.S. has pledged to reduce its emissions by 26-28 percent between 2005 and 2025.

More

Hollande optimistic about Paris climate conference

By The Associated Press

UNITED NATIONS (AP) — France's president said Sunday he's optimistic a global climate summit in Paris later this year will reach an agreement, but more work is needed to determine how ambitious it will be.

Francois Hollande told reporters after a lunch with about 30 other leaders gathered at the U.N. that 81 countries have so far submitted national commitments toward fighting climate change, and he called on others to have their plans ready well before the Nov. 30-Dec.11 conference.

Hollande said "there is work to do" to match leaders' desires for a deal in Paris with the conditions need to make it "credible and capable of settling questions about warming for decades to come."

Hollande said he's earmarking an additional $4 billion annually for development programs aimed at fighting climate change and other global goals agreed to at a U.N. summit this week.

More

Amid VW scandal, polluted Paris asks if time to dump diesel

By Angela Charlton and Sylvie Corbet

PARIS (AP) — Guidebooks rarely mention it, but Paris is one of the most polluted cities in the rich world. The Eiffel Tower is periodically shrouded in smog, and there's one key culprit: France's disproportionately heavy reliance on diesel fuel.

Critics are increasingly questioning the need for diesel vehicles, especially after last week's discovery that Volkswagen tricked drivers worldwide into thinking their diesel engines were much cleaner than they really are.

Sponsored Links

Paris' diesel-driven pollution problem is especially embarrassing for a city that's trying to be environmentally exemplary as it prepares to host crucial U.N. talks in two months on reducing emissions. City authorities banned all traffic from central Paris on Sunday and are trying to gradually forbid diesel altogether, as they try to clean up the capital's image.

But a nationwide crackdown on diesel remains taboo. And elsewhere in Europe - where the majority of new cars run on diesel engines versus just one-seventh worldwide - few are raising the alarm.

More

Russia, Ukraine reach deal on winter gas supplies

By John-Thor Dahlburg

BRUSSELS (AP) — Russia and Ukraine ended months of uncertainty and finally reached agreement Friday on supplies of natural gas to Ukraine for the coming winter, a high-ranking European Union official announced.

Maros Sefcovic, the EU Commission vice president for energy union, said the deal in talks he brokered assured that Ukraine would receive Russian gas for six months ending in March 2016.

The uncertainty over Russian gas supplies has taken place against the backdrop of the wider conflict between Moscow and Ukraine. In 2014, Russia annexed Crimea from Ukraine, and a pro-Russian armed insurgency continues in parts of eastern Ukraine, with Ukraine and NATO accusing Moscow of backing and supplying it.

Past gas disputes between Russia and Ukraine have led to cut-offs of supply, and one standoff in 2009 caused serious disruptions in shipments of Russian gas to EU countries as well.

More

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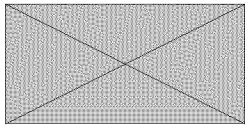


Week in Review – Pope Urges U.S. to Address Climate Change

Hillary Clinton Shares View on Keystone Pipeline.

Click here to read the brief

Corker demands details from Kerry on climate promises planned for Paris

In a letter to Secretary of State John Kerry, Senate Foreign Relations Committee Chairman. Bob Corker, R-Tenn., is demanding details of what the Obama administration plans to offer at the Paris climate conference in December, National Journal reports.

More

Clinton defends 'evolved' positions, including Keystone

Hillary Clinton said on "Meet the Press" Sunday that her past comments on the Keystone XL pipeline came at a time when "we did not have the full understanding" of how the oil sands extraction process had "a different degree of dirtiness and polluting," The Hill reports.

More

Clean Power Plan a topic at West Virginia energy conference

Governors and lawmakers gathered at the Greenbrier Resort for the Southern States Energy Board meeting will be discussing the Environmental Protection Agency's rule for limiting power plant carbon emissions, among other topics, West Virginia MetroNews reports.

More

Microsoft, Shell among major corporations pricing carbon internally

Microsoft, Disney and Shell are some of the major corporations calculating their own carbon use, charging themselves for it and then using the money for sustainability projects, The New York Times reports.

More

Texas wind boom threatened by end to PTC

The rapidly growing wind power industry in Texas could be stalled if Congress fails to renew the expiring wind Production Tax Credit, The Dallas Morning News reports.

More

Oil drops on demand concerns

Worries about demand growth amid a continuing supply glut sent oil prices lower early Monday. U.S. benchmark crude dropped 37 cents to $45.33 a barrel in electronic trading on the Nymex, while in London Brent lost 45 cents to $48.15, Reuters reports.

More

EIA: Coal stocks show monthly drop but jump on year

Data from the Energy Information Administration shows coal stocks for electricity generation totaled 160.2 million short tons in July, a drop of 4.5 percent from June but an increase of nearly 28 percent from the period a year earlier, Platts reports.

More

'Hyperloop' transportation the goal of two LA startups

An idea that came from Tesla chief Elon Musk – to move people and goods between cities in tubes at speeds of hundreds of miles an hour – is being developed by two Los Angeles firms, Hyperloop Transportation Technologies Inc. and Hyperloop Technologies Inc., the Los Angeles Times reports.

More

Climate pledges not enough, researchers still predict catastrophe

An analysis by Climate Interactive to be released Monday predicts the world is still on track to heat up by more than 6 degrees Fahrenheit, despite recent climate pledges made by countries, The New York Times reports.

More

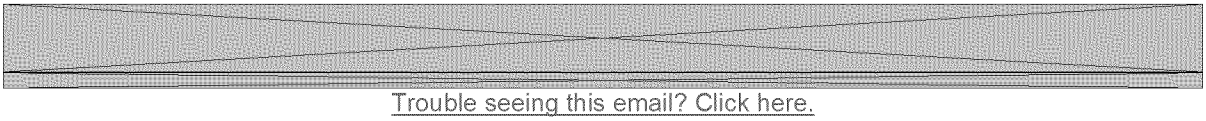
Starving seabirds straining California rescue center

The International Bird Rescue Center in Fairfield, Calif., is nursing common murres – many reduced to feather and bone -- at the highest rates in nearly two decades, speculating that changing ocean temperatures due to El Nino may be responsible, The Sacramento Bee reports.

More

Upcoming Events

- Sep. 28, New York City: President Barack Obama to deliver remarks before the United Nations General Assembly. 10:00 am , United Nations.



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To: Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]
From: Grundler, Christopher
Sent: Mon 9/28/2015 11:25:58 AM
Subject: NYTimes: Unreliable, Troubling Germany

Ouch
nonstop coverage

http://www.nytimes.com/2015/09/29/opinion/roger-cohen-volkswagen-unreliable-troubling-germany.html?smprod=nytcore-iphone&smid=nytcore-iphone-share

Volkswagen cheats, a timely reminder that German leadership will fail if the temptation to hand out lessons is not resisted.

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

To: OTAQ[OTAQ@epa.gov]
From: Kaul, Meetu
Sent: Mon 9/28/2015 11:37:20 AM
Subject: FW: VW Investigation

Ms.Meetu Kaul, Attorney-Advisor

Air Enforcement Division
United States Environmental Protection Agency
Direct: 202-564-5472
Email: kaul.meetu@epa.gov

From: Ex. 6
Sent: Saturday, September 26, 2015 2:44 PM
To: Kaul, Meetu
Subject: VW Investigation

Hello Ms. Kaul,

As much of the public is now, I have been following the Volkswagen emissions investigation.

I would like to get involved with the investigation. I am a recent engineering graduate (with honors) and have had exposure to business, law, and public health curriculum in an interdisciplinary graduate program. This summer, I held an internship at the Food and Drug Administration regarding post-market surveillance of medical devices. I view this as an opportunity to learn from experts and to gain experience in a critical issue of regulatory compliance that may have significant impact on public welfare.

If you think that I may be able to contribute to the investigation, would you please put me into contact with the relevant parties?

Sincerely,

Ex. 6

To: Kaul, Meetu[Kaul.Meetu@epa.gov]
From: EPAMAILR521/USEPA/US
Sent: Mon 9/28/2015 11:37:25 AM
Subject: EPA Information Request – Acknowledgement of Receipt

Thank you for contacting the Office of Transportation and Air Quality (OTAQ). We are processing your inquiry; you should receive a response within 5 business days.

The following information may help you reach a more specific direct contact for information you are seeking.

Frequently asked questions - OTAQ has a "Frequent Questions" site where you can search for answers on transportation and air quality issues at: http://www.epa.gov/otaq/about/faq.htm.

Importing a vehicle to the U.S. - See our Imports site for information about imports at: www.epa.gov/otaq/imports or call the Imports Hotline at 734-214-4100.

Car or light-truck safety issues - Call the Department of Transportation Hotline at 1-800-424-9393.

Recycling or disposal of antifreeze, batteries, oil, or tires - See EPA's Office of Resource Conservation and Recovery web site for information about recycling and disposing of wastes at: www.epa.gov/wastes.

Finding a specific document - Most of our documents are on our Web site at: www.epa.gov/otaq. If you cannot find the document on our site, you can get many publications, free of charge, through the National Service Center for Environmental Publications by calling: 1-800-490-9198. If you are looking for a specific document that you can't find, please contact the NVFEL library at 734-214-4311 or email AALibrary@epa.gov.

For tracking purposes, please ensure the following line is included when replying.
FW: VW Investigation

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: energy@morningconsult.cpro30.com
Sent: Mon 9/28/2015 12:25:03 PM
Subject: Morning Consult Energy: Corker Wants White House to Consult With Senate Before Paris Talks; Shell to Halt Arctic Drilling

By Colleen Leahy

Today's Washington Brief

- In a letter to Secretary of State John Kerry, Sen-ate For-eign Re-la-tions Com-mit-tee Chair-man Bob Cork-er (R-Tenn.) questioned whether the hoped-for climate accord in Paris later this year will be dealt with as a formal treaty, and asked for an explanation if the answer to that question is no. Corker said the Obama administration is legally and constitutionally obliged to "engage in meaningful conversations with the Senate" as it prepares for the climate summit. (National Journal)

- The House passed legislation that would prohibit governmental agencies from considering the social cost of carbon during the construction permit application process. Seven Democrats joined Republicans to pass the measure 233-170. (The Hill)

- The federal government won't be shutting down, according to House Appropriations Committee Chairman Hal Rogers, who said he expects the House to pass a Senate spending bill that will fund the government through mid-December. And in energy, there will be hearings on federal forest management, transporting nuclear materials and more. (Morning Consult)

Today's Business Brief

- Royal Dutch Shell said it will end exploration in Arctic waters after results from an exploratory well were unsuccessful. The company's CEO said that while Shell will continue to consider the Arctic strategically important for exploration, it will halt activities "for the foreseeable future" due to the disappointing results. (The Associated Press)

- The Environmental Protection Agency said it would start including real-world road tests and check for emissions-falsification software, a big change from its previous practice of relying mostly on compliance statements from auto manufacturers and some lab testing. EPA's announcement comes after regulators in Europe and Brazil announced similar plans to step up their emissions testing protocols following the Volkswagen scandal. (The Wall Street

Journal)

- Microsoft has an internal carbon tax, the funds from which go into an investment fund for sustainability projects. The company isn't alone in this practice; internal corporate carbon pricing is a recent trend, with 437 companies using internal carbon pricing this year, up from 150 in 2014. (The New York Times)

Today's Chart Review

The Cost of Carbon: Putting a Price on Pollution
Bloomberg View

Mark Your Calendars (All Times Eastern)

Monday
FERC settlement conference for Public Service Co. of Colorado @ 10 a.m.
NRC All Employees public meeting @ 1:30 p.m.
EESI briefing on offshore wind in the U.S. and Europe @ 2:30 p.m.
World Resources Institute film screening of *Ethiopia Rising: From Red Terror to Green Revolution* @ 3 p.m.
Pew discussion on energy security and the DOD @ 3:30 p.m.
Columbia Center on Global Energy Policy discussion of Iranian oil post-sanctions @ 6 p.m.

Tuesday
AWEA Offshore WINDPOWER conference @ 8 a.m.
Wilson Center talk on decarbonizing China's power sector @ 9 a.m.
Senate EPW hearing on Obama's air agenda and the economy @ 10 a.m.
House Natural Resources oversight hearing on federal forest management @ 10:30 a.m.
Carnegie Endowment discussion of problems with Japan's plutonium production @ 12:30 p.m.
EESI briefing on state compliance with the Clean Power Plan @ 1 p.m.
NRC meeting with Dominion Virginia Power to discuss North Anna Power Station Part 72 license renewal @ 1 p.m.
Senate EPW Fisheries, Water and Wildlife Subcommittee briefing w/ state governors on the Endangered Species Act @ 2 p.m.
House Natural Resources Indian, Insular and Alaska Native Affairs Subcommittee legislative hearing on federal recognition extension @ 2 p.m.
Brookings forum on natural resource management @ 2 p.m.
Sen. Commerce hearing on pipeline safety @ 2:30 p.m.
Senate Foreign Relations hearing on U.S.-China relations @ 2:30 p.m.

ICF webinar on PJM's capacity auction @ 2:30 p.m.
Atlantic Council discussion on nuclear energy in China @ 3:30 p.m.
FERC scoping meeting for Northeast Energy Direct Project in Rindge, New Hampshire@ 6 p.m.

Wednesday
AWEA Offshore WINDPOWER conference @ 8 a.m. in Baltimore
NRC teleconference on the Watts Bar Nuclear Plant with TN Valley Authority @ 9 a.m.
Senate EPW oversight of Army Corps of Engineers' involvement in redefining Waters of the U.S. rule @ 10 a.m.
House Natural Resources oversight hearing on state authority over resource management and energy development @ 10 a.m.
Columbia Center on Global Energy Policy Women in Energy lunch @ 12 p.m.
Wilson Center workshop on visual media for environmental nonprofits @ 12 p.m.
Greater Houston Partnership presentation on the crude oil ban @ 12:30 p.m.
Clean Energy States Alliance webinar on the energy storage market @ 1 p.m.
AWEA webinar on blade design technology @ 2 p.m.
Wilson Center discussion on algae and climate change @ 3 p.m.
FERC scoping meeting for Southeast Market Pipelines Project in Valdosta, Ga. @ 6 p.m.

Thursday
WRI discussion of climate change and the global economy @ 8:30 a.m.
NRC overview of low-level waste, spent fuel storage and transportation business lines @ 9 a.m.
Politico conversation: *America's Energy Agenda: What's Next?* @ 9 a.m.
Senate Small Business hearing on the Gold King Mine spill's effects on small businesses @ 10 a.m.
FERC hearing for Guttman Energy Inc. and PBF Holding Com @ 10 a.m.
USEA presentation of Shale Gas Innovation Contest winners' work @ 10 a.m.
Bipartisan Policy Center talk with Southern Co. CEO Tom Fanning on energy innovation @ 10:30 a.m.
Environmental Law Institute public seminar on the pope's position on climate change and economic disparities @ 12 p.m.
Columbia Center on Global Energy Policy conversation with Zhang Guobao on China's energy future @ 5 p.m.

Friday
FERC hearing for Guttman Energy Inc. and PBF Holding Com @ 10 a.m.

General

House passes bill to limit environmental review process
Cristina Marcos, The Hill

The House passed legislation on Friday to streamline the environmental review process for infrastructure projects. Under the measure, federal agencies would only have to use one environmental impact statement and one environmental assessment as required by the National Environmental Policy Act.

EPA, Foreign Regulators Crack Down on Emissions Over Cheating Revelation
Amy Harder and Jason Chow, The Wall Street Journal

The U.S. Environmental Protection Agency, in a letter to auto manufacturers, said it plans to road-test vehicles, rather than primarily rely on statements from auto makers and some laboratory testing. The agency also indicated it would check for the presence of software designed to trick emissions testing.

Clinton explains shift on Keystone, other key issues
Jonathan Easley, The Hill

Clinton once said that she was "inclined" to sign off on the project because the U.S. was "either going to be dependent on dirty oil from the Gulf or dependent on dirty oil from Canada." "When I made that statement years ago, we did not have the kind of energy profile that we now have," Clinton said. "We did not have the full understanding of how the particular oil that would have been extracted from those tar sands was of a different degree of dirtiness and polluting in terms of greenhouse gasses."

Microsoft Leads Movement to Offset Emissions With Internal Carbon Tax
David Gelles, The New York Times

When Microsoft business unit managers calculate their profits or losses each quarter, they consider more than just sales and expenses. They also factor in the price of carbon. Even more radically, the business units are charged an internal tax by Microsoft based on their energy usage.

The Coming Week: Shutdown Averted as Lawmakers Mull Boehner Resignation
Fawn Johnson, Morning Consult

The House Natural Resources Committee will hold several hearings on environmental topics. The Subcommittee on Federal Lands will hold an oversight hearing on federal forest management on Tuesday. The full committee will hold a hearing titled "Respecting State Authority in Regards to Resource Management and Energy Development" on Wednesday.

Lawsuit challenges limits on industry that aim to save bird
The Associated Press

Two Nevada counties and some mining companies want a court to block new restrictions on mining, energy development and grazing that are meant to protect a declining bird species across millions of acres of the American West. The case appears to be the first challenge to the Interior Department's declaration that it can protect the greater sage grouse without hobbling the region's economy.

Obama: U.S. backs UN sustainability goals
Zachary R. Dowdy, Newsday

President Barack Obama Sunday said the United States has fully adopted the UN's 17-point agenda of global goals designed to eradicate extreme poverty and other forms of human suffering while conserving the environment.

Boehner Resignation Could Yield Productive Fall
Will Dobbs-Allsopp, Morning Consult

Republicans in Congress started to realize Friday they have a clearer path to finishing a host of must-pass agenda item than at any point in recent months. Boehner, liberated from the political challenge of keeping his own job, will spend his final weeks in office free of the intra-party feuding that has consumed the House Republican Conference for the past couple months. That could pave the way for a flurry of votes on otherwise controversial legislative deadlines.

Stocks Slide as Glencore, VW Buffet Global Markets; Bonds Climb
Nick Gentle and Daniel Tilles, Bloomberg News

European stocks and U.S. equity-index futures slid as tumbling automakers and mining companies sent ripples across global markets. In the U.S., Standard & Poor's 500 Index E-mini futures expiring in December fell 0.7 percent after the gauge slid for a second week.

Oil & Natural Gas

Oil prices fall on slowing global economic growth outlook
Amanda Cooper, Reuters

Oil prices fell on Monday, paring some of last week's 2 percent rally, despite evidence of slowing U.S. production and a fourth weekly increase in U.S. investor holdings of crude futures.

Shell says it will cease Alaska offshore Arctic drilling
Dan Joling, The Associated Press

Royal Dutch Shell will cease exploration in Arctic waters off Alaska's coast following disappointing results from an exploratory well backed by billions in investment and

years of work. The announcement was a huge blow to Shell, which was counting on offshore drilling in Alaska to help it drive future revenue.

California Board Backs New Limits on Carbon From Gas and Diesel
Ian Lovett, The New York Times

California air regulators on Friday approved a substantial cut to carbon pollution from gasoline and diesel fuels, a move that will force oil producers to reduce the amount of carbon generated by all transportation fuels in the state at least 10 percent by 2020. The action, coming two weeks after a stinging defeat for Gov. Jerry Brown's planned 50 percent cut in petroleum use by 2030, signaled his administration's determination to press forward with an aggressive environmental agenda through the regulatory process rather than by legislation.

North Dakota postpones deadline for natgas flaring rules
Ernest Scheyder, Reuters

North Dakota regulators on Thursday gave the energy industry 10 extra months to reduce the amount of natural gas burned off at oil wells, acquiescing to industry worries that construction delays have made it all but impossible to meet existing targets. Regulators in the No. 2 U.S. oil producing state stopped short of approving the full two-year extension sought by companies grappling with the steepest price downturn in years.

Alaska's Walker brushes aside reserves tax criticism
The Associated Press

Gov. Bill Walker on Friday brushed aside criticism from Republican lawmakers that they were blindsided by his call to reinstate the gas reserves tax during the upcoming special session. Walker said the tax is not meant to be punitive, only to spur movement on the natural gas pipeline project, estimated to cost between $45 billion and $65 billion. However, it remains only in the preliminary design stage, and the four partners have not decided whether to build it.

The $12 Billion Reason BP Isn't Worried About a Hostile Takeover
Bradley Olson and Laurel Brubacker Calkins, Bloomberg News

Oil giant BP Plc, which was said to be readying defenses for potential takeover offers, has a little-known ace in the hole: a disclaimer in its Macondo spill settlement that could tack $12.6 billion onto the price tag. A potential buyer might be forced to accelerate the payment of as much as two-thirds of the $18.7 billion in penalties the company agreed to pay the U.S. and several states, according to company filings.

Oil's Killing U.S. Power Generators, And They Don't Even Burn It
Mark Chediak and Naureen Malik, Bloomberg News

The glut of crude pooling up around the world has cut oil prices 23 percent in three months, and overseas natural gas supplies linked to crude are so cheap that America's gas exports can't compete. Traders speculating that more of the power-plant fuel will just remain in the U.S. have sent gas futures to the lowest seasonal level in 14 years.

Utilities & Infrastructure

SPP begins coordinating with states on Clean Power Plan compliance
Robert Walton, Utility Dive

The Southwest Power Pool is the first regional transmission organization (RTO) to openly engage state air regulators on Clean Power Plan compliance. SPP intends to revisit the cost estimates associated with compliance, and stressed to member states that a regional approach could be about 40% cheaper than a state attempting to go it alone.

Indiana watchdogs: 'Our fears are coming true' on utilities and efficiency
Kari Lydersen, Midwest Energy News

More than a year after Indiana lawmakers repealed the state's energy efficiency standard, utilities are scaling back their efforts while – advocates argue – seeking to overcharge ratepayers for their plans.

Renewables

State solar users would lose savings if proposal is OKd; SolarCity describes 'catastrophic' future
Ivan Penn, Los Angeles Times

Utilities contend that rooftop solar owners — often wealthier homeowners, who can afford the high upfront installation costs — haven't been paying their fair share of the cost of maintaining power lines, transformers, substations and power plants. Edison, San Diego Gas & Electric Co. and Pacific Gas & Electric Co. have proposed plans that include reducing compensation to rooftop solar owners for the electricity they generate and adding monthly fees of as much as $3 for every kilowatt of capacity they own.

Coal

What Germany learned from its war on coal
Annett Meiritz, Vox

The country offers a cautionary tale on why going green isn't always as smooth a ride as thought, and its *Energiewende* can offer some valuable lessons for the United States. The crucial part of Germany's energy transition was supposed to be phasing out coal, a major contributor to climate change. But that turned out to be much harder than anyone thought.

Nuclear

Tough times, no easy answers for Pilgrim Nuclear Power Plant
David Abel and Beth Healy, The Boston Globe

The federal Nuclear Regulatory Commission this month downgraded the safety rating of the 43-year-old plant in Plymouth, which it now rates as one of the three least-safe units among the nation's 99 reactors. The multimillion-dollar repairs now required could deal a death blow to Pilgrim, and in so doing, inflict significant damage to the state's effort to cut its carbon emissions — an effort that now relies heavily on nuclear power.

Climate

Top Senate Republican Demands Obama Disclose Plans for International Climate Change Negotiations
Ben Geman, National Journal

Sen-ate For-eign Re-la-tions Com-mit-tee Chair-man Bob Cork-er is press-ing the Obama ad-min-is-tra-tion to re-veal its plans for the in-ter-na-tion-al cli-mate-change ac-cord that na-tions hope to reach in Par-is late this year. In the let-ter ob-tained by Na-tion-al Journ-al, Cork-er asks wheth-er the ad-min-is-tra-tion plans to treat the hoped-for ac-cord as a form-al treaty that would be sub-mit-ted to the Sen-ate for ap-prov-al—and for the reas-on-ing if the an-swer is no.

Pope Francis: Harm to the Environment Is Harm to Humanity
Clare Foran, National Journal

The pontiff de-clared that "any harm done to the en-vir-on-ment there-fore is harm to hu-man-ity"—re-marks made while speak-ing through a trans-lat-or. Fran-cis also dove dir-ectly in-to the polit-ics of cli-mate change, ex-press-ing op-tim-ism that a strong agree-ment will be reached later this year at U.N. cli-mate talks set to be held in Par-is, a sum-mit widely viewed by en-vir-on-ment-al-ists and world lead-ers as a make-it-or-break-it mo-ment in the fight against glob-al warm-ing.

U.S., China Announce Climate Steps, $3.1 Billion Contribution
Colleen McCain Nelson and William Maudlin, The Wall Street Journal

The U.S. and China on Friday announced significant steps in their efforts to combat climate change, including a pledge by China to launch a program by 2017 to cap some emissions and put a price on carbon and to contribute $3.1 billion to help poorer countries finance their own transition programs. The announcements showed the two countries' latest strategies for reaching emissions targets and their efforts to boost an international accord to reduce global carbon-dioxide emissions, which is meant to be wrapped up in December.

Limited Progress Seen Even as More Nations Step Up on Climate
Justin Gillis and Somini Sengupta, The New York Times

The pledges that countries are making to battle climate change would still allow the world to heat up by more than 6 degrees Fahrenheit, a new analysis shows, a level that scientists say is likely to produce catastrophes ranging from food shortages to widespread extinctions of plant and animal life. Yet, in the world of global climate politics, that counts as progress.

Yet another survey suggests the climate change 'debate' is settled among scientists
Chelsea Harvey, The Washington Post

Using responses from nearly 700 biophysical scientists, a survey published Thursday in the journal Environmental Research Letters finds that approximately 92 percent of them believe that human-caused climate change is really happening. "These results show again that climate science is trusted, is mature, is reliable," said Stuart Carlton, a coastal ecosystem and social science specialist at Texas Sea Grant (formerly at Purdue University, while the survey was being completed) and the study's lead author.

Opinions, Editorials & Perspectives

The Francis climate homily
Barry Rabe, The Brookings Institution

Preparing for the future is never easy. But attempting to mitigate climate change essentially means seeking behavioral changes in the near term (more costs, some adjustments) to increase the prospect that future generations might have a better future (and reduce costs in the long-run). Given what we know about the behavior of political officials and aspirants, why would anyone want to go near this issue? And then there was Francis.

The Sage Grouse Switcheroo
Editorial Board, The Wall Street Journal

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Research Reports, Issue Briefs & Case Studies

The climate change consensus extends beyond climate scientists
J S Carlton et al., Environmental Research Letters

The extent to which non-climate scientists are skeptical of climate science has not been studied via direct survey. Here we report on a survey of biophysical scientists across disciplines at universities in the Big 10 Conference. Most respondents (93.6%) believe that mean temperatures have risen and most (91.9%) believe in an anthropogenic contribution to rising temperatures. Respondents strongly believe that climate science is credible (mean credibility score 6.67/7). Those who disagree about climate change disagree over basic facts (e.g., the effects of CO_2 on climate) and have different cultural and political values.

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Sent: Mon 9/28/2015 12:25:03 PM
Subject: Morning Consult Energy: Corker Wants White House to Consult With Senate Before Paris Talks; Shell to Halt Arctic Drilling

By Colleen Leahy

Today's Washington Brief

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The Cost of Carbon: Putting a Price on Pollution
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Zachary R. Dowdy, Newsday

President Barack Obama Sunday said the United States has fully adopted the UN's 17-point agenda of global goals designed to eradicate extreme poverty and other forms of human suffering while conserving the environment.

Boehner Resignation Could Yield Productive Fall
Will Dobbs-Allsopp, Morning Consult

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Stocks Slide as Glencore, VW Buffet Global Markets; Bonds Climb
Nick Gentle and Daniel Tilles, Bloomberg News

European stocks and U.S. equity-index futures slid as tumbling automakers and mining companies sent ripples across global markets. In the U.S., Standard & Poor's 500 Index E-mini futures expiring in December fell 0.7 percent after the gauge slid for a second week.

Oil & Natural Gas

Oil prices fall on slowing global economic growth outlook
Amanda Cooper, Reuters

Oil prices fell on Monday, paring some of last week's 2 percent rally, despite evidence of slowing U.S. production and a fourth weekly increase in U.S. investor holdings of crude futures.

Shell says it will cease Alaska offshore Arctic drilling
Dan Joling, The Associated Press

Royal Dutch Shell will cease exploration in Arctic waters off Alaska's coast following disappointing results from an exploratory well backed by billions in investment and

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California Board Backs New Limits on Carbon From Gas and Diesel
Ian Lovett, The New York Times

California air regulators on Friday approved a substantial cut to carbon pollution from gasoline and diesel fuels, a move that will force oil producers to reduce the amount of carbon generated by all transportation fuels in the state at least 10 percent by 2020. The action, coming two weeks after a stinging defeat for Gov. Jerry Brown's planned 50 percent cut in petroleum use by 2030, signaled his administration's determination to press forward with an aggressive environmental agenda through the regulatory process rather than by legislation.

North Dakota postpones deadline for natgas flaring rules
Ernest Scheyder, Reuters

North Dakota regulators on Thursday gave the energy industry 10 extra months to reduce the amount of natural gas burned off at oil wells, acquiescing to industry worries that construction delays have made it all but impossible to meet existing targets. Regulators in the No. 2 U.S. oil producing state stopped short of approving the full two-year extension sought by companies grappling with the steepest price downturn in years.

Alaska's Walker brushes aside reserves tax criticism
The Associated Press

Gov. Bill Walker on Friday brushed aside criticism from Republican lawmakers that they were blindsided by his call to reinstate the gas reserves tax during the upcoming special session. Walker said the tax is not meant to be punitive, only to spur movement on the natural gas pipeline project, estimated to cost between $45 billion and $65 billion. However, it remains only in the preliminary design stage, and the four partners have not decided whether to build it.

The $12 Billion Reason BP Isn't Worried About a Hostile Takeover
Bradley Olson and Laurel Brubacker Calkins, Bloomberg News

Oil giant BP Plc, which was said to be readying defenses for potential takeover offers, has a little-known ace in the hole: a disclaimer in its Macondo spill settlement that could tack $12.6 billion onto the price tag. A potential buyer might be forced to accelerate the payment of as much as two-thirds of the $18.7 billion in penalties the company agreed to pay the U.S. and several states, according to company filings.

Oil's Killing U.S. Power Generators, And They Don't Even Burn It
Mark Chediak and Naureen Malik, Bloomberg News

The glut of crude pooling up around the world has cut oil prices 23 percent in three months, and overseas natural gas supplies linked to crude are so cheap that America's gas exports can't compete. Traders speculating that more of the power-plant fuel will just remain in the U.S. have sent gas futures to the lowest seasonal level in 14 years.

Utilities & Infrastructure

SPP begins coordinating with states on Clean Power Plan compliance
Robert Walton, Utility Dive

The Southwest Power Pool is the first regional transmission organization (RTO) to openly engage state air regulators on Clean Power Plan compliance. SPP intends to revisit the cost estimates associated with compliance, and stressed to member states that a regional approach could be about 40% cheaper than a state attempting to go it alone.

Indiana watchdogs: 'Our fears are coming true' on utilities and efficiency
Kari Lydersen, Midwest Energy News

More than a year after Indiana lawmakers repealed the state's energy efficiency standard, utilities are scaling back their efforts while – advocates argue – seeking to overcharge ratepayers for their plans.

Renewables

State solar users would lose savings if proposal is OKd; SolarCity describes 'catastrophic' future
Ivan Penn, Los Angeles Times

Utilities contend that rooftop solar owners — often wealthier homeowners, who can afford the high upfront installation costs — haven't been paying their fair share of the cost of maintaining power lines, transformers, substations and power plants. Edison, San Diego Gas & Electric Co. and Pacific Gas & Electric Co. have proposed plans that include reducing compensation to rooftop solar owners for the electricity they generate and adding monthly fees of as much as $3 for every kilowatt of capacity they own.

Coal

What Germany learned from its war on coal
Annett Meiritz, Vox

The country offers a cautionary tale on why going green isn't always as smooth a ride as thought, and its *Energiewende* can offer some valuable lessons for the United States. The crucial part of Germany's energy transition was supposed to be phasing out coal, a major contributor to climate change. But that turned out to be much harder than anyone thought.

Nuclear

Tough times, no easy answers for Pilgrim Nuclear Power Plant
David Abel and Beth Healy, The Boston Globe

The federal Nuclear Regulatory Commission this month downgraded the safety rating of the 43-year-old plant in Plymouth, which it now rates as one of the three least-safe units among the nation's 99 reactors. The multimillion-dollar repairs now required could deal a death blow to Pilgrim, and in so doing, inflict significant damage to the state's effort to cut its carbon emissions — an effort that now relies heavily on nuclear power.

Climate

Top Senate Republican Demands Obama Disclose Plans for International Climate Change Negotiations
Ben Geman, National Journal

Sen-ate For-eign Re-la-tions Com-mit-tee Chair-man Bob Cork-er is press-ing the Obama ad-min-is-tra-tion to re-veal its plans for the in-ter-na-tion-al cli-mate-change ac-cord that na-tions hope to reach in Par-is late this year. In the let-ter ob-tained by Na-tion-al Journ-al, Cork-er asks wheth-er the ad-min-is-tra-tion plans to treat the hoped-for ac-cord as a form-al treaty that would be sub-mit-ted to the Sen-ate for ap-prov-al—and for the reas-on-ing if the an-swer is no.

Pope Francis: Harm to the Environment Is Harm to Humanity
Clare Foran, National Journal

The pontiff de-clared that "any harm done to the en-vir-on-ment there-fore is harm to hu-man-ity"—re-marks made while speak-ing through a trans-lat-or. Fran-cis also dove dir-ectly in-to the polit-ics of cli-mate change, ex-press-ing op-tim-ism that a strong agree-ment will be reached later this year at U.N. cli-mate talks set to be held in Par-is, a sum-mit widely viewed by en-vir-on-ment-al-ists and world lead-ers as a make-it-or-break-it mo-ment in the fight against glob-al warm-ing.

U.S., China Announce Climate Steps, $3.1 Billion Contribution
Colleen McCain Nelson and William Maudlin, The Wall Street Journal

The U.S. and China on Friday announced significant steps in their efforts to combat climate change, including a pledge by China to launch a program by 2017 to cap some emissions and put a price on carbon and to contribute $3.1 billion to help poorer countries finance their own transition programs. The announcements showed the two countries' latest strategies for reaching emissions targets and their efforts to boost an international accord to reduce global carbon-dioxide emissions, which is meant to be wrapped up in December.

Limited Progress Seen Even as More Nations Step Up on Climate
Justin Gillis and Somini Sengupta, The New York Times

The pledges that countries are making to battle climate change would still allow the world to heat up by more than 6 degrees Fahrenheit, a new analysis shows, a level that scientists say is likely to produce catastrophes ranging from food shortages to widespread extinctions of plant and animal life. Yet, in the world of global climate politics, that counts as progress.

Yet another survey suggests the climate change 'debate' is settled among scientists
Chelsea Harvey, The Washington Post

Using responses from nearly 700 biophysical scientists, a survey published Thursday in the journal Environmental Research Letters finds that approximately 92 percent of them believe that human-caused climate change is really happening. "These results show again that climate science is trusted, is mature, is reliable," said Stuart Carlton, a coastal ecosystem and social science specialist at Texas Sea Grant (formerly at Purdue University, while the survey was being completed) and the study's lead author.

Opinions, Editorials & Perspectives

The Francis climate homily
Barry Rabe, The Brookings Institution

Preparing for the future is never easy. But attempting to mitigate climate change essentially means seeking behavioral changes in the near term (more costs, some adjustments) to increase the prospect that future generations might have a better future (and reduce costs in the long-run). Given what we know about the behavior of political officials and aspirants, why would anyone want to go near this issue? And then there was Francis.

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North Dakota postpones deadline for natgas flaring rules
Ernest Scheyder, Reuters

North Dakota regulators on Thursday gave the energy industry 10 extra months to reduce the amount of natural gas burned off at oil wells, acquiescing to industry worries that construction delays have made it all but impossible to meet existing targets. Regulators in the No. 2 U.S. oil producing state stopped short of approving the full two-year extension sought by companies grappling with the steepest price downturn in years.

Alaska's Walker brushes aside reserves tax criticism
The Associated Press

Gov. Bill Walker on Friday brushed aside criticism from Republican lawmakers that they were blindsided by his call to reinstate the gas reserves tax during the upcoming special session. Walker said the tax is not meant to be punitive, only to spur movement on the natural gas pipeline project, estimated to cost between $45 billion and $65 billion. However, it remains only in the preliminary design stage, and the four partners have not decided whether to build it.

The $12 Billion Reason BP Isn't Worried About a Hostile Takeover
Bradley Olson and Laurel Brubacker Calkins, Bloomberg News

Oil giant BP Plc, which was said to be readying defenses for potential takeover offers, has a little-known ace in the hole: a disclaimer in its Macondo spill settlement that could tack $12.6 billion onto the price tag. A potential buyer might be forced to accelerate the payment of as much as two-thirds of the $18.7 billion in penalties the company agreed to pay the U.S. and several states, according to company filings.

Oil's Killing U.S. Power Generators, And They Don't Even Burn It
Mark Chediak and Naureen Malik, Bloomberg News

The glut of crude pooling up around the world has cut oil prices 23 percent in three months, and overseas natural gas supplies linked to crude are so cheap that America's gas exports can't compete. Traders speculating that more of the power-plant fuel will just remain in the U.S. have sent gas futures to the lowest seasonal level in 14 years.

Utilities & Infrastructure

SPP begins coordinating with states on Clean Power Plan compliance
Robert Walton, Utility Dive

The Southwest Power Pool is the first regional transmission organization (RTO) to openly engage state air regulators on Clean Power Plan compliance. SPP intends to revisit the cost estimates associated with compliance, and stressed to member states that a regional approach could be about 40% cheaper than a state attempting to go it alone.

Indiana watchdogs: 'Our fears are coming true' on utilities and efficiency
Kari Lydersen, Midwest Energy News

More than a year after Indiana lawmakers repealed the state's energy efficiency standard, utilities are scaling back their efforts while – advocates argue – seeking to overcharge ratepayers for their plans.

Renewables

State solar users would lose savings if proposal is OKd; SolarCity describes 'catastrophic' future
Ivan Penn, Los Angeles Times

Utilities contend that rooftop solar owners — often wealthier homeowners, who can afford the high upfront installation costs — haven't been paying their fair share of the cost of maintaining power lines, transformers, substations and power plants. Edison, San Diego Gas & Electric Co. and Pacific Gas & Electric Co. have proposed plans that include reducing compensation to rooftop solar owners for the electricity they generate and adding monthly fees of as much as $3 for every kilowatt of capacity they own.

Coal

What Germany learned from its war on coal
Annett Meiritz, Vox

The country offers a cautionary tale on why going green isn't always as smooth a ride as thought, and its *Energiewende* can offer some valuable lessons for the United States. The crucial part of Germany's energy transition was supposed to be phasing out coal, a major contributor to climate change. But that turned out to be much harder than anyone thought.

Nuclear

Tough times, no easy answers for Pilgrim Nuclear Power Plant
David Abel and Beth Healy, The Boston Globe

The federal Nuclear Regulatory Commission this month downgraded the safety rating of the 43-year-old plant in Plymouth, which it now rates as one of the three least-safe units among the nation's 99 reactors. The multimillion-dollar repairs now required could deal a death blow to Pilgrim, and in so doing, inflict significant damage to the state's effort to cut its carbon emissions — an effort that now relies heavily on nuclear power.

Climate

Top Senate Republican Demands Obama Disclose Plans for International Climate Change Negotiations
Ben Geman, National Journal

Sen-ate For-eign Re-la-tions Com-mit-tee Chair-man Bob Cork-er is press-ing the Obama ad-min-is-tra-tion to re-veal its plans for the in-ter-na-tion-al cli-mate-change ac-cord that na-tions hope to reach in Par-is late this year. In the let-ter ob-tained by Na-tion-al Journ-al, Cork-er asks wheth-er the ad-min-is-tra-tion plans to treat the hoped-for ac-cord as a form-al treaty that would be sub-mit-ted to the Sen-ate for ap-prov-al—and for the reas-on-ing if the an-swer is no.

Pope Francis: Harm to the Environment Is Harm to Humanity
Clare Foran, National Journal

The pontiff de-clared that "any harm done to the en-vir-on-ment there-fore is harm to hu-man-ity"—re-marks made while speak-ing through a trans-lat-or. Fran-cis also dove dir-ectly in-to the polit-ics of cli-mate change, ex-press-ing op-tim-ism that a strong agree-ment will be reached later this year at U.N. cli-mate talks set to be held in Par-is, a sum-mit widely viewed by en-vir-on-ment-al-ists and world lead-ers as a make-it-or-break-it mo-ment in the fight against glob-al warm-ing.

U.S., China Announce Climate Steps, $3.1 Billion Contribution
Colleen McCain Nelson and William Maudlin, The Wall Street Journal

The U.S. and China on Friday announced significant steps in their efforts to combat climate change, including a pledge by China to launch a program by 2017 to cap some emissions and put a price on carbon and to contribute $3.1 billion to help poorer countries finance their own transition programs. The announcements showed the two countries' latest strategies for reaching emissions targets and their efforts to boost an international accord to reduce global carbon-dioxide emissions, which is meant to be wrapped up in December.

Limited Progress Seen Even as More Nations Step Up on Climate
Justin Gillis and Somini Sengupta, The New York Times

The pledges that countries are making to battle climate change would still allow the world to heat up by more than 6 degrees Fahrenheit, a new analysis shows, a level that scientists say is likely to produce catastrophes ranging from food shortages to widespread extinctions of plant and animal life. Yet, in the world of global climate politics, that counts as progress.

Yet another survey suggests the climate change 'debate' is settled among scientists
Chelsea Harvey, The Washington Post

Using responses from nearly 700 biophysical scientists, a survey published Thursday in the journal Environmental Research Letters finds that approximately 92 percent of them believe that human-caused climate change is really happening. "These results show again that climate science is trusted, is mature, is reliable," said Stuart Carlton, a coastal ecosystem and social science specialist at Texas Sea Grant (formerly at Purdue University, while the survey was being completed) and the study's lead author.

Opinions, Editorials & Perspectives

The Francis climate homily
Barry Rabe, The Brookings Institution

Preparing for the future is never easy. But attempting to mitigate climate change essentially means seeking behavioral changes in the near term (more costs, some adjustments) to increase the prospect that future generations might have a better future (and reduce costs in the long-run). Given what we know about the behavior of political officials and aspirants, why would anyone want to go near this issue? And then there was Francis.

The Sage Grouse Switcheroo
Editorial Board, The Wall Street Journal

The Interior Department decided last week not to classify the greater sage grouse as

an endangered species, ending five years of deliberation. Some are hailing this as thought-to-be-extinct government restraint, but it's really political cover for other plans that will do as much or more economic harm.

Volkswagen's new CEO must tackle the 'culture of arrogance'
Doron Levin, Fortune

Matthias Mueller who was appointed Volkswagen AG's chief executive officer on Friday doesn't have an easy job. As a result of the diesel emissions scandal, which forced Martin Winterkorn to resign, VW faces a welter of legal sanctions and civil lawsuits, 11 million diesel vehicles that don't meet emissions standards, as well as the looming risk that consumers will boycott its vehicles.

How will the Obama administration's Clean Power Plan affect Metro areas?
Thomas Young and Alexandria Icenhower, The Brookings Institution

Meeting the carbon reduction targets will be left to the states, but Brookings Fellow Adie Tomer, Senior Fellow Robert Puentes, and Senior Research Assistant Joseph Kane argue that "metro areas should also be a big part of [the Clean Power Plan] discussion."

Research Reports, Issue Briefs & Case Studies

The climate change consensus extends beyond climate scientists
J S Carlton et al., Environmental Research Letters

The extent to which non-climate scientists are skeptical of climate science has not been studied via direct survey. Here we report on a survey of biophysical scientists across disciplines at universities in the Big 10 Conference. Most respondents (93.6%) believe that mean temperatures have risen and most (91.9%) believe in an anthropogenic contribution to rising temperatures. Respondents strongly believe that climate science is credible (mean credibility score 6.67/7). Those who disagree about climate change disagree over basic facts (e.g., the effects of CO_2 on climate) and have different cultural and political values.

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Washington District of Columbia 20038
United States

This email is intended for brooks.phillip@epa.gov.
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From: Belser, Evan
Location: RM. 6520 DC/RM. Non-Responsive
Importance: Normal
Subject: Accepted: DMCA Waiver and VW
Start Date/Time: Tue 9/29/2015 7:00:00 PM
End Date/Time: Tue 9/29/2015 7:45:00 PM

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Automotive News
Sent: Mon 9/28/2015 12:53:53 PM
Subject: A.M. NEWSCAST: Horn: Volkswagen 'betrayed' owners; U.S. ads halted amid emissions crisis; A Bosch warning call? | Big Detroit plant rejects FCA-UAW deal | EV-sharing in Indy

September 28, 2015

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A Bosch warning call? »

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To: Grundler, Christopher[grundler.christopher@epa.gov]
Cc: Simon, Karl[Simon.Karl@epa.gov]; Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Charmley, William[charmley.william@epa.gov]; Haugen, David[haugen.david@epa.gov]; Cook, Leila[cook.leila@epa.gov]; Birgfeld, Erin[Birgfeld.Erin@epa.gov]; Wehrly, Linc[wehrly.linc@epa.gov]; Cohen, Janet[cohen.janet@epa.gov]
From: Bunker, Byron
Sent: Mon 9/28/2015 12:57:57 PM
Subject: Bosch Letter to VW in 2007

Karl just highlighted this to me.

http://www.autonews.com/article/20150927/COPY01/309279989/bosch-warned-vw-about-illegal-software-use-in-diesel-cars-report-says

****

Byron Bunker

Director Compliance Division

Office of Transportation and Air Quality

Environmental Protection Agency

2000 Traverwood Drive

Ann Arbor, MI 48105

Bunker.Byron@epa.gov

Phone: (734) 214-4155

Mobile: (734) 353-9623

****

From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Mon 9/28/2015 1:03:47 PM
Subject: Volkswagen under fire: Former CEO under investigation
MAIL_CONVERSATION_TOPIC: Volkswagen under fire: Former CEO under investigation
Created: Fri 3/18/2016 6:18:08 PM

Prosecutors in the German state of Lower Saxony launch a criminal investigation into former CEO Martin Winterkorn.

View article...

To: McCabe, Janet[McCabe.Janet@epa.gov]
From: Grundler, Christopher
Sent: Mon 9/28/2015 1:41:27 PM
Subject: Re: Also

Yep. This story will go on. Today's news reveals a letter from supplier Bosch in 2007 to VE expressing concern, and another document internal to VW from an engineer raising same

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

On Sep 28, 2015, at 9:32 AM, McCabe, Janet <McCabe.Janet@epa.gov> wrote:

> The Sunday NYT had at least 3 extensive articles…including the column from the pissed off 2009 Jetta driver (Revenge of the Jetta).
>
> **From:** Grundler, Christopher
> **Sent:** Monday, September 28, 2015 9:31 AM
> **To:** McCabe, Janet
> **Subject:** Also
>
> **Ex. 6**
> **Non-Responsive**
>
> Christopher Grundler, Director
>
> Office of Transportation and Air Quality
>
> U.S. EPA
>
> 202-564-1682 (DC)
>
> 734-214-4207 (Ann Arbor)
>
> On Sep 28, 2015, at 9:25 AM, McCabe, Janet <McCabe.Janet@epa.gov> wrote:

Non-Responsive

To: Grundler, Christopher[grundler.christopher@epa.gov]; Cook, Leila[cook.leila@epa.gov]
From: Zimpfer, Amy
Sent: Mon 9/28/2015 1:46:18 PM
Subject: Fwd: OAR Shout Out

Excellent work!

Amy Zimpfer, Associate Director, USEPA, Region 9
+1 415.947.4146
zimpfer.amy@epa.gov

Begin forwarded message:

From: "McCabe, Janet" <McCabe.Janet@epa.gov>
Date: September 25, 2015 at 10:17:29 AM PDT
To: OAR-WIDE-EVERYONE <OARWIDEEVERYONE@epa.gov>, Air Division Directors and Deputies <Air_Division_Directors_and_Deputies@epa.gov>, "Giles-AA, Cynthia" <Giles-AA.Cynthia@epa.gov>, "Reynolds, Thomas" <Reynolds.Thomas@epa.gov>, "Vaught, Laura" <Vaught.Laura@epa.gov>, "Schmidt, Lorie" <Schmidt.Lorie@epa.gov>
Subject: OAR Shout Out

Dear Colleagues,

By now I'm sure that many of you have seen the news about Volkswagen. This Shout Out goes to the teams in OTAQ, OECA, OGC, OCIR, OPA and our partners at the California Air Resources Board (CARB) who uncovered the problem and worked quickly to bring it to light. Together they showed the world that the United States takes our standards to protect public health very seriously.

Here's a quick summary of what happened. Late last week, the agency issued a "notice of violation" (NOV) of the Clean Air Act to Volkswagen. The NOV alleges that several four-cylinder Volkswagen and Audi diesel cars from model years 2009-2015 are equipped with software that disables the vehicles' emission controls, causing them to emit smog- and soot-forming nitrogen oxides (NOx) at up to 40 times higher than the amount EPA standards allow. The software is smart enough to run the pollution controls during an emissions test, but to shut them off under normal driving conditions. This is what the Clean Air Act calls a "defeat device," and it's illegal.

Tipped off by an independent study from last year, OTAQ and CARB dug deeper, conducted further testing, and started asking the company some important questions. Not until early this month, after EPA and CARB demanded an explanation for the identified emission problems, did VW admit that the cars in question contained defeat devices.

After this admission, the OTAQ, OECA and CARB teams worked quickly to bring the facts as we knew them to public attention. This led up to last Friday's joint announcement by EPA and CARB.

Less than a week after that announcement, VW had divulged that the defeat device was installed in 11 million of its vehicles sold worldwide, the company's CEO had stepped down, and Germany's president called for an investigation and steps to ensure that this would never happen again.

I want to make clear that these cars are safe and legal to drive. OTAQ is providing information to motorists and will be working with Volkswagen to ensure the company implements a plan to fix these vehicles.

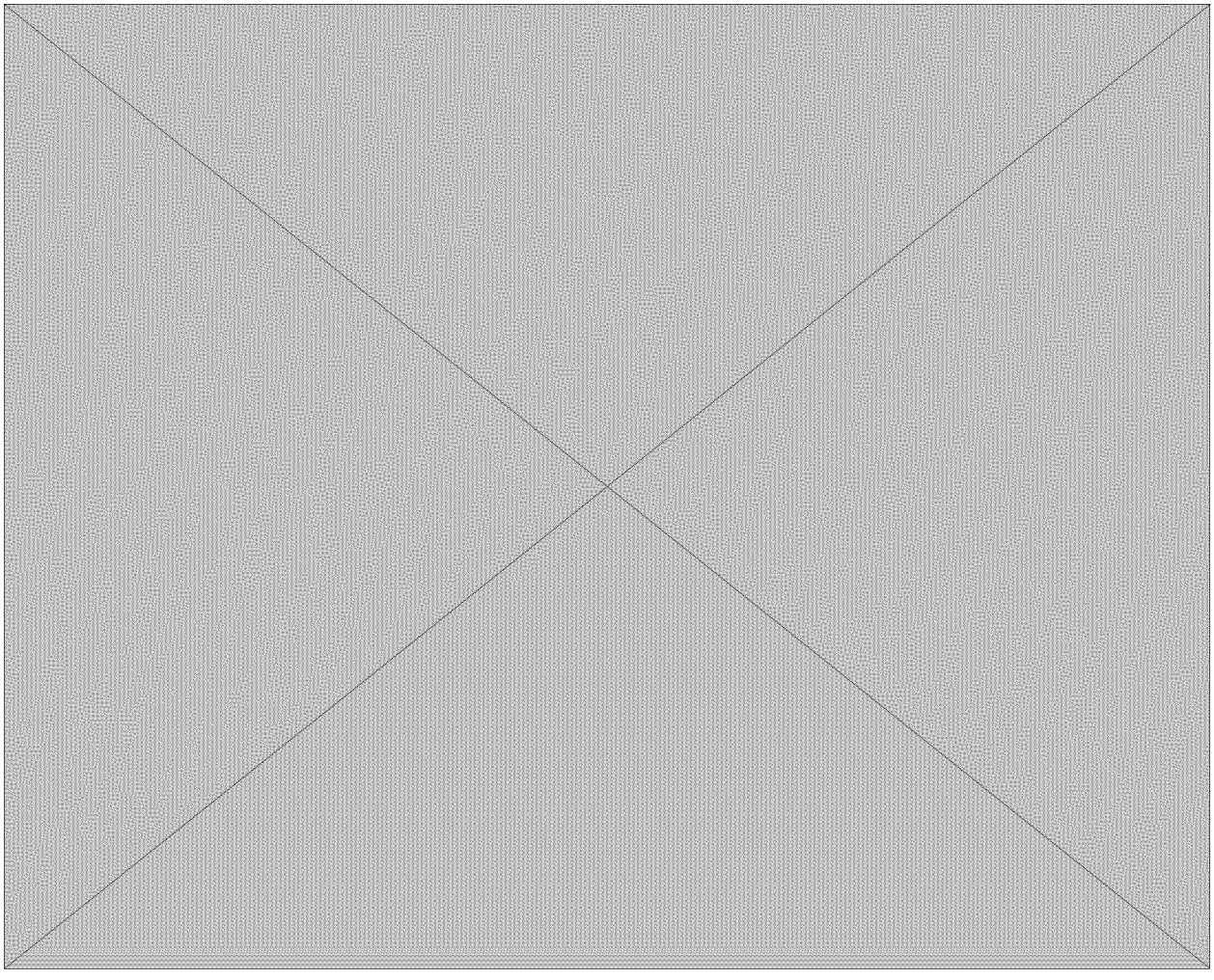
I also want to make clear that the headlines are not why we took action. As OTAQ Director Chris Grundler said to his team and OECA – "we showed, again, that EPA keeps its promises – that we are serious about securing the benefits we predict and promise the public will result from our standards." I couldn't say it any better.

And rest assured, our OTAQ compliance team is already taking steps to enhance our vehicle certification protocol to detect any future attempts at deploying this defeat device. So with that, this Shout Out goes to these folks across EPA and CARB (and we know additional staff will become involved in this over the coming months) - **OTAQ**: Byron Bunker, Janet Cohen, Linc Wehrly, Joel Ball, Jim Snyder, Holly Pugliese, Lee Cook, Ben Hengst, Erin Birgfeld, Tia Sutton, Jennifer France, Trish Suarez, Lisa Sun, David Levin, and Gwen Dietrich; **OECA**: John Senn, Rosemarie Kelley, Nick Conger, Phillip Brooks, Jacqueline Werner, Evan Belser, and Meetu Kaul; **OGC**: David Orlin and Mark Kataoka; **OPA**: Julia Valentine, Kristiene Gong, Jay Davis, Dan Abrams, and Laura Allen; and **OCIR:** Josh Lewis, Pat Haman, Caroline Emmerson, and Carolyn Levine.

See more information on the VW case on our website:
http://www3.epa.gov/otaq/cert/violations.htm.

Have a nice weekend everyone.

Janet



From: Kaul, Meetu
Required Attendees: Alexander, David
Importance: Normal
Subject: VW Lit hold
Start Date/Time: Tue 9/29/2015 3:00:00 PM
End Date/Time: Tue 9/29/2015 3:30:00 PM

Ex. 5

From: Kaul, Meetu
Required Attendees: Alexander, David
Importance: Normal
Subject: VW Lit hold
Start Date/Time: Tue 9/29/2015 3:00:00 PM
End Date/Time: Tue 9/29/2015 3:30:00 PM

Ex. 5, 7

From: Alexander, David
Importance: Normal
Subject: Accepted: VW Lit hold
Start Date/Time: Tue 9/29/2015 3:00:00 PM
End Date/Time: Tue 9/29/2015 3:30:00 PM

Ex. 5, 7

From: Stewart, Gwen
Required Attendees: Bunker, Byron; Hengst, Benjamin; Cooper, Geoff; Orlin, David; Belser, Evan; Brooks, Phillip; Cook, Leila; Birgfeld, Erin; Werner, Jacqueline; Williams, Brent; Manners, Mary
Optional Attendees: Jones, Jacqueline; Stewart, Gwen; Haugen, David
Location: RM. 6520 DC/RM. C-174 DOD AA - Conference Call: 866299-3188, Access Code: 202 564-1682
Importance: Normal
Subject: DMCA Waiver and VW
Start Date/Time: Tue 9/29/2015 7:00:00 PM
End Date/Time: Tue 9/29/2015 7:45:00 PM

MEETING REQUEST:

OTAQ MEETING REQUEST FORM

Requesting Meeting/Conference Call with: **Christopher Grundler**
Send form to: Gwen Stewart

Date of this Request: September 28, 2015

Point of Contact (Name/Number): Byron Bunker - 734-214-4155

Title of Meeting: DMCA Waiver and VW

Purpose of Meeting: Discuss the Digital Millennium Copyright Act (DMCA)

Priority Status: Critical or time sensitive __X____ Less Immediate _____

Last possible date for meeting: ASAP

Ex. 7

Location of Meeting:

Length of Meeting: 45 minutes

Key Participants: (List all who need to be notified of the meeting)

Office/Organization	FULLName	Number
OAR/OTAQ	Byron Bunker	734-214-4155
OAR/OTAQ	Ben Hengst	202-564-1495
GLO/OGC	Geoff Cooper	202-564-5451
ARLO/OGC	David Orlin	202-564-1222
OCE/OECA	Evan Belser	202-564-6850
OCE/OECA	Phillip Brooks	202-564-0652
OAR/OTAQ	Lee Cook	734-214-4820
OAR/OTAQ	Erin Birgfeld	202-564-6741
OCE/OECA	Jacqueline Werner	202-564-1036
OAR/OTAQ	Brent Williams	734-214-4341
OAR/OTAQ	Mary Manners	734-214-4873

NOTE: All briefing materials must be sent by 4:00 PM the day prior in whatever format you are most comfortable, PPT Slides are not required. If briefing materials are not submitted by 4 pm, the meeting will be rescheduled, unless approved by Chris. (Briefing Materials are to be sent to: OTAQ MATERIALS).

From: Stewart, Gwen
Required Attendees: Bunker, Byron; Hengst, Benjamin; Cooper, Geoff; Orlin, David; Belser, Evan; Brooks, Phillip; Cook, Leila; Birgfeld, Erin; Werner, Jacqueline; Williams, Brent; Manners, Mary
Optional Attendees: Jones, Jacqueline; Stewart, Gwen; Haugen, David
Location: RM. 6520 DC/RM. C-174 DOD AA - Conference Call: 8 Non-Responsive
Access Code: Non-Responsive
Importance: Normal
Subject: DMCA Waiver and VW
Start Date/Time: Tue 9/29/2015 7:00:00 PM
End Date/Time: Tue 9/29/2015 7:45:00 PM

MEETING REQUEST:

OTAQ MEETING REQUEST FORM

Requesting Meeting/Conference Call with: **Christopher Grundler**
Send form to: Gwen Stewart

Date of this Request: September 28, 2015

Point of Contact (Name/Number): Byron Bunker - 734-214-4155

Title of Meeting: DMCA Waiver and VW

Purpose of Meeting: Discuss the Digital Millennium Copyright Act (DMCA)

Priority Status: Critical or time sensitive __X____ Less Immediate _____

Last possible date for meeting: ASAP

If the meeting is critical, please explain why: Ex. 5

Ex. 5

Location of Meeting:

Length of Meeting: 45 minutes

Key Participants: (List all who need to be notified of the meeting)

Office/Organization	FULLName	Number
OAR/OTAQ	Byron Bunker	734-214-4155
OAR/OTAQ	Ben Hengst	202-564-1495
GLO/OGC	Geoff Cooper	202-564-5451
ARLO/OGC	David Orlin	202-564-1222
OCE/OECA	Evan Belser	202-564-6850
OCE/OECA	Phillip Brooks	202-564-0652
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To: Ex. 7
Ex. 7
From: Kaul, Meetu
Sent: Mon 9/28/2015 2:14:58 PM
Subject: VW - OTAQ Org Charts

Compliance Division:

http://otaqintranet.epa.gov/images/stories/documents/orgcharts/cdorgchart.pdf

Assessment and Standards Division:

http://otaqintranet.epa.gov/images/stories/documents/orgcharts/asdorgchart.pdf

---

Ms.Meetu Kaul, Attorney-Advisor

Air Enforcement Division
United States Environmental Protection Agency
Direct: 202-564-5472
Email: kaul.meetu@epa.gov

Ex. 7

From: Charmley, William
Sent: Mon 9/28/2015 2:27:55 PM
Subject: Final Agenda for the ARB-OTAQ Monthly Coordination Conference Call on Monday, September 28
Monthly ARB-EPA SL Call Agenda, Sept 28, 2015, Final.docx

Dear all –

The attached (also copied below) reflects the input I received from Alberto and Chris. Regarding the October 6 meetings in D.C., I proposed to Alberto and Chris under separate email yesterday that the EPA staff (Mike Olechiw in my Division) will work with the ARB staff (Ex. 7 to see if we need to make any changes to the light-duty Mid-term Evaluation meeting currently scheduled in D.C. with Volvo.

Thanks

Bill

Monthly ARB-OTAQ Senior Leadership Coordination Call

Monday, September 28, 2015 (11am-12pm Pacific, 2-3pm Eastern)

Call-in number: ph. Non-Responsive Participant Passcode: Non-Responsive

Agenda Items

1. Heavy-duty Phase 2 program development (15 minutes)

- □□□□□□□□ a high level overview of the EPA process for the final rule
- □□□□□□□□ discussion of the ARB process and opportunities for continued alignment

2. Light-duty MTE (10 minutes)

- □□□□□□□□ high-level take aways from recent Ford/FCA/GM meetings in Michigan
- □□□□□□□□ discussion of potential NGO meeting

3. If time allows – update from ARB on last week's Board meeting and LCFS

4. Other items?

[Note – prior to agenda item #5, anyone not working on the VW investigation will be asked to sign-off]

5. VW Coordination [Byron & Annette]

- □□□□□□□□
- □□□□□□□□
- □□□□□□□□
- □□□□□□□□

Ex. 5, 7

•□□□□□□□□ Ex. 5, 7

Upcoming Actions/Events of Potential Interest:

- October 13: Heavy-duty Vehicle Technology Showcase at EPA's Ann Arbor Laboratory

-

- Light-duty Mid-term Evaluation Meetings w/ ARB/NHTSA/EPA

o September 30: Jaguar-LandRover (Ann Arbor)

o October 6: Volvo (Washington)

o October 7: Honda (Ohio)

o October 15: Nissan (Tennessee)

o October 26: Mercedes (Ann Arbor)

o Honeywell/Toyota/Tesla (California)

-

- October 30: U. of Michigan Transportation, Economics, Energy, & Environment Conference in Ann Arbor (Alberto speaking?)

- December 3: EPA Mobile Source Technical Review Sub-committee (MSTRS) Meeting, Long Beach, California

- December 10/11 UC Davis STEP Fall Research Meeting (Karl and Chris coming?)

To: Birgfeld, Erin[Birgfeld.Erin@epa.gov]
Cc: Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]
From: Blubaugh, Jim
Sent: Mon 9/28/2015 2:28:47 PM
Subject: FW: REQUEST EPA COMPLIANT CAR

Thought you would like to see this.

-Jim

From: Ex. 6
Sent: Sunday, September 27, 2015 5:56 PM
To: robert.martell@vw.com; mark.mcnab@vw.com; michael.horn@vw.com; Sturgell, Gregory; Blubaugh, Jim; Dickinson, David; Wehrly, Linc; Ann Krinard
Subject: REQUEST EPA COMPLIANT CAR

RE: TRADE-IN of 2012 VW Jetta Sportwagen Diesel with compromised emissions.

Hello to All Concerned:

First of All, I love my car. I'm sorry that VW has compromised my trust. I have owned many VW's over my life and I want to own one that does not spew as many toxins as my current car.

We purchased a "Clean Diesel" VW Jetta Sportwagen Diesel 2012 new.Current mileage 25,690 approximately. A 2015 scandal determined that car does not meet EPA standards for Nox emissions.

Request trade-in for VW Golf SportWagen with AdBlue System to resolve this situation.

I am a conscientious person who does not want to do more harm to the environment by continuing to drive my car. This is a simple solution to keep more emissions out of our air.

Thank you for your time and consideration.

Ex. 6

To: OTAQ Materials[OTAQMaterials@epa.gov]
From: Charmley, William
Sent: Mon 9/28/2015 2:28:50 PM
Subject: Final Agenda for the ARB-OTAQ Monthly Coordination Conference Call on Monday, September 28
Monthly ARB-EPA SL Call Agenda, Sept 28, 2015, Final.docx

Attached is the final agenda item for Chris for the 2pm call this afternoon with CARB.

From: Charmley, William
Sent: Monday, September 28, 2015 10:28 AM
To:

Ex. 7 Ex. 7 Ex. 7

Subject: Final Agenda for the ARB-OTAQ Monthly Coordination Conference Call on Monday, September 28

Dear all –

The attached (also copied below) reflects the input I received from Alberto and Chris. Regarding the October 6 meetings in D.C., I proposed to Alberto and Chris under separate email yesterday that the EPA staff (Mike Olechiw in my Division) will work with the ARB staff (Mike McCarthy) to see if we need to make any changes to the light-duty Mid-term Evaluation meeting currently scheduled in D.C. with Volvo.

Thanks

Bill

Monthly ARB-OTAQ Senior Leadership Coordination Call

Monday, September 28, 2015 (11am-12pm Pacific, 2-3pm Eastern)

Call-in number: ph. Non-Responsive Participant Passcode: Non-Responsive

Agenda Items

1. **Heavy-duty Phase 2 program development (15 minutes)**

- Non-Responsive

2. **Light-duty MTE (10 minutes)**

- Non-Responsive

3. **If time allows – update from ARB on last week's Board meeting and LCFS**

4. **Other items?**

[Note – prior to agenda item #5, anyone not working on the VW investigation will be asked to sign-off]

5. VW Coordination [Byron & Annette]

- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]

Ex. 5, 7

Upcoming Actions/Events of Potential Interest:

- October 13: Heavy-duty Vehicle Technology Showcase at EPA's Ann Arbor Laboratory

-

- Light-duty Mid-term Evaluation Meetings w/ ARB/NHTSA/EPA

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Non-Responsive

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- October 30: U. of Michigan Transportation, Economics, Energy, & Environment Conference in Ann Arbor (Alberto speaking?)

- December 3: EPA Mobile Source Technical Review Sub-committee (MSTRS) Meeting, Long Beach, California

- December 10/11 UC Davis STEP Fall Research Meeting (Karl and Chris coming?)

From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Mon 9/28/2015 2:33:57 PM
Subject: Pope lauds 'crazy' family that drove 13K miles
MAIL_CONVERSATION_TOPIC: Pope lauds 'crazy' family that drove 13K miles
Created: Fri 3/18/2016 6:18:08 PM

In a fitting — and unexpected — capstone to their 13,000-mile journey, an Argentine family that drove in a VW bus from their home in Buenos Aires to Philadelphia met and chatted with Pope Francis on Sunday at his request.

View article...

To: Pickell, Casey[Pickell.Casey@epa.gov]
From: Kaul, Meetu
Sent: Mon 9/28/2015 3:21:11 PM
Subject: RE: Casey - are you in today? FW: Ex. 7

Thank you so much.

You can put the original signature page back with the full package and put the package on my chair.

Thank you! Are you able to work on some VW stuff? What is your phone number?

Ms.Meetu Kaul, Attorney-Advisor

Air Enforcement Division
United States Environmental Protection Agency
Direct: 202-564-5472
Email: kaul.meetu@epa.gov

From: Pickell, Casey
Sent: Monday, September 28, 2015 11:19 AM
To: Kaul, Meetu
Subject: RE: Casey - are you in today? FW: Ex. 7

Actually, did you need other signature pages scanned too? Secondly, what would you like me to do with the original signature page/package?

From: Kaul, Meetu
Sent: Monday, September 28, 2015 11:06 AM
To: Pickell, Casey
Cc: Belser, Evan
Subject: Casey - are you in today? FW: Ex. 7

Ex. 7

The package should be in Jacqueline's office. I'm at [redacted] Ex. 6 with questions.

Ms.Meetu Kaul, Attorney-Advisor

Air Enforcement Division
United States Environmental Protection Agency
Direct: 202-564-5472
Email: kaul.meetu@epa.gov

From: Ex. 7
Sent: Monday, September 28, 2015 11:02 AM
To: Kaul, Meetu
Subject: RE: Ex. 7

Ex. 7

able to get the signature page to me? If need be, I can ask one of our LSAs to run over to EPA to pick up the hard copy if that is easier for you.

Thanks.

Ex. 7

From: Ex. 7

Sent: Monday, September 28, 2015 8:06 AM
To: Kaul, Meetu <Kaul.Meetu@epa.gov>
Subject: Re: Ex. 7

A scan is fine. Thanks!

Sent from my iPhone

On Sep 28, 2015, at 7:35 AM, Kaul, Meetu <Kaul.Meetu@epa.gov> wrote:

> The package is signed. Do you need the originals for filing or are scans ok? I'm not in the office today so trying to figure out logistics of getting it to you.

Ms.Meetu Kaul, Attorney-Advisor

Air Enforcement Division
United States Environmental Protection Agency
Direct: 202-564-5472
Email: kaul.meetu@epa.gov

From: Werner, Jacqueline
Sent: Friday, September 25, 2015 6:24 PM
To: Kaul, Meetu; Isin, Amelie
Cc: Belser, Evan
Subject: Ex. 7

FYI - Rosemarie signed the package for Susan.

It's on my desk for Monday morning.

Thanks,

jj

Jacqueline Robles Werner

Associate Director

Air Enforcement Division

U.S. Environmental Protection Agency

1200 Pennsylvania Ave., NW

WJCS-1117C (MC-2242A)

Washington, DC 20460

t: 202-564-1036

To: Grundler, Christopher[grundler.christopher@epa.gov]; Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Millett, John[Millett.John@epa.gov]; Senn, John[Senn.John@epa.gov]; Sutton, Tia[sutton.tia@epa.gov]; Simon, Karl[Simon.Karl@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]
Cc: StClair, Christie[StClair.Christie@epa.gov]; Conger, Nick[Conger.Nick@epa.gov]; Birgfeld, Erin[Birgfeld.Erin@epa.gov]
From: Valentine, Julia
Sent: Mon 9/28/2015 3:29:00 PM
Subject: I'm staying on VW for a bit longer!

Hi All,

After six weeks on Gold King Mine, Christie is back from the Emergency Operations Center today and back to her regular beats. But because it makes sense for her to continue with Gold King Mine, and she knows how much I've loved working VW, we've agreed that I will stay on it for at least the week. We'll reassess after that.

Looking forward to continuing working together on this!

--Julia

Julia P. Valentine

Office of Public Affairs

U.S. EPA

202.564.2663 direct

202.740.1336 m/txt

From: Valentine, Julia
Sent: Monday, September 28, 2015 11:17 AM
To: Harrison, Melissa; Purchia, Liz; Allen, Laura; Conger, Nick; Abrams, Dan; Reynolds, Thomas
Cc: StClair, Christie; Hull, George
Subject: FYI: VW and GKM coverage

Hi,

Christie is back on her regular beats today, as well as handling GKM. I'll continue covering VW for this week and we'll reassess at the end of the week. Christie is back to handling all of OTAQ outside of VW.

Thanks.

Julia P. Valentine

Office of Public Affairs

U.S. EPA

202.564.2663 direct

202.740.1336 m/txt

To: Orehowsky, Gregory[Orehowsky.Gregory@epa.gov]
From: Kaul, Meetu
Sent: Mon 9/28/2015 3:33:14 PM
Subject: RE: Audi admits to defeat devices

Wow.

Ms.Meetu Kaul, Attorney-Advisor

Air Enforcement Division
United States Environmental Protection Agency
Direct: 202-564-5472
Email: kaul.meetu@epa.gov

From: Orehowsky, Gregory
Sent: Monday, September 28, 2015 11:30 AM
To: Kaul, Meetu
Subject: Audi admits to defeat devices

Ex. 7

http://www.washingtonpost.com/business/economy/audi-says-21-million-cars-had-software-to-cheat-emissions/2015/09/28/60e4a5c6-65e3-11e5-9ef3-fde182507eac_story.html

Greg Orehowsky

U.S. EPA

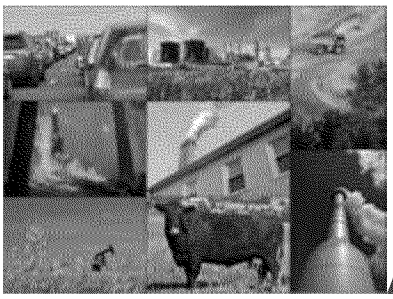
Office of Civil Enforcement

Air Enforcement Division

Phone 202-343-9292

To: Allnutt, David[Allnutt.David@epa.gov]; Anderson, Lea[anderson.lea@epa.gov]; Anderson, Steve[Anderson.Steve@epa.gov]; Aranda, Amber[aranda.amber@epa.gov]; Averback, Jonathan[Averback.Jonathan@epa.gov]; Belser, Evan[Belser.Evan@epa.gov]; Bianco, Karen[Bianco.Karen@epa.gov]; Bogoshian, Matthew[Bogoshian.Matt@epa.gov]; Branning, Amy[Branning.Amy@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Chapman, Apple[Chapman.Apple@epa.gov]; Choi, Jake[Choi.Jake@epa.gov]; Cozad, David[Cozad.David@epa.gov]; Crum, Lynda[Crum.Lynda@epa.gov]; Crystal, Roy[crystal.roy@epa.gov]; Davis, Julian[davis.julian@epa.gov]; Dickinson, David[Dickinson.David@epa.gov]; Dierker, Carl[Dierker.Carl@epa.gov]; Dolph, Becky[Dolph.Becky@epa.gov]; Doster, Brian[Doster.Brian@epa.gov]; Dubey, Susmita[dubey.susmita@epa.gov]; Dubois, Roland[Dubois.Roland@epa.gov]; Frey, Bert[frey.bertram@epa.gov]; Froikin, Sara[Froikin.Sara@epa.gov]; Giles-AA, Cynthia[Giles-AA.Cynthia@epa.gov]; Graham, Cheryl[Graham.Cheryl@epa.gov]; Harrison, Ben[Harrison.Ben@epa.gov]; Hoffman, Howard[hoffman.howard@epa.gov]; Hogan, Stephanie[Hogan.Stephanie@epa.gov]; Holmes, Carol[Holmes.Carol@epa.gov]; Igoe, Sheila[Igoe.Sheila@epa.gov]; Jordan, Scott[Jordan.Scott@epa.gov]; Kaplan, Robert[kaplan.robert@epa.gov]; Kataoka, Mark[Kataoka.Mark@epa.gov]; Klepp, Robert[Klepp.Robert@epa.gov]; Knapp, Kristien[Knapp.Kristien@epa.gov]; Lee, Michael[lee.michaelg@epa.gov]; Lovett, Lauren[Lovett.Lauren@epa.gov]; Mackey, Cyndy[Mackey.Cyndy@epa.gov]; Manners, Mary[manners.mary@epa.gov]; Marks, Matthew[Marks.Matthew@epa.gov]; Matthews, Julie[Matthews.Juliane@epa.gov]; McConkey, Diane[Mcconkey.Diane@epa.gov]; Mclean, Kevin[Mclean.Kevin@epa.gov]; Moore, Bruce[Moore.Bruce@epa.gov]; Morgan, Jeanette[Morgan.Jeanette@epa.gov]; Moyer, Robert[Moyer.Robert@epa.gov]; Muller, Sheldon[Muller.Sheldon@epa.gov]; Niebling, William[Niebling.William@epa.gov]; Nguyen, Quoc[Nguyen.Quoc@epa.gov]; Adair, Jocelyn[Adair.Jocelyn@epa.gov]; Odendahl, Steve[Odendahl.Steve@epa.gov]; Okoye, Winifred[Okoye.Winifred@epa.gov]; Orlin, David[Orlin.David@epa.gov]; Pastorkovich, Anne-Marie[Pastorkovich.Anne-Marie@epa.gov]; Roberts, Martha[Roberts.Martha@epa.gov]; Rodman, Sonja[Rodman.Sonja@epa.gov]; Rowland, John[Rowland.John@epa.gov]; Schaaf, Eric[Schaaf.Eric@epa.gov]; Schmidt, Lorie[Schmidt.Lorie@epa.gov]; Senn, John[Senn.John@epa.gov]; Shenkman, Ethan[Shenkman.Ethan@epa.gov]; Silverman, Steven[silverman.steven@epa.gov]; Smith, Kristi[Smith.Kristi@epa.gov]; Snyder, Doug[Snyder.Doug@epa.gov]; Srinivasan, Gautam[Srinivasan.Gautam@epa.gov]; Stahle, Susan[Stahle.Susan@epa.gov]; Starfield, Lawrence[Starfield.Lawrence@epa.gov]; Stern, Allyn[Stern.Allyn@epa.gov]; Tate, Ragan[Tate.Ragan@epa.gov]; Thrift, Mike[thrift.mike@epa.gov]; Tierney, Jan[tierney.jan@epa.gov]; Ting, Kaytrue[Ting.Kaytrue@epa.gov]; Tsirigotis, Peter[Tsirigotis.Peter@epa.gov]; Versace, Paul[Versace.Paul@epa.gov]; Vetter, Rick[Vetter.Rick@epa.gov]; Walker, Mike[Walker.Mike@epa.gov]; Ward, W. Robert[Ward.Robert@epa.gov]; Werner, Jacqueline[Werner.Jacqueline@epa.gov]; Wilcox, Geoffrey[wilcox.geoffrey@epa.gov]; Williams, Brent[Williams.Brent@epa.gov]; Williams, Melina[Williams.Melina@epa.gov]; Williamson, Timothy[Williamson.Tim@epa.gov]; Zenick, Elliott[Zenick.Elliott@epa.gov]; Wills, Jennifer[Wills.Jennifer@epa.gov]; Conger, Nick[Conger.Nick@epa.gov]; Blake, Wendy[Blake.Wendy@epa.gov]; Schramm, Daniel[Schramm.Daniel@epa.gov]; Vergeront, Julie[Vergeront.Julie@epa.gov]; Tozzi, Lauren[Tozzi.Lauren@epa.gov]; Coursen, David[Coursen.David@epa.gov]; Pilchen, Zach[Pilchen.Zach@epa.gov]; Skinner-Thompson, Jonathan[Skinner-Thompson.Jonathan@epa.gov]; Vijayan, Abi[Vijayan.Abi@epa.gov]; Roder, Aileen[Roder.Aileen@epa.gov]; Walker, Denise[Walker.Denise@epa.gov]; Caballero, Kathryn[Caballero.Kathryn@epa.gov]; Thompson, Christopher[Thompson.Christopher@epa.gov]; Williams, Christopher[Williams.Christopher@epa.gov]; Matthew, Dayna[Matthew.Dayna@epa.gov]; Reid, Lauren[Reid.Lauren@epa.gov]; Sweet, Andrew[Sweet.Andrew@epa.gov]; Hammons, Jeffrey[Hammons.Jeffrey@epa.gov]; Morris, Rachel[Morris.Rachel@epa.gov]; Nguyen, DucH[Nguyen.DucH@epa.gov]; Jordan, Deborah[Jordan.Deborah@epa.gov]; Charlton, Tom[Charlton.Tom@epa.gov]; Kulschinsky, Edward[Kulschinsky.Edward@epa.gov]; Portmess, Jessica[Portmess.Jessica@epa.gov]; kaminer, joan[Kaminer.Joan@epa.gov]; Kryman, Matthew[Kryman.Matthew@epa.gov]
From: Turley, Jennifer
Sent: Mon 9/28/2015 3:35:02 PM

Subject: Air & Radiation Law News for September 28, 2015



Air & Radiation Law News

for September 28, 2015

Bloomberg BNA Daily Environment Report™

Air Pollution

EPA: 'Serious Possibility' Mercury Rule Will Be Affirmed

A "serious possibility" exists that the Environmental Protection Agency will reaffirm its finding that it's "appropriate and necessary" to regulate power plant emissions of mercury based on cost data that are already...

Air Pollution

EPA Steps Up Vehicle Testing Following VW Revelations

The Environmental Protection Agency will immediately begin a new series of vehicle tests specifically designed to detect the use of "defeat devices" like those Volkswagen AG installed in its cars to skirt federal emissions limits...

Air Pollution

House Science Panel Wants All Ozone Communications

The House Science, Space and Technology Committee requested that the White House and the Environmental Protection Agency provide all documented communication between administration officials about the agency's final decision on...

Air Pollution

Ozone Lawsuits Likely to Focus on Health, Attainability

The seemingly inevitable litigation over the Environmental Protection Agency's pending decision on where to set national ozone standards is likely to focus on the health effects of the decision, though industry groups also may challenge...

Climate Change

Drax to Halt Investment in Plant Using Carbon Capture

Drax Group Plc pulled out of a plan to build the U.K.'s first commercial-scale power plant equipped with a carbon capture and storage system, a blow to the government's ambition to spur the technology crucial to protecting the...

Climate Regulation

California Acts on Low-Carbon Fuel Standard

California air quality officials re-adopted the state's landmark low-carbon fuel standard Sept. 25, a move to comply with a court ruling that found the initial rulemaking procedurally flawed....

Climate Regulation

Inhofe Welcomes Debate on 'Super Pollutant' Bill

Legislation aiming to cut emissions of methane, hydrofluorocarbons (HFCs), black carbon and other short-lived climate pollutants got a boost Sept. 24 when the chairman of the Senate's environment panel said he welcomed debate on the...

Climate Science

Companies Put Positive Spin on 'Not a Scientist'

The "I'm-not-a-scientist" defense often used by politicians to deflect questions on climate change has moved into the corporate realm—in a good way....

Congress

Boehner Move Unlikely to Impact Environment Policy

House Speaker John Boehner's (R-Ohio) surprise resignation is unlikely to significantly alter the long-term energy and environment landscape in the House, analysts told Bloomberg BNA. ...

Emissions Trading

China's Nationwide Cap-and-Trade Follows Pilot Programs

China's announcement of a nationwide cap-and-trade emissions trading system and its other pledges in a joint statement on climate change at the White House indicate a willingness to take commitments to reducing carbon emissions to a...

Energy

DOE: Micro Grids, Modular Nuclear Reactors Coming

The energy system of the near future will include small electric grids and modular nuclear reactors that are connected to a flexible power grid, the undersecretary of energy for science and energy said....

Energy

Energy Audits on Horizon for Public Buildings in China

Large government buildings and public facilities such as hospitals, schools and universities in China that consume the equivalent of 500 metric tons or more of standard coal annually may have to undergo energy audits every three years, a draft...

Energy

FERC Chairman Cites Benefits of Demand Response Program

As the Federal Energy Regulatory Commission agency heads into U.S. Supreme Court oral arguments this fall, FERC Chairman Norman Bay says he supports Order 745, which is under attack for compensating demand response programs in wholesale...

Energy

House Committee to Markup Postponed Energy Bill

Broad energy legislation will be marked up in the House Energy and Commerce Committee on Sept. 30, committee spokesman Dan Schneider told Bloomberg BNA Sept. 25....

Energy

Vote on Senate Energy Bill Unlikely This Year

Broad Senate energy legislation that would expedite the federal approval process for liquefied natural gas exports is increasingly unlikely to be brought to the Senate floor this year, a Senate Republican leadership aide and others told...

Enforcement

Man Gets 30 Months in Prison for Biodiesel Fraud

A Las Vegas man was sentenced to 30 months in prison on Sept. 25 for his part in what federal officials called a complex international biofuels fraud scheme that involved fraudulent biodiesel credits and exporting biodiesel without providing...

EPA

EPA Updates Plan for Possible Government Shutdown

Despite reassurances from senior congressional leaders that they have a plan to prevent a government shutdown, the Environmental Protection Agency will update its contingency plans in case lawmakers are unsuccessful at preventing a lapse...

Hazmat Transport

PTC Deadline to Disrupt Hazmat Shipments: Industry

The pending deadline for implementation of positive train control (PTC) systems for railroads carrying certain hazardous materials will lead to issues nationwide related to drinking water, safety and the economy, railroads and hazmat...

International Climate

China to Expand Emissions Trading Nationally

China will start a national emissions-trading system to cut global warming emissions, and make a 20 billion yuan ($3.1 billion) commitment to help poorer countries move away from fossil fuels....

International Climate

China to Help Poorer Nations to Get Off Fossil Fuels

China, the world's largest greenhouse gas emitter, is on the brink of making a significant financial pledge to help poorer countries shift away from fossil fuels. That should put pressure on major economies to follow....

International Climate

Pope Declares 'Right of the Environment' at U.N.

Wrapping up a week of calls for action on climate change, Pope Francis told the United Nations General Assembly Sept. 25 that there is a "right of the environment" while warning man's failure to protect the planet could "threaten...

Regulatory Policy

House Again Passes Streamlined Permitting Bill

A bill to require the Environmental Protection Agency and other federal agencies to streamline environmental permitting for major energy, manufacturing and infrastructure projects passed the House Sept. 25, marking the third consecutive...

INSIDEEPA.COM
an online news service from the publishers of Inside EPA

Latest News

Final Brick Air Toxics Rule Retains 'Health-Based' Emissions Standards

EPA's final air toxics rule setting maximum achievable control technology (MACT) for the brick and clay products manufacturing sector retains controversial proposed "health-based" emissions limits for certain pollutants that the industry has long lobbied for but which environmentalists oppose, setting a potential precedent for other EPA air rules.

EPA Steps Up Passenger Vehicle Tests In Wake Of VW Emissions Scandal

EPA and California officials are stepping up its laboratory and on-road testing of vehicle emission controls in diesel and other passenger cars to search for pollution control "defeat devices" like those Volkwagen (VW) used in its four-cylinder diesel vehicles, devices that are now raising doubts about the fuel economy and greenhouse gas performance of the vehicles.

Ozone Lobbying Ramps Up As EPA Prepares To Issue Stricter Air Standard

Public health advocates, industry groups and others are ramping up lobbying trying to sway EPA on the outcome of its imminent decision on whether to make its ozone national ambient air quality standard (NAAQS) stricter, with the agency widely expected to tighten the existing 75 parts per billion (ppb) limit down to at least 70 ppb.

State Air Officials Seek Prompt Implementation Guide For EPA Ozone Rule

A group representing air regulators from 18 states is urging EPA to promptly issue guidance on how states should implement the agency's pending revision to its ozone national ambient air quality standard (NAAQS), highlighting concerns among the states about a potential stricter standard and new regulatory burdens it could trigger.

News Briefs

Petition Asks High Court To Force CAFO Air Regulation

A group of Iowa residents is taking their fight for EPA emissions regulations for air pollution from concentrated animal feeding operations (CAFOs) to the Supreme Court, in the wake of district and appeals court rulings that found EPA has no mandatory duty to regulate noxious gases from such factory farming operations.

Greenwire

CLIMATE:

China rolls out cap and trade, tops U.S. aid pledge

Jean Chemnick, E&E reporter

Published: Friday, September 25, 2015

Six years ago when cap-and-trade legislation was working its way through Congress, its foes warned the emissions scheme would put U.S. industry at a disadvantage because China wouldn't follow suit.

But China has turned the tables, announcing a cap-and-trade plan today for its greenhouse gas emissions while there's nearly no chance for the United States to do the same.

And the world's second-largest economy also said it would provide $3.1 billion in climate finance to poor countries, topping the U.S. pledge of $3 billion over four years.

The announcement of China's climate moves by President Obama and Chinese President Xi Jinping at the White House today follows their joint commitments last year on post-2020 greenhouse gas emissions and is aimed at influencing the United Nations' climate talks in Paris this December. Pope Francis called for a strong agreement in an address today at the United Nations (*see related story*).

"Last year's joint announcement was about setting targets," a senior White House official said. "And this year is about showing the world our countries' conviction to implement policies to reach those targets and to lead the world toward a durable global climate agreement."

For the United States, the agreement reaffirms commitments the Obama administration has already made. U.S. EPA's Clean Power Plan rule for curbing power-sector emissions and Obama's pledge to the United Nations' Green Climate Fund are both highlighted.

But Xi's commitment is grabbing most of the world's attention as he puts China on a path to a sweeping new emissions-trading system beginning in 2017 that will cover the bulk of his nation's economy.

Building on seven regional carbon markets that are already in operation, the Chinese program will cover industries that are not currently regulated for carbon in the United States: iron and steel, chemicals, building materials, and paper manufacturing.

China will also respond to EPA's existing power plant rule with its own steps to curb utility pollution, both through emissions trading and by introducing a "green dispatch" plan that will boost the role of renewable energy in its power grid and require dispatchers to draw first from the most efficient, lowest-emitting fossil fuel power plants, thus accelerating the retirement of older, dirtier units.

Obama and Xi hope to provide the needed boost that will allow the Paris talks to deliver an agreement. Last November's joint announcement by the world's two largest carbon emitters was credited with raising ambition during last year's U.N. talks in Lima, Peru.

The two presidents will also seek to contribute more directly today to the U.N. negotiations by announcing some new areas of agreement on what such an accord should look like.

They agree that the post-2020 emissions reduction targets countries have put forward ahead of Paris that will form the basis of the negotiations are "crucial steps in a longer-range effort to transition to low-carbon economies" and that they should be increased over time.

The leaders also called for the development of midcentury strategies for the transition to low-carbon economies "mindful" of the goal of keeping warming less than 2 degrees Celsius above preindustrial levels. The targets that countries have offered ahead of Paris are expected to fall short of that threshold.

And like last year's U.S.-China accord, today's language will further break down the U.N. process's traditional firewall, which governs the responsibilities of developed and developing nations. This is a goal long sought by U.S. negotiators but opposed in the past by large developing emitters.

China's pledge underscores that effort because historically, only developed countries have been expected to provide financial resources. The pledge will not move through the Green Climate Fund -- which will provide $10 billion by 2020 to help poor countries cope with warming and limit their own emissions.

A White House fact sheet says the $3.1 billion will be made available "through a bilateral fund designed to help developing countries combat climate change."

The grant, which is China's most significant to date, will be "consistent" with the U.S. Green Climate Fund pledge, the fact sheet said. This might mean it will follow the same guidelines laid out for the U.N. fund.

A White House official said it was important that responsibilities under the new accord be based on a country's actual capabilities rather than on what those capabilities were two decades ago when the process began.

If developed countries are required to constrict their emissions but large developing countries like China are not, that would place industries based in the developed world at a competitive disadvantage, the official said.

"There is necessarily a concern by countries all around the world that their partners and their competitors are treated in a way that's fair, and fair one to the other," he said.

If businesses based in the developing world, he said, are covered "in a kid-gloves category where less is expected simply because they are in that category, that's not a prescription for support at a political level in any developed country."

China today also pledged to "strictly control" its support for high-emitting fossil fuels projects, including in other countries. The United States has already severely restricted its support for overseas coal-fired power projects.

The United States and China also agreed to issue rules for heavy-duty vehicles and to take action to curb methane and hydrofluorocarbons, which remain in the atmosphere for a short time but can be far more climate-forcing than carbon dioxide.

POPE FRANCIS:

'Any harm done to the environment ... is harm done to humanity'

Lisa Friedman, E&E reporter

Published: Friday, September 25, 2015

UNITED NATIONS -- Pope Francis brought his global campaign for social justice and climate action to New York today, telling heads of state from around the world that harming the environment is akin to

harming humanity.

Greeted by cheers and chants of "Papa! Papa!" as he entered the General Assembly Hall, the pope made his way slowly to the front of the room and greeted the largest gathering of leaders in the history of the United Nations in his native Spanish with a simple "good morning."

Unlike his speech to Congress yesterday in which the Catholic spiritual leader avoided the words "climate change," even as he challenged U.S. lawmakers to "courageous actions" on behalf of the environment, Pope Francis today explicitly made the case for action (*Greenwire*, Sept. 24).

"We Christians, together with the other monotheistic religions, believe the universe is the fruit of a loving decision by the Creator, who permits man respectfully to use creation for the good of his fellow men and for the glory of the Creator. He is not authorized to abuse it, much less to destroy it," the pope said to loud applause.

Speaking to a packed hall that included German Chancellor Angela Merkel, as well as Sen. Edward Markey (D-Mass.) sitting next to Samantha Power, the U.S. ambassador to the United Nations, the pope called for a "fundamental and effective" international climate agreement in Paris in December.

He also linked the effort to protect the environment directly with alleviating poverty. Referencing his landmark encyclical on the environment, Francis also denounced consumerism and what he called "a culture of waste" that goes hand-in-hand with fueling poverty and destruction of the environment.

"A selfish and boundless thirst for power and material prosperity leads to both the misuse of available natural resources and to the exclusion of the weak and disadvantaged," the pontiff said.

Meanwhile, he argued, the environment's needs must be treated on a par with mankind's.

"It must be stated that a true 'right of the environment' does exist," he said. "Any harm done to the environment, therefore, is harm done to humanity."

Leaders emerging from the General Assembly hall had high praise for the Pope's words on the environment. Rachel Kyte, special envoy for climate change at the World Bank, said she hopes his words will resonate with negotiators charged with hammering out an accord in Paris.

"At the end of the day negotiators are human beings. At the end of the day heads of state are human beings," she said. "Who knows how that gets translated."

Environmentalists also honed in on the pope's message.

"As he addressed the nations of the world today, the pope could not have been more clear about the moral obligation we all have to act on climate immediately, and a key way to do just that is to secure a 'fundamental and effective' agreement in Paris this December," said Michael Brune, executive director of the Sierra Club.

"Pope Francis' emphasis on the fact that the climate crisis and the crisis of biodiversity 'can threaten the very existence of the human species' ought to serve as a wake-up call to politicians around the world who are standing in the way of action," he said.

After his U.N. speech, Francis visited the World Trade Center memorial, where he met families of 9/11 victims and emergency responders and participated in an interfaith prayer service.

AIR POLLUTION:

EPA boosts auto emissions testing after Volkswagen scandal

Sean Reilly, E&E reporter

Published: Friday, September 25, 2015

U.S. EPA officials today said they are ramping up emissions testing across the auto industry, seeking to regain public confidence after last week's revelation that Volkswagen had gotten away with cheating for years.

In a letter sent today to all car manufacturers, the agency said it may require testing on any vehicle under real-world driving conditions with the goal of detecting "defeat devices" similar to what VW has admitted to using on four-cylinder diesel-fueled vehicles from model years 2009 through 2015.

Although improved air quality over the years shows the existing regulatory framework is working, "we must continue to improve and adapt our oversight, and we will," Janet McCabe, EPA's acting air chief, told reporters in a conference call this morning.

The agency is collaborating with the California Air Resources Board and its Canadian counterpart, Environment Canada, to test VW diesel models already on the road for the defeat devices, said Chris Grundler, director of EPA's Office of Transportation and Air Quality.

EPA and California regulators are also working closely with Volkswagen, Grundler said, to come up with "recall solutions" for the 482,000 VW and Audi diesel vehicles covered by the violation notice issued Friday. Affected models include the Jetta, Beetle, Golf, Audi A3 and Passat.

The scandal, which could cost Volkswagen billions of dollars in fines just in the United States, has already forced the resignation of Martin Winterkorn, the CEO of Volkswagen AG, and led the company to ask German prosecutors to open a criminal investigation. Replacing Winterkorn is Matthias Müller, the current chairman of Porsche AG, Volkswagen's board announced today.

It also has raised questions about the adequacy of EPA's testing regimen, given that the cheating was uncovered not by its staff, but by West Virginia University researchers working for the International Council on Clean Transportation, a private nonprofit group.

On today's call, Grundler said EPA had developed the testing technology used by the West Virginia researchers, adding that the agency has focused its real-world testing on heavy-duty diesel trucks that generate far more nitrogen oxide emissions than light-duty cars. The software Volkswagen used to circumvent emissions requirements was buried in 100 million lines of code, he added.

At the Safe Climate Campaign, which has been critical of the existing regimen, Director Dan Becker said the added testing announced today makes sense but is "only a very initial step."

"EPA is going to have to move to bring testing in-house," Becker said in a phone interview. "They are going to have to essentially take the automakers out of the process of doing self-testing, then reporting some of the results -- or false results -- to EPA."

In an email, a spokesman for the Alliance of Automobile Manufacturers, whose members include VW's American arm, would only say the trade group is certain that all carmakers will review the new EPA guidance.

In a statement, a spokeswoman for the Association of Global Automakers, the trade group representing many foreign car manufacturers -- although not Volkswagen -- said "the integrity of the emissions and fuel economy testing certification process is very important to our industry," adding that it will keep working with state and federal regulators to ensure "that the process achieves the objectives of the regulators, manufacturers, and consumers."

APPROPRIATIONS:

House expected to pass 'clean' spending bill, avoid shutdown

Daniel Bush, E&E reporter

Published: Friday, September 25, 2015

House Speaker John Boehner's decision to retire next month should pave the way for Congress to pass a short-term funding bill next week and avoid a government shutdown, House lawmakers said today.

Lawmakers said the Ohio Republican's surprise announcement today clears a path for GOP House leaders to push through a "clean" stopgap spending bill, known as a continuing resolution, or CR, that doesn't include a provision to defund Planned Parenthood.

"I expect we'll pass a clean CR" next week, House Appropriations Chairman Hal Rogers (R-Ky.) told reporters.

House Minority Whip Steny Hoyer (D-Md.) echoed Rogers, saying he expects the spending measure to reach the House floor next week. "I expect that Tuesday [the Senate] will send us a bill, and I expect that bill to be clean," Hoyer said. "I would hope that we can pass that."

The House will likely pass a Senate-backed bill that would keep the government open through mid-December, instead of voting on new legislation, Rogers said.

"The likelihood is it'll be [the Senate's bill]," Rogers said.

Boehner was facing a revolt from the House GOP's conservative flank, which wants to pass a spending bill that would strip Planned Parenthood's federal funding.

But lawmakers on both sides of the aisle said they were optimistic Boehner would bring a clean CR to the floor now that he no longer has to worry about angering his GOP critics.

Averting a government shutdown would allow the country to "move beyond where we are right now, which is incredible uncertainty," New York Rep. Joseph Crowley, a member of the House Democratic leadership team, said in a brief interview.

Still, Crowley said a short-term funding bill wouldn't address a Democratic demand that Congress lift sequester-level spending caps.

"We still have to deal with the issue of sequester," Crowley said.

The Senate is scheduled to vote on its spending bill next week. The House timeline is less clear. Congress must act by Sept. 30 to stop the government from running out of funding.

Reporters Geof Koss and Hannah Northey contributed.

REGULATIONS:

House passes NEPA fast-track review bill

Kevin Bogardus, E&E reporter

Published: Friday, September 25, 2015

The House today passed legislation that would speed up environmental reviews.

H.R. 348, or the "Responsibly and Professionally Invigorating Development (RAPID) Act of 2015," would establish hard deadlines for proposed energy and infrastructure projects that undergo National Environmental Policy Act reviews.

The bill passed 233-170 on a largely partisan vote in the lower chamber. Only seven Democrats ended up voting for the legislation.

The RAPID Act, sponsored by Rep. Tom Marino (R-Pa.), has been part of a package of bills pushed by Republicans that take aim at the Obama administration's regulatory authority. Democrats as well as environmental and public interest groups have blasted the bills as weakening key protections for public health and safety.

Republicans touted the legislation on the House floor today before the House approved it. Rep. Bob Goodlatte (R-Va.), chairman of the House Judiciary Committee, said the RAPID Act would help get construction workers in need of work back on the job.

"It is exactly what our private- and public-sector leaders have called for. It is what millions of American workers yearning for new work and higher wages need," Goodlatte said.

GOP lawmakers also toughened up the legislation's anti-regulatory stance.

Rep. Paul Gosar (R-Ariz.) offered an amendment that would ban agencies from using draft NEPA guidance issued by the White House Council on Environmental Quality. The document has angered Republicans because it calls on agencies to consider climate change as part of their NEPA reviews.

The Arizona lawmaker said his "common-sense" measure would protect jobs by stopping agencies from "being forced to follow job-killing and unlawful draft guidances" that lead to cap-and-trade mandates.

In response, Rep. Debbie Dingell (D-Mich.) read an excerpt from Pope Francis' address to Congress yesterday in which he discussed lawmakers' responsibility to stop the destruction of the environment.

"I take that call by our pope very seriously," Dingell said. "By considering this bill and this amendment, Congress is not playing a constructive role."

Democrats' opposition to Gosar's amendment, however, was not enough to stop it; the provision passed the House on a 223-186 vote.

Several amendments offered by Democrats to change the bill fell flat on the House floor.

One measure, offered by Rep. Scott Peters (D-Calif.), would have struck the bill's language that stops agencies from using the social cost of carbon in their environmental reviews.

"My amendment rejects the false choice between a prosperous economy and a healthy climate. We can and we must have both," Peters said.

Marino opposed the amendment, calling the social cost of carbon rule "junk science."

"Its political function being to make renewable energy look like a bargain at any price and fossil energy look unaffordable no matter how cheap," Marino said.

Peters' amendment failed in a 179-229 vote.

Marino's bill also found success last year. The House passed the legislation in March 2014 (*E&ENews PM*, March 6, 2014).

The RAPID Act, however, will likely not go much further than the House this Congress. Last week, the White House issued a veto threat against the legislation (*E&E Daily*, Sept. 17).

AIR POLLUTION:

Public health groups make late push for tighter ozone limit

Amanda Reilly, E&E reporter

Published: Friday, September 25, 2015

Public health advocates this week made a last-minute plea for a more stringent national ozone standard as U.S. EPA nears an Oct. 1 court-ordered deadline to choose a final new limit for the air pollutant.

In a letter to EPA Administrator Gina McCarthy, the American Thoracic Society and New York University's Marron Institute of Urban Management urged the administration to lower the national standard from its current level of 75 parts per billion to 60 ppb -- the low end of the range recommended by EPA's scientific advisers.

According to the groups, a 60 ppb standard would prevent 6,408 premature deaths annually compared with current ground-level ozone concentrations.

"Administrator McCarthy, the fate of thousands of lives annually rests on your decision," ATS and the NYU institute wrote in the letter dated Wednesday and circulated late yesterday.

Ground-level ozone is a key component of smoggy air that's formed when nitrogen oxides and volatile organic compounds react in the presence of sunlight.

EPA last November proposed to tighten the standard to between 65 and 70 ppb based on a review of public health data but said it would take comment on a level as low as 60 ppb. The agency's final rule is at the White House Office of Management and Budget for interagency review.

According to the letter from the public health advocates, a 70 ppb standard would result in 3,752 more premature deaths a year than a 60 ppb limit.

"The lives of 3,700 Americans are too important for EPA to ignore," ATS and the NYU institute wrote.

The Los Angeles area stands to gain the most from a 60 ppb standard when considering avoided premature deaths, according to the groups. A 60 ppb limit would prevent 619 deaths in the area compared with current ozone concentrations, the groups said.

ATS and the institute told McCarthy they planned to soon release a more detailed report on potential lives saved by a tighter ozone standard. The report is unique from EPA's estimates of the benefits of a tighter standard, they said, because it does not taken into account reductions in ozone caused by other air regulations.

Business and industry groups have waged an aggressive campaign against a tighter standard, warning of potential high compliance costs.

AIR POLLUTION:

Industry, states ask court to scrap MATS rule

Amanda Reilly and Robin Bravender, E&E reporters

Published: Friday, September 25, 2015

Several states and industry groups yesterday asked a federal court to toss out the Obama administration's landmark standards for reducing mercury pollution at coal-fired power plants.

Led by White Stallion Energy Center LLC and the state of Michigan, the parties argued that a Supreme Court decision earlier this year rendered the standards illegal.

In a 5-4 ruling in June, the high court sent the standards back to the U.S. Court of Appeals for the District of Columbia Circuit, finding that EPA should have considered costs when it found that it was "appropriate and necessary" to regulate hazardous emissions from power plants.

"An agency's rule cannot continue to have the force of law, imposing binding obligations on private citizens, when it has been declared unlawful," the industry parties wrote in a motion filed yesterday.

The Obama administration and its allies from states and green groups, meanwhile, urged the appeals court yesterday to keep the rule in place while allowing EPA to address the problems flagged in the Supreme Court's ruling.

EPA issued the Mercury and Air Toxics Standards, or MATS, in December 2011 to require coal-burning power plants to reduce emissions of mercury, lead, arsenic and other hazardous air pollutants. Coal plants are the country's largest emitters of mercury, and EPA said that MATS would prevent 11,000 premature deaths a year and yield up to $90 billion in health benefits.

Although EPA considered costs later in the regulatory process, the agency relied only on a public health analysis when determining that power plants emissions should be regulated in the first place.

In their brief asking the court to completely scrap MATS, industry and the states argued that the Supreme Court had unequivocally ruled that EPA exceeded its authority under the Clean Air Act when it issued the mercury standards.

EPA, they said, "failed to answer the threshold question Congress directed it to consider before regulating the emission of hazardous air pollutants from power plants: Is such regulation worth it -- that is, are the benefits of regulation worth the costs?"

Nearly 20 states -- Texas, Utah, Oklahoma, South Carolina, North Dakota, Ohio, Nebraska, Missouri, Mississippi, Kentucky, Kansas, Indiana, Idaho, Arkansas, Arizona, Alaska and Alabama -- joined Michigan and White Stallion in the request. Iowa Gov. Terry Branstad (R), Oak Grove Management Company LLC, the Gulf Coast Lignite Coalition and the National Mining Association also joined the motion.

To support their request, states and industry noted that EPA mostly relied on co-benefits -- health benefits not directly attributable to reductions in mercury -- to come up with its estimate that the rule would yield billions of dollars in benefits.

The groups argued that removing those co-benefits resulted in a "gross imbalance" between the benefits of the rule and its expected cost of $9.6 billion a year.

"Despite this gross imbalance of costs and benefits, EPA refused to consider costs when making the initial decision whether to regulate," their motion says. "Instead, the agency found regulation was 'appropriate' because power plants' remaining emissions of hazardous air pollutants pose hazards to public health and the environment and because controls are available to address those hazards."

Tri-State Generation and Transmission Association Inc., a small generation company that operates a coal-fired power plant in Colorado, filed a separate motion yesterday asking the court to throw out the rule. Tri-State also asked the court to suspend requirements for power plants that had asked for a one-year extension from the original compliance deadline of April 2015 in the event that MATS is left in place.

A separate group of industry intervenors in the case that includes geothermal power producer Calpine Corp. and Exelon Corp. instead urged the court to leave the rule in place. EPA, the companies said, had already collected "considerable information" about costs and benefits of the rule.

Eliminating the rule, the firms said, would have "disruptive consequences" for the electric power industry given the "substantial" investments companies have made to comply with the rule.

EPA warns vacatur would be dangerous, disruptive

EPA yesterday asked the appeals court to keep the rule in place while it tweaks its rule on an "expedited basis" to address the Supreme Court's "limited holding."

Keeping the mercury rule in place, the administration argued, would "preserve the important public health and environmental benefits achieved by the rule, and avoid regulatory uncertainty and significant complications for other important EPA programs, without significant disruptive consequences for regulated sources."

Although the Supreme Court found that EPA failed to consider costs when the agency determined that it was "appropriate and necessary" to regulate hazardous air emissions from power plants, EPA argued that the existing record for the rule contains extensive documentation about the costs of compliance. Based on the cost data that's already available, the agency believes there is a "serious possibility" that EPA will reaffirm its finding.

EPA also said it intends to wrap up its consideration of costs as close to April 15, 2016, as possible.

The agency also argued that the health and environmental consequences of gutting the rule would be dire, including "extremely dangerous" threats posed by mercury to children and developing fetuses. Vacating the rule would additionally have "significant disruptive consequences" for regulated industries, the administration said.

EPA's state and environmental backers also pressed the court to keep the rule in place while sending it back to the agency for a quick fix.

"Vacating the rule would be profoundly disruptive, creating and exacerbating significant hazards to public health and the environment and disrupting the administration of other vital air and water pollution control programs," EPA's supporters told the appeals court.

That brief was filed by a coalition including Massachusetts, California, Connecticut, Delaware, Illinois, Iowa, Maine, Maryland, Minnesota, New Hampshire, New Mexico, New York, Oregon, Rhode Island, Vermont, Baltimore, Chicago and the District of Columbia. Among the other groups that submitted the brief were the American Lung Association, Environment America, the Environmental Defense Fund, the Natural Resources Defense Council and the Sierra Club.

RAIL:

Judge delays $338M settlement over Quebec oil train accident

Published: Friday, September 25, 2015

A federal bankruptcy judge delayed a $338 million settlement for victims of an oil train derailment in Quebec amid opposition from Canadian Pacific Railway Ltd.

Canadian Pacific won the delay to reach additional time to decide whether to join the settlement or withdraw its opposition.

Bankruptcy trustee Robert Keach said it should not be difficult to secure approval of the settlement by Oct. 5, when the parties are set to meet next.

The settlement was negotiated over the July 6, 2013, oil train derailment in Lac Mégantic, Quebec, which destroyed more than 40 buildings (*EnergyWire*, July 8, 2013).

The Maine-based railroad filed for bankruptcy after the explosion (AP/*Fuel Fix*, Sept. 25). **-- SP**

CALIFORNIA:

Air board likely to greenlight fuel standard

Published: Friday, September 25, 2015

The California Air Resources Board is expected to restore a program to require a 10 percent cut in carbon emissions on transportation fuels over the objection of the oil industry.

The board is set to vote on the program today after it overcame a legal challenge from fuel makers, who argued it would raise gas prices.

The board contends the program would increase fuel prices by a few cents per gallon, adding an extra $5 to $21 in costs for an average driver in 2017.

The regulation, first proposed by former Gov. Arnold Schwarzenegger (R) under a 2007 executive order,

will give "clear direction to the fuel-producing sector that this is the direction of the state," said John Boesel, president and CEO of CALSTART, a transportation group (Judy Lin, Associated Press, Sept. 25). -- **SP**

EMISSIONS:

Viral videos carry heavy carbon footprint

Published: Friday, September 25, 2015

Internet companies are becoming more and more conscious of their carbon footprint as the massive data centers needed to keep them online continue to grow.

Responsible for about 2 percent of greenhouse gas emissions across the globe, data centers emit almost as much carbon dioxide as the aviation industry.

Google has calculated that each query on its site generates 0.2 gram of carbon dioxide, while watching a 10-minute YouTube video generates 1 gram, and using Gmail for a year would produce 1.2 kilograms per person.

Facebook has said its average user's annual footprint is 269 grams of carbon.

When you consider that billions of people use those services, the carbon emissions add up.

"It's an exponential growth in data," said Sophia Flucker, director at Operational Intelligence, a United Kingdom-based consultancy that advises data centers on their energy use.

Flucker said that though the industry is making strides to become more energy efficient, "any efficiency gains are being eaten up by demand."

"It's very much an upward trajectory," she said.

Because of this, environmental groups advocate that tech companies invest in clean energy.

"Energy efficiency is of course very important," said senior IT analyst at Greenpeace Gary Cook. "It's critical. It's also completely insufficient on its own. If you look at the growth in data center demand and our digital world, energy efficiency will slow the [emissions] curve, but the curve is still going to the moon" (Adam Vaughan, London *Guardian*, Sept. 25). -- **AW**

FEDERAL WORKFORCE:

Morale poll results coming soon with 'positive trends'

Kevin Bogardus, E&E reporter

Published: Friday, September 25, 2015

The Office of Personnel Management will soon release highly anticipated poll results that gauge the federal workforce's morale.

The 2015 Federal Employee Viewpoint Survey measures government workers' job satisfaction and commitment in the workplace. The survey, sent to the staff of all federal agencies, has shown plummeting morale across the government in recent years, but the head of OPM is seeing good news in the forthcoming results.

"I am happy to report that we are seeing some positive trends in the numbers this year, although we still have more work to do," said Beth Cobert, acting director of OPM, in a blog post yesterday.

Cobert noted that participation in the FEVS was up to 50 percent this year compared to 47 percent in 2014. In addition, "employee engagement index scores improved at most agencies," according to the OPM chief.

Cobert noted the survey found improving morale at the Department of Housing and Urban Development.

"This past year, HUD increased its engagement score by 5 percentage points. It also increased its global satisfaction score by 6 percentage points. This impressive growth came about as a result of the agency's commitment to increasing internal engagement," Cobert said on the blog.

The OPM head said more good news was coming, which she would share with the public.

"There are many other agency success stories in this year's FEVS results," she said, "and I look forward to sharing more of them soon on the OPM blog."

Recent history has shown, however, that FEVS results are typically less sunny.

Morale across agencies has suffered over the past several years as federal workers have had to deal with budget cuts, pay freezes and a government shutdown in October 2013. For instance, federal employees' global satisfaction was at 59 percent in 2014, about an 8-point drop from 2010 (*Greenwire*, Oct. 24, 2014).

POLITICS:

Greenwire's Chemnick talks climate momentum after papal address

Published: Friday, September 25, 2015

As Pope Francis continues his U.S. tour, will his remarks on climate affect the tone of discussions in Congress and the momentum heading into this year's Paris talks? On today's The Cutting Edge, *Greenwire* reporter Jean Chemnick discusses the power of the pope following his historic address. She also talks about the growing momentum surrounding this year's international climate talks in Paris.

Click here to watch E&ETV's The Cutting Edge.

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CLIMATEWIRE — Mon., September 28, 2015

READ FULL EDITION

1.REGIONS:

Solar energy becomes a major power player in the Middle East

In a patch of otherwise empty desert 30 miles south of Dubai, the outline of what is expected to become the Middle East's largest photovoltaic solar project is taking form in the sands of the United Arab Emirates.

2.NATIONS:

India and Brazil will not follow China's pledge to donate to poorer nations' climate efforts

UNITED NATIONS -- Neither India nor Brazil will unveil a major financial contribution toward poorer countries grappling with climate change as China did last week to the tune of $3.1 billion, ministers from both major economies said this weekend.

TODAY'S STORIES

3.NEGOTIATIONS:
At U.N., Obama calls sustainable development an investment 'in our own future'

4.REGULATION:
If its lawsuit fails, N.C. may go nuclear to meet EPA's carbon limits

5.RELIGION:
Social scientists take issue with aspects of pope's climate message

6.GRID:
Gas turbines, not batteries, may provide the easiest path forward for renewables

7.CALIFORNIA:
Air regulators restart state's low-carbon fuels program

8.STATES:
Colo. kicks off public dialogue on Clean Power Plan compliance

9.POWER PLAN HUB:
States cue up initial talks on EPA rule options

10.FINANCE:
Asian Development Bank pledges to double annual climate change spending

11.BUSINESS:
Wall Street begins to assess carbon footprints of stock portfolios

12.FINANCE:
Wall Street banks call GHG emissions a 'significant risk,' promise to finance solutions

13.RESEARCH:
Scientists warn that cool spot in Atlantic could be linked to ice melt

14.ELECTRICITY:
Renewables overtake coal in U.K. power mix for first time

15.CARBON CAPTURE:
U.K. company kills coal project amid subsidy cuts

16.REGIONS:
Report pushes for massive investment to protect Africa from climate change

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ENERGYWIRE — Mon., September 28, 2015

1.ARCTIC:

Shell abruptly exits Chukchi drilling

After investing seven years and $7 billion in hopes of finding a mother lode of oil in the American Arctic, Royal Dutch Shell PLC is scrapping its Chukchi Sea drilling program and ending exploration in offshore Alaska "for the foreseeable future."

TOP STORIES

2.CLEAN POWER PLAN:

N.C. may go nuclear to meet EPA's carbon limits

3.BAKKEN SHALE:

N.D.'s boom-time governor confronts the oil bust

4.TECHNOLOGY:

Are you 'cybersensitive'? Study explores link between energy habits and smartphones

ELECTRICITY

5.GRID:

In N.Y., cost is the key question about better resilience

6.POWER PLAN HUB:

States cue up initial talks on EPA rule options

7.SOLAR:

Ark. utility buys 20 years of sun power

OIL AND GAS

8.TECHNOLOGY:

Mont. students research mitigating oil and gas production fallouts

9.OFFSHORE DRILLING:

New rig simulators heading to Gulf Coast

10.LAW:

Va. crude-by-rail terminal threatened with suit

11.PEOPLE:

UT appoints new head of oil and gas workforce training

12.OFFSHORE:

Exxon promotes Arctic drilling

13.FINANCE:

Report says oil prices won't rebound in coming years

14.OIL SPILLS:

Planning for the worst in the Great Lakes

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To: Bunker, Byron[bunker.byron@epa.gov]
From: Couroux,Stephane [NCR]
Sent: Mon 9/28/2015 4:15:35 PM
Subject: FW: BREAKING-2.1-million-Audi-cars-fitted-with-VW-emissions-cheat-devices.htm

As discussed Byron. Stéphane.

VW scandal: German prosecutors probe Winterkorn as Volkswagen emissions-rigging crisis spreads to 2.1 million Audi cars and Skoda models

Prosecutors in Germany have launched a criminal probe into the former VW boss as the scandal stretches to luxury Audi cars and Skoda models

The VW scandal has now extended to Audi cars and Winterkorn is reportedly under investigation Photo: 2015 Getty Images

By Julia Bradshaw

3:18PM BST 28 Sep 2015

Comments

Prosecutors in Germany have opened a criminal investigation into former Volkswagen chief executive Martin Winterkorn in the wake of the emissions-rigging scandal.

The probe is understood to concentrate on accusations of fraud after it was revealed that VW had fitted 'defeat' devices in millions of its diesel cars worldwide to cheat government emissions tests.

The investigation aims to establish who was responsible, according to the statement from prosecutors in Braunschweig, Germany, and will look at Mr Winterkorn's role in the worst crisis to hit VW in its 78-year history.

Winterkorn quit saying he was "not aware of any wrongdoing on my part"

The prosecutors have also received a number of criminal complaints, including one from Volkswagen itself.

Under the German system, anyone can file a criminal complaint with prosecutors, who then must examine the complaint and decide whether there is enough evidence to open a formal investigation and for charges to be brought.

It is essentially the equivalent of a police investigation in the UK.

Prosecutors say it is too early to determine if and when they may try and interview Mr Winterkorn himself.

"This is a very broad case and in other such investigations it has taken many months, sometimes years," a spokesman said.

Mr Winterkorn stepped down as CEO last week and was replaced by former Porsche boss Matthias Mueller after the emissions-rigging scandal wiped billions of pounds off the value of VW and tarnished its previously solid reputation for reliability and quality.

Mr Winterkorn has denied knowing about the pollution-cheating software, and issued a statement at the time of his resignation saying: "I am doing this in the interests of the company even though I am not aware of any wrongdoing on my part."

Some shareholders and analysts are critical about VW's management re-shuffle.

Dr Hans-Christoph Hirt, a director at fund manager Hermes, slammed VW's choice of 'corporate insiders' to take charge of the company, saying the move "raises some real doubts whether the key shareholders have recognised the need for fundamental reform and a real new beginning".

He said: "Following intensive engagement with Volkswagen on corporate governance issues between 2006 and 2009, we have repeatedly raised concerns about aspects of Volkswagen's corporate governance.

"We plan to attend the Extraordinary General Meeting of Volkswagen on November 9 and on behalf of a group of investors will explain our concerns and suggest changes to the company's corporate governance and culture to other shareholders and the management and supervisory boards."

The news came as Audi announced that the device used in parent company Volkswagen's cars to manipulate emissions tests was also fitted in 2.1 million of its own luxury cars.

Of the 2.1 million automobiles, some 1.42 million diesel-powered Audi vehicles are registered in Western Europe, with 577,000 in Germany.

There are almost 13,000 cars containing the cheat software in the United States, a spokesman for Ingolstadt-based Audi said.

The engine in question was built into 1.6-litre and 2-litre turbo diesel models in the A1, A3, A4, A6, TT, Q3 and Q5 ranges.

The cars involved have engines in the "euro 5" emissions category. Those with the newer "euro

6" engines aren't affected by the emissions scandal.

"We're working at full speed to find a technical solution," said Juergen de Graeve, a spokesman for Audi.

"Once we have that solution, we'll write to customers and we'll upgrade the cars so that they're within emissions regulations."

Skoda, which is also part of the VW family, has said that 1.2 million of its cars worldwide contain the pollution manipulation device, according to reports.

Volkswagen shares have fallen by more than 7pc today.

Meanwhile, it has also emerged that VW has suspended the R&D chiefs of its core VW brand, luxury division Audi and sports-car maker Porsche.

The carmaker's supervisory board last Friday agreed to put a number of employees on leave until the details of affair were cleared up.

VW sparked global outrage last week when it admitted that 11 million of its diesel cars are fitted with special gadgets that activate pollution controls during tests but secretly turn them off when the car is on the road.

The deception has wiped billions off the value of the car giant and is set to land the German auto maker with substantial penalties and recall costs as governments and regulators around the world launch investigations - some of the criminal - into the scandal.

The nations carrying out probes include the UK, South Korea, India, Brazil, Australia, France, Italy, South Africa and Norway - whose economic crime unit has opened an investigation.

The US Justice Department has also launched a criminal probe.

VW's new boss Matthias Mueller

Executives at VW have been accused of masterminding the emissions scandal from the company's headquarters in Wolfsburg.

The chain of command of those involved in the rigging deception stretched all the way back from the US to VW's home patch, it has been claimed, with executives in Germany controlling the key aspects of tests which the firm now admits were manipulated.

'Emissions standards matter and they have to be properly policed and delivered'

David Cameron

Testers at a California site evaluated vehicles and results were sent back to Germany before being passed to the US Environmental Protection Agency.

If any car failed to meet emissions targets, a team of engineers from Volkswagen headquarters or Audi's base in Ingolstadt was flown in.

UK Prime Minister David Cameron has condemned Volkswagen over its rigging of emissions tests.

"If companies are breaking the rules and fiddling their figures, that is unacceptable," Mr Cameron said as he flew to New York for a visit to the United Nations. "Emissions standards matter and they have to be properly policed and delivered."

Any move to restrict sales would be "all a matter for the Transport Department," he said.

German authorities have also demanded the carmaker present a timetable for fixing affected

vehicles.

The regulators have asked VW to come up with a plan by October 7 to show when its cars will meet emissions requirements.

The German government has also insisted that it did not know about the rigged diesel emissions tests at VW before the story broke.

"The transport minister found out about the allegations of manipulation the weekend before last," a spokesman said.

"We had no previous knowledge that this system was being used."

Volkswagen has set aside €6.5bn to cover damages including fixes for the vehicles, potential regulatory fines and lawsuits, but the cost of the fallout is expected to be much larger.

The FBI in Detroit is reportedly handling a US criminal investigation of the German company, while 27 state attorney generals have unleashed a joint investigation into the blighted car maker.

Thse 27 states are reportedly going to send subpoenas to the company - these are essentially writs compelling testimony or evidence to be produced or face a penalty.

Private law firms are also lining up to take on VW, with a class action suit already being filed by a Seattle law firm.

The automobile giant already faces at least 60 lawsuits filed in federal courts in the US by consumers alleging the company committed fraud by cheating on emissions tests, which means their cars might not be as efficient as they believed them to be.

Dutch investor group VEB, which represents shareholders, has issued a liability claim against Volkswagen for the losses incurred by investors in the wake of the emissions fraud.

The group said: “The liability in question concerns the incorrect, incomplete and misleading information provided by Volkswagen…this manipulation kept the Volkswagen share price artificially high.

“In doing so Volkswagen acted unlawfully; not only towards car owners but also its own shareholders.”

Meanwhile, European environmental organisation, Transport & Environment, has said it has found some new models of Mercedes, Volkswagens, BMWs and other new cars consume much more petrol than lab tests claim, according to reports from PA.

The organisation said it had found no proof the cars are equipped with the same sort of "defeat

devices" installed on diesel-powered Volkswagens, but called on European Union governments to broaden their probes into the scandal to cover petrol cars as well.

Both the EU and US have announced plans to crack down on the way car emissions are measured.

Currently, manufacturers test emissions in near-perfect lab settings, using smooth tyres unsuitable for roads, engine lubricants so expensive they're beyond the reach of most consumers and even clip off wing mirrors to achieve required emission results.

US regulators and the European Commission have both said they will introduce rules forcing manufacturers to test car emissions under real world road conditions.

The EU is expected to introduce new legislation in early 2106, although French ministers on Thursday called for this to be brought forward to before the end of the year.

New VW boss Matthias Mueller has pledged to win back the trust of customers.

"My most urgent task is to win back trust for the Volkswagen Group by leaving no stone unturned and with maximum transparency, as well as drawing the right conclusions from the current situation," he said on Friday.

Despite the turmoil at VW, the European Central Bank has not suspended the purchase of assets backed by VW loans, under its quantitative easing programme.

Contrary to reports over the weekend, the latest list of eligible collateral purchased by the ECB still includes securities issued by the carmaker.

How the Volkswagen scandal unfolded

2009

Volkswagen starts installing "defeat devices"

The devices bypass tougher anti-pollution standards introduced in 2008. The tougher rules cap legal nitrogen oxide (NOx) emissions.

2013

Abnormalities found in tests

Researchers from the Internationa Council on Clean Transportation and West Virginia University find abnormalities between the NOx emitted by VW vehicles in lab tests and on the road.

May 2014

EPA investigation begins

The Environmental Protection Agency (EPA) begins an investigation into VW. The back and forth between the two lasts more than a year, as VW argues that third-party tests of its cars were flawed.

September 3, 2015

VW admits tricks

VW admits that it has used sophisticated software to trick regulators. Its software monitors steering, engine use and barometric pressure to determine whether the car is being tested for emissions.

September 18, 2015

VW's deception goes public

The EPA makes VW's deception public, leaving the Germany company facing up to $18bn (£12bn) in fines, as well as potential cases from the Department of Justice, FBI and the European Union.

September 23, 2015

VW CEO resigns

In the wake of the scandal, CEO Martin Winterkorn resigns. Since the EPA came out on the previous Friday, VW shares have lost a third of their value, and the comany's reputation has been tarnished.

September 25. 2015

Matthias Mueller named CEO

The head of sister brand Porsche, Matthias Mueller, is named CEO. VW says that 5m cars were affected, down from an initial estimate of 11m

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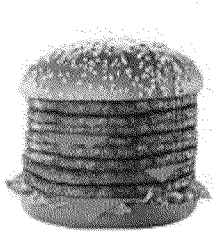
The celebs you didn't know were bankrupt

We all know about Kerry Katona and George Best going bust but there's many other bankrupts, old and modern, that may have escaped you

Revealed: The secret menu items you didn't know you could order at McDonald's



In an Ask Me Anything thread on Reddit, an anonymous McDonald's manager has confirmed the existence of the fast food chain's so-called secret menu. But, of course, we've known that for ages. Here are some of the hidden highlights.

Comments

Do you work for one of the 10 friendliest retailers in the UK?

Glassdoor, a website that allows workers to leave reviews and information on their workplace, reveals the best places for making friends at work

Revealed: the best postcode in England to raise a family

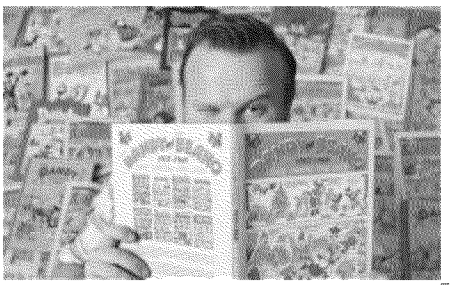
Which postcode offers the best education, property, safety, childcare, and amenities? The mutual OneFamily has compiled a list of the top 20 postcodes in England and Wales to raise a family. Here's what it found.

16 quick fixes to escape rising energy bills

Quick to fix but expensive to ignore: these bad habits and gadgets add up to £160 a year to gas and electricity bills

Comments

The most lucrative 'hobby investments' over 10 years



The Coutts index tracks the prices of 12 passion investments, from fine wine to watches

Comments

The weirdest jobs you could be doing right now

Bored of saying you're a lawyer when you meet new people at dinner parties? Here are some of the more bizarre jobs available, from cricket mascot and strolling elf to bull head catcher and erection specialist.

If you work here, it will take you 550 years to save for a house deposit

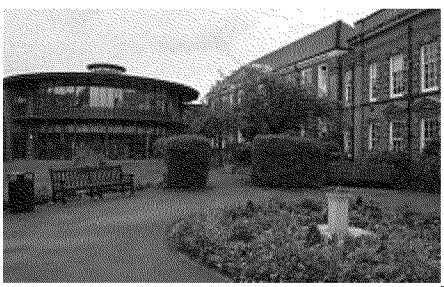
Online estate agent HouseSimple.com has compiled a list of jobs that would take 100 years or more to save enough money for a deposit on a £202,765 property, the price of an average first-time buyer home in the UK

Comments

Celebrity traders

In pics: BGC Annual Global Charity Day

Top-performing schools that add up to £636,000 to local house prices



Parents must pay an extra £41,000 on average to live near England's top state schools

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VW scandal: German prosecutors probe Winterkorn as Volkswagen emissions-rigging crisis spreads to 2.1 million Audi cars and Skoda models

•□□□□□□□□ 3

Future of British Grand Prix at risk, says track boss

•□□□□□□□□ 4

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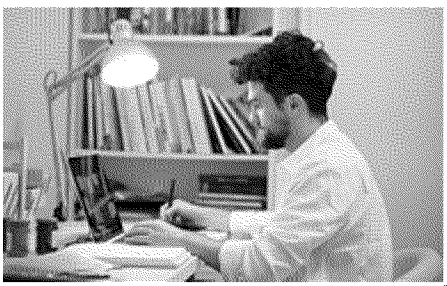

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Today's News

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From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Mon 9/28/2015 4:34:16 PM
Subject: German prosecutors investigate former Volkswagen CEO
MAIL_CONVERSATION_TOPIC: German prosecutors investigate former Volkswagen CEO
Created: Fri 3/18/2016 6:18:08 PM

German prosecutors opened an investigation Monday into former Volkswagen CEO Martin Winterkorn.

View article...

From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Mon 9/28/2015 4:34:29 PM
Subject: Mercedes tops list of carmakers overstating fuel economy
MAIL_CONVERSATION_TOPIC: Mercedes tops list of carmakers overstating fuel economy
Created: Fri 3/18/2016 6:18:08 PM

Mercedes-Benz topped a European lobbying group's list of carmakers to overstate fuel economy for the second year in a row in an annual study that may receive extra scrutiny amid Volkswagen AG's diesel-engine test scandal.

View article...

To: Drew Kodjak[drew@theicct.org]
From: Bunker, Byron
Sent: Mon 9/28/2015 4:52:30 PM
Subject: RE: request from Milan, Italy

Thanks Drew.

At this point, I am forwarding all of these kinds of requests to the press team to manage.

Thanks,

Byron

****

Byron Bunker

Director Compliance Division

Office of Transportation and Air Quality

Environmental Protection Agency

2000 Traverwood Drive

Ann Arbor, MI 48105

Bunker.Byron@epa.gov

Phone: (734) 214-4155

Mobile: (734) 353-9623

****

From: Drew Kodjak [mailto:drew@theicct.org]

Sent: Monday, September 28, 2015 12:17 PM
To: Bunker, Byron
Subject: Fwd: request from Milan, Italy

I assume you are not interested in speaking with this reporter, and I told him as much, but I also said that I would pass this note along, so here it is

Drew

Begin forwarded message:

From: Ferraino Giuliana <GFerraino@rcs.it>

Subject: R: request from Milan, Italy

Date: September 28, 2015 at 11:33:29 AM GMT+1

To: Drew Kodjak <drew@theicct.org>

Dear Mr. Kodjack,

I had a very interesting interview with Francisco Posada which was published last week (I sent him the Pdf) .

I was wondering if you could put me in touch with someone at Epa to follow up whether they are investigating on other car brands.

Thank you very much for your valuable help

Kind regards, Giuliana Ferraino

Da: Drew Kodjak [mailto:drew@theicct.org]
Inviato: martedì 22 settembre 2015 19:59
A: Ferraino Giuliana
Cc: Francisco Posada; Joe Schultz; John German
Oggetto: Re: request from Milan, Italy

Dear Ferraino,

I'd like to put you in touch with Francisco, who was one of our lead researchers on the study.

Francisco, please follow up with your contact information.

Drew

On Sep 22, 2015, at 10:20 AM, Ferraino Giuliana <GFerraino@rcs.it> wrote:

Dear Mr. Kodjak,

I just left you a message in your inbox. My name is Giuliana Ferraino and I am a journalist at "Corriere della Sera", the Italian leading daily newspaper. I read that the Icct started the Volkswagen case. I'd like, if you can and want, to have a chat with you on or off the records. Please let me know where I can reach.

Kind regards,

Giuliana Ferraino

Handy: +39-335-7351041

Email: gferraino@corriere.it

To: Belser, Evan[Belser.Evan@epa.gov]; Kaul, Meetu[Kaul.Meetu@epa.gov]
From: Senn, John
Sent: Mon 9/28/2015 5:06:00 PM
Subject: Fwd: Attn: David Bloom - VW fines

This looks like a citizen inquiry/letter re penalties that came into OCFO's generic email box. Up to you all of you want to respond.

Thanks,
John

Sent from my iPhone

Begin forwarded message:

From: ocfoinfo <ocfoinfo@epa.gov>
Date: September 28, 2015 at 1:02:41 PM EDT
To: "Senn, John" <Senn.John@epa.gov>
Subject: FW: Attn: David Bloom - VW fines

Hi John,

OCFO received the below inquiry in our public mailbox. Is this an inquiry that OECA would be able to handle?

Thanks,

Brooke

From: Ex. 6
Sent: Sunday, September 27, 2015 7:40 PM
To: ocfoinfo
Subject: Attn: David Bloom - VW fines

Hi David,

I know you're busy so I'll keep this as brief as possible. I was thinking about the fines for VW's diesel emissions violations and wondered if it's possible to structure their fines in a way that will benefit all of us.

I think the penalty should be steep, but not in a traditional monetary fine. I would like to see the EPA raise the emission standards on VW ahead of schedule. Meaning, allow VW to agree to manufacturer a high percent of BEVs (Battery Electric Vehicles) by certain target dates or face unsustainable fines.

By 2018, 30% of VW's overall sales in the USA must achieve 90mpg equivalent. If the 30% goal isn't attained in 2018, VW must pay a $5 billion fine per year.

By 2020, 50% of VW's overall sales in the USA must achieve 120mpg equivalent. If the 50% goal isn't attained in 2020 and beyond, VW must pay a $10 billion fine per year.

Obviously these numbers can/should be adjusted. This gives VW the opportunity to atone for their crimes. It provides people of the USA a large selection of competitive BEVs to select from. It removes any compliance car tactics. It would force VW to invest heavily in BEV manufacturing. Ultimately, VW wouldn't be able to meet the EPA mandates without making amazing and affordable BEVs that people will line up to buy.

I believe there's pent up demand for a 250 to 300 mile range affordable Electric Vehicle. Once VW meets these mandates, they'll sell a lot of cars which would force other auto manufacturers to respond in kind. A win win.

I'm sure your staff can structure this more effectively than I've spit balled on a napkin. Anyway, thank you for your time.

Sincerely,

Ex. 6

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: E&E Publishing
Sent: Mon 9/28/2015 5:29:38 PM
Subject: September 28 -- Greenwire is ready

Read today's Greenwire on the web

AN E&E PUBLISHING SERVICE

GREENWIRE — Mon., September 28, 2015

READ FULL EDITION

1.ARCTIC:

Shell retreat clouds Obama admin's future exploration policy

Royal Dutch Shell PLC's announcement today that it is putting an indefinite pause on its Arctic exploration activities could play a major role in the Obama administration's decision whether to hold additional oil and gas lease sales in the region.

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2.PESTICIDES:

EPA set to overhaul 23-year-old farmworker safety standards

3.EPA:

Agency action will determine if Navajos sue over spill -- lawyer

4.FEDERAL AGENCIES:

Shutdown plans would send thousands home with no pay

POLITICS

5.CAMPAIGN 2016:

Trump eyes 'corporate loopholes,' repatriation to pay for tax plan

6.CLIMATE:

Obama vows cooperation at U.N. to 'decisively' attack warming

7.SECURITY:

China, U.S. lay cyber 'rules of the road'

NATURAL RESOURCES

8.CALIFORNIA:

Drought has killed 25M trees, heightening wildfire risks

9.WILDLIFE:

Foundation raises cash, in-kind help to boost monarch habitat

10.SCIENCE:

Researchers find proof of water on Mars

11.MARINE MAMMALS:

SeaWorld clears another orca tank hurdle

12.NATIONAL PARKS:

Zion deaths prompt permit scrutiny

13.ENDANGERED SPECIES:

Greens file suit to stop Ore. cormorant cull

14.FISHERIES:

Half of U.S. seafood goes uneaten

15.WILDLIFE:

Cecil hunter's guide wants charges tossed

LAW

16.AIR POLLUTION:

Ex-Volkswagen CEO facing criminal probe

17.PROPERTY RIGHTS:

Appeals court to review prairie dog ruling

18. WILDLIFE:
Woman accused of riding sea turtle arrested

DROUGHT

19. DRINKING WATER:
Cities face pricey fixes for aging systems

20. AUSTRALIA:
Calif. could learn from nation's 'Big Dry' response

ENERGY

21. ENERGY POLICY:
Tribes seek federal jump-start for reservation projects

22. SOLAR:
Industry, customers wary of move to hike Calif. net-metering fees

23. OBITUARY:
Oil investor Richard Rainwater dies at 71

BUSINESS

24. NATURAL GAS:
Energy Transfer, Williams Cos. to merge in $32.6B deal

25. AGRICULTURE:
McDonald's offers organic burgers in Germany

FEDERAL AGENCIES

26. DEFENSE:
Drones top Coast Guard's Arctic wish list

PUBLIC HEALTH

27. CHEMICALS:
Studies show need to restrict endocrine disruptors -- scientists

STATES

28. CALIFORNIA:
State bills aim for environmental justice

INTERNATIONAL

29. BHUTAN:
Nation strives for 100% organic agriculture

E&E INTERACTIVE

30. POWER PLAN HUB:
States cue up initial talks on EPA rule options

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To: Haugen, David[haugen.david@epa.gov]
Cc: Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Cook, Leila[cook.leila@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Cohen, Janet[cohen.janet@epa.gov]; Greuel, Justin[Greuel.Justin@epa.gov]
From: Birgfeld, Erin
Sent: Mon 9/28/2015 5:29:47 PM
Subject: FW: How EPA Facilitates Auto Emission Fraud - Final Response

Thanks to you all for helping to pull together information on the PEER press release issues today. This is the desk statement that we came up with and issued to E and E publishing earlier today.

The PEER press release includes many points about EPA's emissions testing processes that are simply wrong. We provide clarifications here:

•□□□□□□□ First, EPA employs a wide range of tools (not just dynamometer testing) that are all critical to the Agency's overall compliance program. These include:

o On-road testing of in-use vehicles using portable emissions measurement systems (PEMS). (Note that EPA deploys PEMS extensively for oversight of heavy duty truck compliance.)

o Manufacturer and EPA testing of in-use vehicles borrowed from consumers or rental fleets using chassis dynamometers and engine dynamometers

o Audits of other industry emissions testing labs

o Selective enforcement audits where vehicles and engines are chosen at random from an assembly line and tested

o Audits of manufacturer emission credit reports

o Real world coast down audits of light-duty and heavy-duty vehicles to confirm GHG and fuel economy label values.

•□□□□□□□ Second, EPA has provided to PEER as requested the vast majority our in-use testing data for heavy duty oversight testing. The **only** data EPA has held back are those that are claimed as confidential business information by the manufacturers themselves. The data the agency has already turned over to PEER includes all of the NOx emission data from the vehicles.

•□□□□□□□ Finally, EPA continually updates its oversight strategies, and adapts when we learn of ways that manufacturers can game the system. That is part of any oversight effort. To enhance our reach we collaborate with California Air Resources Board and Environment Canada

to vigorously oversee this program.

From: Birgfeld, Erin
Sent: Monday, September 28, 2015 12:44 PM
To: Conger, Nick
Cc: Valentine, Julia; Millett, John
Subject: FW: How EPA Facilitates Auto Emission Fraud
Importance: High

Nick,

This version incorporates late edits from Byron,

Please use this version.

Thank you!

The PEER press release includes many points about EPA's emissions testing processes that are simply wrong. We provide clarifications here:

•□□□□□□□ First, EPA employs a wide range of tools (not just dynamometer testing) that are all critical to the Agency's overall compliance program. These include:

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o Audits of other industry emissions testing labs

- Selective enforcement audits where vehicles and engines are chosen at random from an assembly line and tested

- Audits of manufacturer emission credit reports

- Real world coast down audits of light-duty and heavy-duty vehicles to confirm GHG and fuel economy label values.

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•□□□□□□□ Finally, EPA continually updates its oversight strategies, and adapts when we learn of ways that manufacturers can game the system. That is part of any oversight effort. To enhance our reach we collaborate with California Air Resources Board and Environment Canada to vigorously oversee this program.

From: Birgfeld, Erin
Sent: Monday, September 28, 2015 12:41 PM
To: Bunker, Byron
Subject: RE: How EPA Facilitates Auto Emission Fraud

Thank you!

From: Bunker, Byron
Sent: Monday, September 28, 2015 12:40 PM
To: Birgfeld, Erin
Subject: RE: How EPA Facilitates Auto Emission Fraud

Ex. 5

Ex. 5

Thanks,

Byron

****

Byron Bunker

Director Compliance Division

Office of Transportation and Air Quality

Environmental Protection Agency

2000 Traverwood Drive

Ann Arbor, MI 48105

Bunker.Byron@epa.gov

Phone: (734) 214-4155

Mobile: (734) 353-9623

****

From: Birgfeld, Erin
Sent: Monday, September 28, 2015 12:32 PM
To: Bunker, Byron
Subject: RE: How EPA Facilitates Auto Emission Fraud
Importance: High

Chris just provided these edits… Are these gtg? My only big question is the highlighted text?

From: Conger, Nick
Sent: Monday, September 28, 2015 12:28 PM
To: Birgfeld, Erin; Harrison, Melissa; Purchia, Liz
Subject: RE: How EPA Facilitates Auto Emission Fraud

Ex. 5

Ex. 5

Nick Conger

Deputy Press Secretary

Office of the Administrator

U.S. Environmental Protection Agency

Office: (202) 564-6287

Cell: (202) 412-2655

From: Birgfeld, Erin
Sent: Monday, September 28, 2015 12:12 PM
To: Conger, Nick; Harrison, Melissa; Purchia, Liz
Subject: RE: How EPA Facilitates Auto Emission Fraud

Ex. 5

Ex. 5

From: Conger, Nick
Sent: Monday, September 28, 2015 12:10 PM
To: Harrison, Melissa; Purchia, Liz; Birgfeld, Erin
Subject: RE: How EPA Facilitates Auto Emission Fraud

Ex. 5

From: Harrison, Melissa
Sent: Monday, September 28, 2015 11:21 AM
To: Conger, Nick; Purchia, Liz; Birgfeld, Erin
Subject: RE: How EPA Facilitates Auto Emission Fraud

Ex. 5

From: Conger, Nick
Sent: Monday, September 28, 2015 11:09 AM
To: Purchia, Liz; Birgfeld, Erin; Harrison, Melissa
Subject: FW: How EPA Facilitates Auto Emission Fraud

Here is what we sent Mark D at Bloomberg yesterday on this. **Ex. 5**

On August 25, 2015 EPA turned over to PEER the bulk of the information requested under the FOIA including 60 of 66 second-by-second data elements and 291 of 311 summary file data elements. The remaining data elements have been withheld based on a claim by the manufacturers that the submitted data constitutes Confidential Business Information (CBI). EPA's FOIA regulations require that EPA treat CBI claims by data submitters as valid until a formal CBI determination can be made by EPA. Consistent with those regulatory requirements, PEER was informed that it could request that the Agency make a formal CBI determination for the remaining data elements by responding to the initial denial with a FOIA appeal within 14 days. PEER was also informed that absent an appeal, the Agency would assume that PEER did not wish to challenge the manufacturer's CBI claims. We do not believe that PEER has made such a request of the Agency, but if there is one, EPA's Office of General Counsel will make a formal decision regarding the manufacturers' CBI claim for the remaining data elements consistent with EPA regulations, and any remaining data elements that are determined not to be CBI will be promptly released to PEER.

Nick Conger

Deputy Press Secretary

Office of the Administrator

U.S. Environmental Protection Agency

Office: (202) 564-6287

Cell: (202) 412-2655

From: Sean Reilly [mailto:sreilly@eenews.net]
Sent: Monday, September 28, 2015 10:54 AM
To: Purchia, Liz; Conger, Nick
Subject: How EPA Facilitates Auto Emission Fraud

Liz, Nick: Do you have any immediate comment on the overall testing issue raised by PEER in this release? Our deadline (sorry it's so tight) is 12:20 p.m. today.

Thanks,

Sean Reilly

Transportation Reporter

Environment & Energy Publishing

202-446-0433 (Desk)

202-316-4596 Cell)

HOW EPA FACILITATES AUTO EMISSION FRAUD
Agency Doubles Down on Outmoded Dynamometers While Eschewing In-Use Data

Washington, DC — In the wake of Volkswagen's emissions cheating scandal, the U.S. Environmental Protection Agency still clings to the questionable testing methods that enabled the fraud, according to Public Employees for Environmental Responsibility (PEER). At the same time, the agency is not using actual on-the-road "in-use" data it collects from diesel vehicles to monitor emissions or efficiency.

EPA emission and fuel economy testing is conducted by putting the vehicle on a dynamometer – essentially a big treadmill. VW engineers used software to control how the engines performed on the dynamometer while actual in-use emissions were up to 40 times higher. The episode vividly illustrates that dynamometer test results can no longer

be assumed to correlate with in-use emissions.

This was a lesson that EPA supposedly learned almost twenty years ago when it discovered that heavy duty diesel engine manufacturers were using the same type of cheating strategy VW employed. In response, EPA forced the heavy duty engine manufacturers to sign a consent decree in 1998 which, among other things, mandated "in-use testing" of vehicles to show compliance. That decree also clearly stipulated that data from that "in-use testing program" were to be made public. Yet –

- Despite the vow to make these data public, EPA has decided that the years' worth of in-use data it has collected will not be released because they contain "Confidential Business Information";
- EPA has invested another $50 million for a heavy duty chassis dynamometer and test cell that it will roll out at a "Showcase" on October 13th; and
- Individual EPA engineers and the agency itself license patents on the engine technologies that EPA is then supposed to regulate.

"All of the claimed public health and economic benefits of emissions and fuel economy standards are based completely upon an unproven assumption – that dynamometer test reflect actual in-use experience," stated PEER Executive Director Jeff Ruch who is pressing EPA through a Freedom of Information Act request to post the in-use heavy duty diesel data as promised in the consent decree. "Independent analysis of in-use data may reveal an even larger disconnect between lab tests and on-the-road performance."

Ironically, just as the VW episode underlines the fact that chassis dynamometer tests no longer can be trusted, EPA is preparing a new showcase test cell. In so doing, EPA managers brushed aside internal objections that further investment in a chassis dynamometer is unjustified, especially since no regulations require it.

"This scandal shows that dynamometer technology is a dinosaur yet EPA keeps pouring money into it," added Ruch, voicing frustration that past complaints from PEER about conflicts of interest within EPA on automotive technology have not been pursued. "The fact that the VW cheating was revealed by outsiders indicates the clubby and closed manner in which this arm of EPA operates."

Perhaps indicating that an internal reappraisal has begun, on Friday September 25th, EPA issued a terse letter to manufacturers that it "may test or require testing on any vehicle at a designated location [under] conditions that may be reasonably expected to be encountered in normal driving operation…" However, this step is a far cry from requiring manufacturers to monitor in-use fleet performance and report that data to EPA. Moreover, EPA stipulates that any new testing is aimed not at increasing regulatory reliance on on-road performance but is instead limited to "the purposes of investigating a potential defeat device."

###

View Notices of Violation from EPA and California ARB

Look at upcoming EPA Dynamometer "Showcase"

See EPA refusal to release full diesel in-use emissions data

Examine EPA letter to manufacturers on additional testing

Compare underutilized EPA "In-Use Testing Program for Heavy-Duty Diesel Engines and Vehicles"

Revisit EPA economic entanglements with auto industry

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To: Kaul, Meetu[Kaul.Meetu@epa.gov]
From: E&E Publishing
Sent: Mon 9/28/2015 5:29:48 PM
Subject: September 28 -- Greenwire is ready

Read today's Greenwire on the web

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GREENWIRE — Mon., September 28, 2015

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To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Susan Fancy
Sent: Mon 9/28/2015 6:14:49 PM
Subject: Re: Regrets

Chris,

We have not met yet, I'm new over here at the Energy Institute. I was a Powertrain Program Manager at Ford for many years. The thing I don't understand is how the test pattern recognition software ever got through all of the milestone/gateway reviews internally at VW...unless they bypassed their quality system altogether. It must have been in specs, and test procedures, and other documentation. I can't imagine it was something that only five people knew about.

I'm sure I am the millionth person to ask that question and of course I don't expect a reply, but as a car engineer I am curious what comes out in the wash in the days and months ahead. Kind regards, Susan

Susan Fancy
Manager, Programs and Development

University of Michigan Energy Institute
Phoenix Memorial Laboratory
2301 Bonisteel Blvd.
Ann Arbor, MI 48109
734-763-8803

On Mon, Sep 28, 2015 at 1:55 PM, Grundler, Christopher <grundler.christopher@epa.gov> wrote:

> I'm not hard to find.....its been 24-7 with no signs of subsiding. My sister lives in Germany and keeps seeing her brothers name in German media.
>
> Christopher Grundler, Director
> Office of Transportation and Air Quality
> U.S. EPA
> 202-564-1682 (DC)
> 734-214-4207 (Ann Arbor)
>
> On Sep 28, 2015, at 10:43 AM, Thomas Lyon <tplyon@umich.edu> wrote:
>
> > Hi Chris,
> > We'll be looking for your name in all the media outlets! Good luck with this process.
> >
> > At UMEI we've been kicking around the idea of hosting a workshop on compliance

with EPA regs and what is required to make it work. Maybe something we can discuss after you weather the current storm.

Best,

Tom

On Mon, Sep 28, 2015 at 10:30 AM, Mark Barteau <barteau@umich.edu> wrote:

> Chris, I certainly understand! Best of luck navigating the storm. I think the press has missed an important angle - this isn't a matter of fooling the government (which some people may even look favorably upon) but consumer fraud on a massive scale. Hope to have a chance to chat when you come up for air.
>
> Mark
>
> On 9/28/2015 10:23 AM, Grundler, Christopher wrote:
>
> > Dear Mark
> >
> > You may have noticed the reporting lately concerning VW. I am in the eye of the this storm and regret that I will be unable to attend our advisory board meeting or the battery event this week. I have been really looking forward to them. I hope to catch up with you both soon.
> >
> > Chris
> >
> > Christopher Grundler, Director
> > Office of Transportation and Air Quality
> > U.S. EPA
> > 202-564-1682 (DC)
> > 734-214-4207 (Ann Arbor)

--

Thomas P. Lyon

Dow Chair of Sustainable Science, Technology and Policy
Ross School of Business
School of Natural Resources and Environment
University of Michigan
701 Tappan St., Room 6368
Ann Arbor, MI 48409
734-615-1639

To: Saulsbury, Bo[saulsburyjw@ornl.gov]
Cc: Simon, Karl[Simon.Karl@epa.gov]; Moran, Robin[moran.robin@epa.gov]; French, Roberts[french.roberts@epa.gov]; Dennis Smith[dennis.a.smith@ee.doe.gov]; Charmley, William[charmley.william@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Snapp, Lisa[snapp.lisa@epa.gov]
From: Alson, Jeff
Sent: Mon 9/28/2015 6:17:28 PM
Subject: Final EPA comments on UT MPG paper
OnRoadTestCycleMPG-14Sept2015 (2) epa comments Sept 28.docx

Bo, as requested, here are our final comments on the draft paper. We greatly appreciate the chance to review this draft paper, and that the authors made several changes in response to our previous comments. I believe that the paper reads much better than before, and I hope the authors do too.

We are providing a few final comments in the attached file. The two most important comments are single sentences that we suggest adding to the abstract (page 1) and conclusions (p. 30). In both cases, it is important for the reader to understand that EPA "saw this coming" and changed our labeling and rulemaking benefits methodologies several years ago. Absent this context, many readers will assume that EPA was oblivious to the increasing gap that the paper suggests. This important context is extremely timely given the great amount of media attention on the recent Volkswagen violations. If it is not possible to add these sentences to the abstract and conclusions sections, please let me know as soon as possible.

Thanks again to you and the authors.

Jeff Alson

US EPA/OTAQ

From: Saulsbury, Bo [mailto:saulsburyjw@ornl.gov]
Sent: Monday, September 14, 2015 3:36 PM
To: Snapp, Lisa
Cc: Simon, Karl; Moran, Robin; French, Roberts; Alson, Jeff; Dennis Smith
Subject: RE: EPA comments on UT MPG paper

Hi Lisa,

The authors of the University of Tennessee/Oak Ridge National Laboratory MPG study have reviewed the EPA staff comments you provided on August 21 (see below) and have prepared responses to those comments as well as a revised report based on the comments (see attached). We appreciate the EPA staff taking the time to review the original report and provide detailed comments, as we believe the review comments have improved the report and will make it more useful to consumers.

I would appreciate receiving any final comments on this revised report by **Monday, September 28**. In the meantime, if you have any questions or comments to discuss, please e-mail or call me.

Thanks again!

Bo Saulsbury

Oak Ridge National Laboratory

Energy and Transportation Science Division

2360 Cherahala Blvd.

Knoxville, Tennessee 37932

(865) 574-4694

www.fueleconomy.gov

From: Snapp, Lisa [mailto:snapp.lisa@epa.gov]
Sent: Friday, August 21, 2015 4:28 PM
To: Saulsbury, Bo; Dennis Smith
Cc: Simon, Karl; Moran, Robin; French, Roberts; Alson, Jeff
Subject: EPA comments on UT MPG paper

Bo,

Thanks for sending us the revised August 5 draft.

Attached is a copy of the June 22 draft that you had sent previously, with about 25 comments from OTAQ, all in comment boxes. We worked from the June 22 draft because most of our review was completed prior to receiving the August 5 draft. Based on a quick look at the August 5 draft, it appears that, with the exception of one important section that was modified somewhat, most of the paper is unchanged, so all or nearly all of our comments should still be relevant to the August 5 draft. Our written comments are consistent with the discussion during the conference call on July 22. Specific questions about any of our comments are best directed to Jeff Alson at 734-214-4296 or alson.jeff@epa.gov, who led our review.

Our biggest concerns are:

1) the suggestion that EPA may have overestimated the benefits of the recent GHG/CAFE rulemakings; this suggestion seems to be based on incorrect assumptions of how the benefits analysis was performed, and

2) many examples where the wording is critical of the label and consumer information programs that ORNL, DOE, and EPA have worked so hard to improve over the last 40 years, in ways that we feel are incorrect or misleading.

Most of our comments specifically address these two areas, though there are also a few that flag factual errors as well.

Our concerns are significant and we would respectfully ask that we be allowed to review a revised draft prior to any plans to publish the paper. I would like to stress that we very much are in favor of program assessment and critical analyses that can be used to improve these important consumer information programs, and hope that this paper can be revised in order to contribute to that goal.

Thank you very much for the opportunity to review the draft paper and to submit comments.

Lisa Snapp

Director, Climate Analysis and Strategies Center

Transportation and Climate Division

Office of Transportation and Air Quality

US Environmental Protection Agency

734-214-4282 snapp.lisa@epa.gov

Driving Innovation in Clean Transportation

How do Motorists' Own Fuel Economy Estimates Compare with Official Government Ratings?: A Statistical Analysis

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Asad Khattak
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The University of Tennessee, Knoxville

Xin Wang
Virginia Department of Transportation

Rick Goeltz
Oak Ridge National Laboratory

September 10, 2015

Abstract

U.S. government fuel economy tests are used for two primary purposes: 1) to monitor automobile manufacturers' compliance with fuel economy and greenhouse gas emissions standards and 2) to inform consumers about the fuel economy of passenger cars and light trucks. This study analyzes a unique database of 75,000 fuel economy estimates self-reported by customers of the U.S. government website www.fueleconomy.gov to evaluate the effectiveness of the government's estimates for these two purposes. The analysis shows great variability in individuals' own fuel economy estimates relative to the official government estimates, but much smaller bias relative to the sample average. For consumers, the primary limitation of government fuel economy estimates is their uncertainty for a given individual rather than bias relative to the average individual. The analysis also examines correlations between individuals' fuel economy estimates and specific technologies, vehicle class, driving style, method used to calculate fuel economy, manufacturer, and state. There is some evidence that the shortfall between test cycle fuel economy estimates (used to measure compliance with regulations) and in-use fuel economy estimates (such as those provided by customers of www.fueleconomy.gov) has been increasing since 2005. An increasing shortfall is directionally consistent with changes made by the Environmental Protection Agency to modify its label calculations beginning in 2008 and its rulemaking benefits methodology in 2010 and 2012. If this trend continues, it could affect the benefits realized by fuel economy and greenhouse gas emissions standards. A scientifically designed survey of in-use fuel economy is needed to insure that an unbiased sample is collected and that fuel economy is rigorously and consistently measured for all vehicles. The potential for information technology to reduce the uncertainty in predicting individuals' on-road fuel economy should be explored.

VW FOIA, EPA 06/20/2017 2017-FFP_027050

How do Motorists' Own Fuel Economy Estimates Compare with Official Government Ratings?: A Statistical Analysis

David L. Greene
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Jun Liu
Janet L. Hopson
The University of Tennessee, Knoxville

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Virginia Department of Transportation

Rick Goeltz
Oak Ridge National Laboratory

September 10, 2015

I. Introduction

The window sticker of every new passenger car or light truck sold in the U.S. bears a label with a prominently displayed government fuel economy rating. The intent is to provide consumers with consistent and reliable information they can use when comparing vehicles. Each label also contains the following caveat: "Actual results will vary for many reasons, including driving conditions and how you drive and maintain your vehicle." Differences between consumers' experiences with fuel economy and label values have been a source of discussion and dissatisfaction with the official government ratings since shortly after they were first introduced in 1975 (McNutt et al., 1978).

The U.S. Environmental Protection Agency (EPA) provides two sets of fuel economy estimates ("test cycle" and "label") for every make, model, engine and transmission configuration of passenger car and light truck sold in the U.S.[1] These estimates are important for two main reasons: (1) to enforce the Corporate Average Fuel Economy (CAFE) and greenhouse gas (GHG) emissions regulations for light-duty vehicles (EPA, 2012) the government needs test cycle estimates that are proportional to real world experience and (2) consumers need accurate fuel economy estimates to make informed choices when buying vehicles.
In statistics, the terms accurate, precise and unbiased have specific, mathematical definitions. Accuracy measures the closeness of agreement between repeated

[1] In fact, most vehicle testing is done by the vehicle manufacturers, who certify to the EPA that the tests have been done in accordance with government procedures. The EPA tests 15-20% of vehicles each year to verify compliance (EPA, 2014a).

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measures of a given quantity and its true value. Precision measures the closeness of agreement between repeated measures of a given quantity and the mean of those measures. Bias measures the difference between the mean of a series of measurements or predictions and the true value of a quantity or the true mean of a population. The situation is somewhat different for government fuel economy estimates. A single number (e.g., a car's fuel economy label number) is proposed as a useful estimate of the actual fuel economies of all motorists using the same vehicle[2]. In this case, there is no "true value" but rather a distribution of values for individual drivers. Assuming that the government fuel economy estimate is intended to correspond to the average fuel economy of all drivers of a given vehicle, bias can be defined as the difference between the official estimate and the mean of the population.[3] Because there are not repeated measurements for an actual or even hypothetical true value of fuel economy, how to define accuracy and precision is less clear.[4] In this paper we will quantitatively describe the deviations of individual motorists' estimates from their vehicle's fuel economy rating as *variance*. At the same time, we recognize that from an individual motorist's perspective, the official rating might be perceived as biased or inaccurate.

The government is well aware of the issue of the variance of individual fuel economy results. Every fuel economy label contains the following caveat:

> "Actual results will vary for many reasons, including driving conditions and how you drive and maintain your vehicle."

It is quite possible for fuel economy ratings to be unbiased (reasonably predict the average fuel economy of all motorists) but poor predictors of the experiences of individuals. For the purposes of testing compliance with fuel economy standards, unbiased fuel economy estimates would be sufficient. If the expected fuel economy improvements are realized on average, the expected benefits in petroleum and greenhouse gas (GHG) reductions will be achieved. In fact, all that is necessary for the expected benefits to be realized is that a given percent increase in miles per gallon (MPG) on the test cycle produce the same percentage increase in on-road fuel economy. On the other hand, for the fuel economy label estimates to be of greatest value to consumers' car purchase decisions, they should accurately predict the fuel economy an individual will experience on the road. This is clearly not achievable with a single-number rating for each vehicle. However, modern information

---

[2] Here, a vehicle means a unique vehicle as defined for regulatory purposes, typically a specific configuration of make, model, model year, engine and transmission.

[3] When fuel economy is measured in miles per gallon, the simple average of the fuel economies of a population of drivers will not equal the sum of all miles driven divided by the sum of all gallons consumed. The harmonic mean of the individual fuel economies, weighted by each vehicle's miles traveled will.

[4] A single estimate for a range of values is absolutely precise because its variance is zero. On the other hand, it is inherently inaccurate; the only question being how inaccurate it is.

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technology might possibly enable relatively accurate prediction of individuals' fuel economy.

The test cycle fuel economy estimates used to determine manufacturers' compliance with regulations are based on laboratory testing of vehicles over two (city and highway) driving cycles as required by statute. These drive cycles have been in use since the Corporate Average Fuel Economy (CAFE) standards were enacted in 1975. The label fuel economy estimates provided on the window stickers of new vehicles and used in advertising and the media are based on five drive cycles, adjusted in an attempt to reflect average U.S. on-road experience. The five cycles include the "city" and "highway" cycles used to determine compliance with fuel economy and greenhouse gas emission standards plus additional cycles that reflect, 1) more aggressive driving behavior, 2) the impact of operating under colder ambient conditions and, 3) the impact of air conditioner use.

This study addresses how well the test cycle and label estimates serve their intended purposes though a statistical analysis of approximately 75,000 individual fuel economy estimates voluntarily submitted to the "My MPG" section of the government website www.fueleconomy.gov. The relationship between individuals' own fuel economy estimates (My MPG) and the EPA label estimates is analyzed to determine whether the adjusted EPA estimates are unbiased and to measure the variability of consumers' experiences relative to the label numbers. The relationship between individuals' My MPG estimates and EPA test cycle estimates is examined to shed light on whether the ratio of test cycle to on-road MPG has been changing with succeeding model years. A continually increasing gap would imply that the government's fuel economy standards might not achieve as much reduction in oil use and GHG emissions as intended.[5] The need to monitor on-road fuel economy was recognized by the Environmental Protection Agency (EPA) and the National Highway Traffic Safety Administration (NHTSA) in their fuel economy and greenhouse gas rule for light-duty vehicles.

> "The agencies recognize the potential for future changes in driver behavior or vehicle technology to change the on-road gap to be either larger or smaller." (Federal Register, 2012, p. 62715)

The agencies assumed that a gap of 20%, which is consistent with fuel economy labeling, would continue through 2025, with minor adjustments for fuel energy content (EPA, 2012, pp. 4-1 to 4-7). This 20% gap is an increase over the nominal 15% gap that had been assumed in previous EPA analyses.

The impacts of fuel efficient technologies such as turbo-charging and transmissions with higher gear counts are estimated to see if they perform better or worse on the

[5] The agencies' rulemaking assumes the gap will remain at 20% through 2025, with some minor adjustments for fuel energy content and air conditioner efficiencies (EPA, 2012, pp. 4-2 to 4-7).

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road in comparison to the test cycles. The analysis also attempts to take into account driving conditions that vary from state to state and other factors that might influence on-road fuel economy.

The scope of this study is limited to light-duty vehicles with conventional gasoline (gasoline), gasoline-electric hybrid (hybrid), and diesel powertrains due to the nature of the data available from www.fueleconomy.gov .

II. Previous Research

When the EPA fuel economy estimates were first introduced in 1975, they were not adjusted for real-world driving conditions. Concern about the ability of the test cycle estimates to measure on-road fuel economy motivated assessments by government, industry and consumer groups. In the first year the CAFE Standards took effect (1978), researchers at the U.S. Department of Energy (DOE) published an analysis of over 5,000 fuel economy records for model year 1974 to 1977 vehicles, obtained from a variety of sources (McNutt et al., 1978). Noting that the test cycle estimates were "fairly representative" of the on-road values for the 1974 model year, the researchers observed a trend of increasing shortfall.

> "However, beginning in the 1975 model year and continuing through 1977 (the limits of existing data) the EPA certification values become an increasingly poorer representation of actual on-road fuel economy."

They estimated that the average shortfall had increased from 4% in model year 1974 to about 20% for model year 1977.

In 1980 and 1981, General Motors (GM) conducted surveys of private owners of 1981 model year vehicles and asked them to record odometer readings and fuel purchases at their next four fill-ups (Schneider et al., 1982). From the 38,466 forms mailed out in the 1981 survey, 4,923 (12.8%) usable responses were received. The EPA test cycle combined fuel economy estimate for the vehicles was 25.5 miles per gallon (MPG) while the respondents' average on-road fuel economy was 22.0 MPG, implying a shortfall of almost 14%. The earlier 1980 survey had produced an estimated shortfall of just over 16%. Front-wheel drive vehicles averaged a 6.4% smaller shortfall than rear-wheel drive vehicles, diesels had a 6.5% smaller shortfall than gasoline vehicles, and manual transmissions had 7.2% higher on-road fuel economy than automatic transmissions.

A study by Ford based on data from employees who leased Ford vehicles found that the shortfall for 1978 model year vehicles averaged 20%, but for 1979 and later model year vehicles, the shortfall was relatively stable at about 14% (McKenna and South, 1982). The Ford study also found that the shortfall for winter driving was 10% greater than for summer driving.

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Analyzing a much larger data base of 56,395 vehicles amassed from a variety of sources, McNutt et al. (1982) found large variations in the fuel economy shortfall by model year but no consistent trend over time. They also found important differences between passenger cars and light trucks, rear-wheel drive and front-wheel drive vehicles, and manual and automatic transmissions. Their data showed a strong tendency for the percent shortfall to increase with increasing fuel economy. Overall, they estimated a shortfall of 21% for model year 1981 vehicles. Having quantified variations in the shortfall by technology, vehicle class, model year and make and model, the study was the first to analyze the implications of uncertainties about on-road fuel economy for car buyers:

> "These impacts include the inability of new car buyers to accurately compare different model vehicles and the difficulty in projecting future fuel demand based on the EPA values."

These studies and other evidence led the U.S. EPA to adjust downward the fuel economy estimates reported to the public on window stickers and in advertising (Hellman and Murrell, 1984). A vehicle's fuel economy estimate on the city test cycle was multiplied by 0.90 and its highway cycle estimate was multiplied by 0.78. The effect on a typical vehicles combined[6] fuel economy estimate was approximately a 15% reduction relative to the test cycle numbers. However, the unadjusted test cycle numbers continued to be used to determine compliance with fuel economy standards, as required by statute, and they still are today.

At least one subsequent analysis of on-road fuel economy suggested that the on-road shortfall might have increased since the 1984 study. Mintz et al. (1993) analyzed data from the Energy Information Administration's (EIA) 1985 Residential Transportation Energy Consumption Surveys (RTECS). RTECS collected gasoline purchase and odometer reading diaries from 3,891 households representing 8,401 vehicles. Comparing the on-road estimates to the unadjusted EPA test cycle MPG values, they found a shortfall of 18.7% for passenger cars and 20.1% for light trucks, somewhat larger than Hellman and Murrell's (1984) 15%.

Despite the adjustments to EPA label estimates, the "shortfall" or "gap" between the EPA label estimates of new car fuel economy and what real people achieve in their day-to-day driving continued to be a topic of interest to the public and the media (e.g., O'Dell, 2012). Some media organizations conduct their own tests on public roads in order to compare "real-world" estimates to the EPA's label estimates. *Consumer Reports*, for example, has made such comparisons for years. In a 2005 study, it concluded that fuel economy for conventional gasoline vehicles averaged 9% worse than label estimates, while hybrids were 18% below the label estimates (ConsumerReports.org, 2013). In 2008, the EPA (2006a) made further downward

[6] The combined fuel economy estimate is a weighted harmonic mean of the city and highway estimates, equal to 1/((0.55/city)+(0.45/highway)). The adjusted formula is 1/((0.55/(0.90*city))+(0.45/(0.78*highway))).

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adjustments to label estimates. Consequently, a 2013 *Consumer Reports* study found conventional gasoline vehicles averaged only 2% below the EPA label estimates while hybrids fell short by 10%.

In developing the new 2008 fuel economy label estimates, the EPA analyzed several sources of on-road fuel economy estimates (EPA, 2013, Ch. 2). One was a sample of 8,180 estimates for 4,092 vehicles from users of the My MPG section of the DOE/EPA website www.fueleconomy.gov. For conventional gasoline vehicles, the My MPG data indicated that the label numbers based on the 1984 adjustment procedures were still reasonable estimates of average on-road fuel economy. For conventional gasoline vehicles the average label to on-road shortfall was only 1.4%. However, the shortfall for hybrid vehicles averaged 8.2%. As discussed below, these results closely match those obtained by Greene et al. (2007) in an analysis of a similar sample of the My MPG data.

The EPA, the Coordinating Research Council (CRC), the Department of Transportation (DOT), and the DOE measured the fuel economy of 120 vehicles, including 30 hybrid vehicles, in the Kansas City region (EPA, 2006, Ch. 2). The vehicles were driven by their owners, and data were collected over a 24-hour period by means of portable emissions measurement systems. A zero-intercept regression line predicting on-road fuel economy as a function of the 1984 EPA fuel economy label estimate indicated that conventional gasoline vehicles would average about 0.6% higher fuel economy on the road than the label values suggested. For hybrids, however, an average shortfall of 11% was observed

The problem of insuring a consistent, proportional relationship between fuel economy measured on laboratory tests relative to what drivers will experience in the real world is not limited to the U.S. Large shortfalls between test cycle and on-road fuel economy have also been observed in Europe and China. Two recent studies by the International Council on Clean Transportation (ICCT) found that the on-road to certification test shortfall for vehicles sold in the European Union (EU) has been increasing rapidly (Mock et al., 2014; Mock et al., 2013).

> "All data sets we examined demonstrate the same over-arching trend: the discrepancy between type-approval and real-world CO_2 emissions is increasing. While in 2001 this gap was just 8 percent, it grew to 18 percent by 2008 and then to 38 percent in 2013." (Mock et al., 2014, p. 43)

The ICCT analyses conclude that the increasing gap is most likely due to increasing use of technologies that perform better on the certification ("type approval") test than in the real world, increasing use of flexibilities in the testing procedures, and external factors not accounted for in the test, such as increased use of air conditioning. On the other hand, increased use of strategies to maximize test results are cited by Dings (2013) as the most important factor. Dings attributes approximately half of the gap to permitted techniques for optimizing performance

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on the EU's test procedures that do not correspond to benefits in actual use. He allocates the remaining 50% equally among factors omitted from the test (e.g., air conditioner use), differences between the test cycle and actual driving behavior and conditions, and unknown factors.

Like the data used in this study, the ICCT data came from self-selected samples or business fleets. Potential sources of bias are acknowledged and briefly discussed in the report. However, the ICCT studies assert that model-year trends in the on-road shortfall should be insensitive to the sample design provided that the design does not change across model years. Because of this, the fact that their sample is self-selected should not affect inferences about the increasing on-road shortfall. The ICCT report also points to the fact that the trends are relatively consistent across different data sources.

Also relying on self-reported data obtained from customers of a fuel economy website, Chinese researchers measured the shortfall between official Chinese government estimates and the reported on-road fuel consumption (Huo et al., 2011). For 2009, they found that on-road fuel consumption (gallons per mile) averaged 15.5% above the test cycle numbers. For the 153 makes and models in their data base, the range of increased on-road fuel consumption was from -8% to +60%.

This study uses the My MPG data of www.fueleconomy.gov to analyze the relationships between both test cycle and label fuel economy and what motorists say they achieve in their real world driving. The My MPG data have been analyzed three times before but with fewer samples and model years than are included in this analysis. Greene et al. (2006) regressed reported My MPG numbers against the EPA label estimates using the first 3,221 estimates supplied by customers of www.fueleconomy.gov. The EPA label estimates were based on the 1984 adjustment method since the study predated the 2008 adjustment method. The study found that the adjusted label estimates were nearly unbiased predictors of the average fuel economy of My MPG customers. On the other hand, the EPA label estimates were highly imprecise predictors of any given customer's MPG estimate. This led to the following conclusion.

> "These results imply that what is needed is not less biased adjustment factors for the EPA estimates but rather more precise methods of predicting the fuel economy individual consumers will achieve in their own driving." (p. 99)

Greene et al. (2006) also recomputed EPA label estimates for those customers who provided estimates of their percentages of city and highway driving. Using customer-specific city and highway MPG weightings reduced the mean standard error (MSE) of their model from 3.42 to 2.89, or by about 15%.

Lin and Greene (2011) analyzed 31,227 My MPG records using linear models and ordinary least squares (OLS) regression with robust error estimation. Their goal

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was to develop models that could more accurately predict a given individual's on-road fuel economy using data that could readily be supplied by the motorist. They found that accuracy rather than bias remained the chief limitation of the EPA label estimates, and that the bias of the 2008 adjustment method, relative to the My MPG numbers, was greater than that of the 1984 method. Their best model, however, was able to reduce the mean squared error (MSE) of prediction by only about one third versus the "naïve" prediction that on-road fuel economy equals EPA label fuel economy.

The ICCT's study of EU experience (Mock et al., 2013) includes a brief analysis of an earlier version of the My MPG data set used in this study. They concluded that the gap between U.S. test estimates and the on-road data was relatively steady at about 20% until model year 2003. After 2003, they found that the gap increased, reaching about 35 percent for model year 2012.

III. Data

Data for this study were obtained from the joint DOE/EPA website www.fueleconomy.gov . Since 2005, the website's My MPG section has offered its customers the opportunity to select their vehicles from its database, enter their own fuel economy estimates, compare their estimates with the official EPA label estimates, and share their estimates with other users of the website. The site accepts fuel economy estimates derived by any method, but it provides guidance on how to measure fuel economy and checks data entered for errors and plausibility (Goeltz et al., 2005). For those who want to create fuel purchase diaries, the site provides templates for entering odometer readings (or miles traveled), fuel quantities purchased, price paid, percentage of city and highway driving, and date for any number of refueling events. Consistency checks are made as data are entered, and potential errors are brought to the customer's attention. Alternatively, customers may supply estimates based on their vehicles' dashboard readout, their own calculations, or by simply guessing.[7] The distribution of vehicle records in the My MPG database by type of estimation method is shown in Table 1.

Table 1. Distribution of My MPG Data by Participant's Method of Calculation

[7] In 4,708 cases, estimates made by different methods were provided for the same vehicle. In the case of such repeated observations, each estimate was treated as a distinct observation, resulting in 77,126 total observations for the 72,211 vehicles.

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Method	Frequency	Percent
Vehicle's Computer Display (dash)	11,804	15.3
Miles & Fuel Purchase Diary (miles)	15,086	19.56
Odometer & Fuel Purchase Diary (odom)	15,854	20.56
Calculated by Own Method (math)	32,645	42.33
Guess	779	1.01
Other & Unknown	958	1.24
Total	77,126	

For estimates to be accepted, the customer must respond affirmatively to a return e-mail sent by the site, as a guard against spurious or repetitive entries. In order for customer-supplied estimates to be shown on fueleconomy.gov, they must pass validity tests. For this study, however, all e-mail validated data were accepted. Outlier detection was based on statistical criteria, as described below.

The My MPG data are susceptible to a variety of errors, including simple recording errors or calculation errors by those doing their own calculations. However, the website provides forms with built-in error checking for those entering odometer readings and fuel purchases at each fill up. MPG estimates based on long trips or summer driving tend to overestimate total annual fuel economy, while measurements taken under unfavorable conditions, such as towing or driving in congested traffic or on snowy winter roads, result in underestimates. The variance of the My MPG estimates around either of the EPA estimates is relatively large. On the other hand, the My MPG data may be the best source of information about motorists' beliefs about their vehicles' fuel economies.

Figure 1 shows My MPG data plotted against the EPA combined unadjusted test cycle fuel economy estimates. The unadjusted test cycle estimates are used to determine vehicle manufacturers' compliance with federal fuel economy and greenhouse gas emission regulations. Four different powertrain technologies are shown in different colors. Unfortunately, there is no information about how often owners of flexible fuel vehicles (FFVs) use E85 versus gasoline. In the figures below FFVs are compared to their fuel economies when using gasoline. In Figure 1 the majority of the data points for every powertrain technology fall below the line on which test cycle = reported on-road MPG, reflecting the well-known bias of the test cycle estimates.

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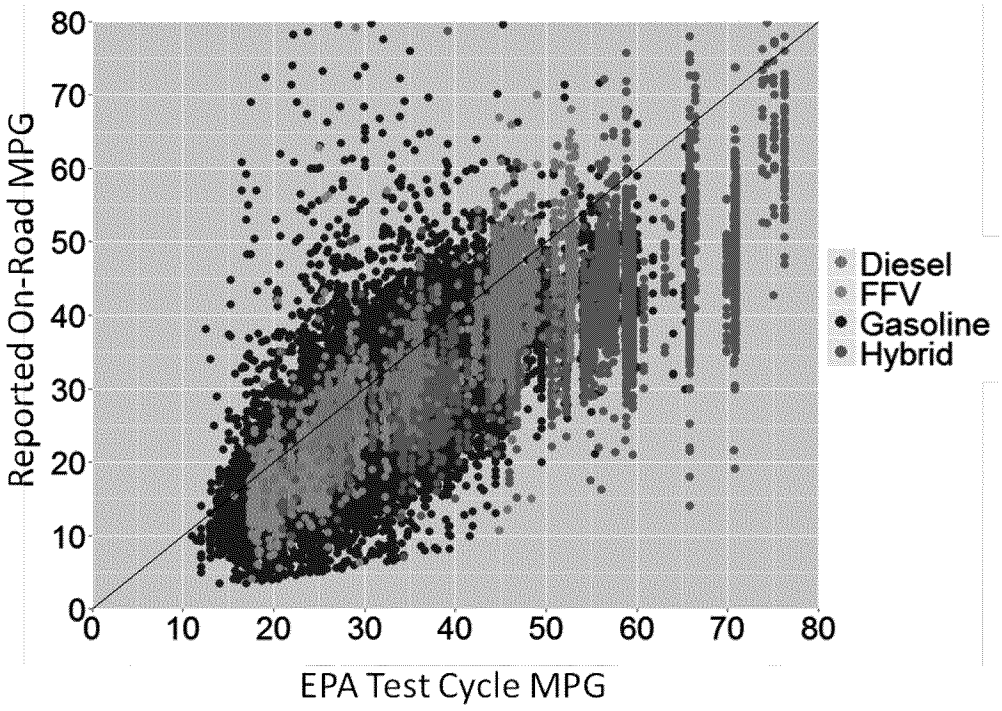

Figure 1. My MPG On-Road Estimates vs. EPA Test Cycle MPG Estimates for All Vehicle Types

Figure 2 shows My MPG data plotted against the current EPA label fuel economy estimate, which has been adjusted to better reflect average on-road fuel economy.[8] The adjusted label estimates are used to inform consumers in advertising and on the government website www.fueleconomy.gov. Bias is less evident in Figure 2, although for gasoline vehicles there appears to be a tendency for the label MPG to overestimate the reported on-road MPG at low MPG values (the majority of observations fall below the line on which both values are equal and hence Label MPG > On-Road MPG) and underestimate MPG at higher MPG values (most observations fall above the line). This tendency does not appear to apply to hybrid vehicles, however. Most estimates exceed the 2008 label MPG: 75% for gasoline vehicles, 93% for diesels and 60% for hybrids.

[8] The 2008 adjustment method has been used for all model years, as implemented by www.fueleconomy.gov.

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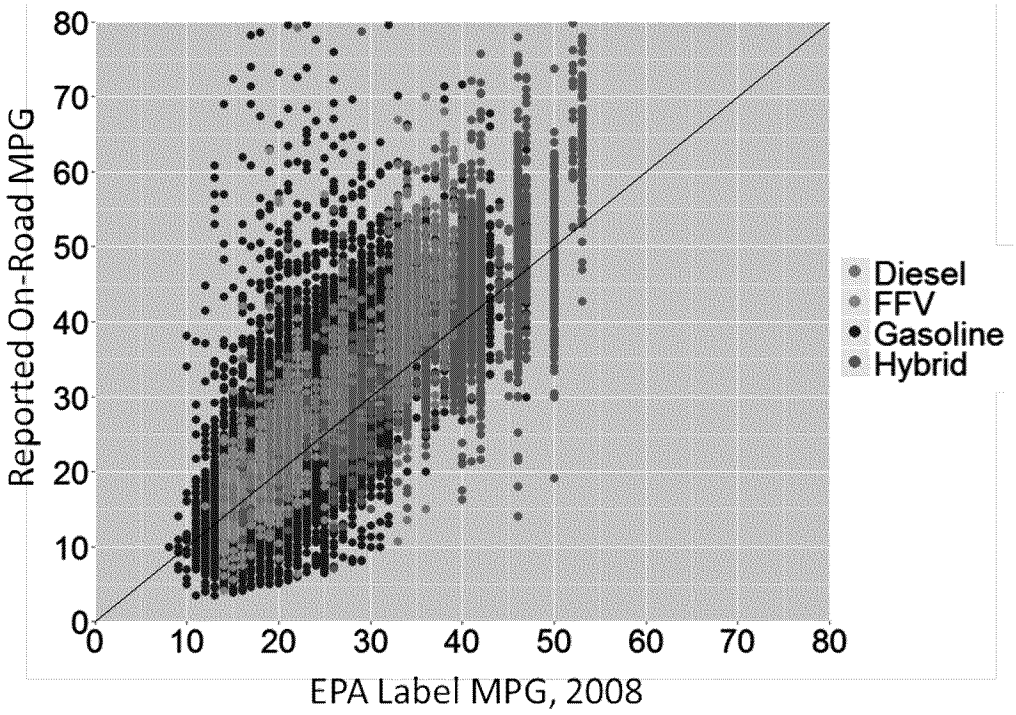

Figure 2. My MPG On-Road Estimates vs. EPA Label MPG Estimates for All Vehicle Types

The My MPG data have strengths and weaknesses. The large number of observations and detailed matches to the owners' vehicles by make, model, engine and transmission make this a unique publicly available source of information. There are observations from every state and for every model year of vehicle from 1984 to 2015. The information supplied by many participants about method of estimation and driving style enables additional inferences. A disadvantage of the My MPG data is that participants are a self-selected sample. While the distribution of the sample can be compared with other known distributions, there remains a potential for bias related to the participants' interest in fuel economy. The methods by which the data are provided by customers of www.fueleconomy.gov have not changed over time so that if there is a bias in the data it is likely to remain consistent over time.

While it is not possible to definitively establish bias or lack thereof, frequency distributions of the respondents give some indication of the representativeness of the sample. The distribution of respondents by type of vehicle is compared with model year sales by vehicle class from 2000 to 2014 (EPA, 2014b) in Table 2. Passenger cars appear to be over-represented in the My MPG sample and all types of light trucks somewhat under-represented.

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Table 2. Distribution of Vehicles by Vehicle Class for 2000-2014 Model Years

New vehicles as a share of production				Shares in My MPG sample	
	Mean	Min	Max		
Car	52.7%	47.7%	60.5%	Car	67.56%
SUV	27.7%	18.9%	35.7%	SUV	17.72%
Pickup	13.4%	10.1%	16.1%	Pickup	10.42%
Minivan/Van	6.2%	3.8%	10.2%	Minivan/Van	4.30%

The My MPG sample also appears to be reasonably geographically representative. A simple correlation of the sample frequencies by state with the 2010 Census state population estimates produced a correlation coefficient of 0.971. The correlation with the Federal Highway Administration's state motor vehicle registration estimates for 2010 was similar, 0.976.[9]

One might suspect that individuals who would monitor their vehicles' fuel economy and submit data to www.fueleconomy.gov would be more likely than the average driver to maximize fuel economy. Although the distribution of driving styles in the general population is not known, the distribution of participants by self-described driving style does not reveal a predominance of eco-drivers. Only 17% of the participants described themselves as more cautious than most drivers and only 2% said they drive to maximize fuel economy (Table 3). Nevertheless, the potential for bias in a self-selected sample remains. As a consequence, the results of this analysis must be interpreted with caution.

Table 3. Distribution of My MPG Participants by Self-Reported Driving Style

Driving Style of Primary Driver	Count	% 1 to 5	% of Total
Drives for maximum gas mileage (1)	602	2.23	0.78
Drives more cautiously than most (2)	4,709	17.43	6.11
Drives with the flow (3)	7,024	25.99	9.11
Drives a little faster than most (4)	9,709	35.93	12.59
Accelerates quickly and passes whenever possible (5)	4,978	18.42	6.45
Not reported	50,104	-	64.96
Total	77,126		

Three measures of fuel economy are used in the analysis below (Table 4). The corresponding distributions (including log-transformed distributions) are shown in Figure 3. The "My MPG" numbers are those reported by individuals throughout the U.S. using www.fueleconomy.gov's My MPG system. MPG numbers adjusted by the EPA for use on vehicle window stickers and for public information are termed "EPA Label" estimates. "EPA Test Cycle" estimates are the unadjusted MPG estimates

[9] Table MV-1, Highway Statistics 2010, accessed on 3/18/2015 at, http://www.fhwa.dot.gov/policyinformation/statistics/2010/mv1.cfm.

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based on the EPA's city and highway cycle dynamometer tests. The test cycle estimates are used to certify manufacturers' compliance with fuel economy standards.

Table 4. Sample* Means of Three Fuel Economy Metrics

Fuel Economy Metric	Sample Mean	Std. Dev.
My MPG User Estimate	26.02	10.02
EPA Test Cycle Estimate	30.56	10.73
EPA Label Estimate	23.08	7.35

*Includes only gasoline, hybrid and diesel powertrains. Outliers deleted if My MPG > 150 or <2, or if more than 5 standard errors above or below regression line of My MPG on EPA Label Estimate. 76,755 observations remained in the sample.

Other variables describe vehicle attributes or represent fixed model year or state effects. The variable "cid" stands for cubic inch displacement but is actually a vehicle's engine size in cubic liters. Zero-one indicator variables include transmission type: "cvt" for continuously variable and "manual" for manual transmission. Transmissions with seven or more gears are designated by the variable "gears7", six or more by "gears6." Other indicator variables represent 4-wheel drive (fourwdr), all-wheel drive (allwdr), and front wheel drive (frontwdr). The categories of driving style are listed in Table 3, with the first five being represented by "style1" to "style5," consecutively. The methods by which participants estimated their fuel economies are represented by the (1,0) variables "dash," "miles," "odom" and "math," as shown in Table 1. The ten largest auto manufacturers are represented by (1,0) variables with the rest combined being the default. Model years 1984 to 2014 and the 50 states plus the District of Columbia are also represented by fixed effects, with 2015 and state not reported used as the default values.

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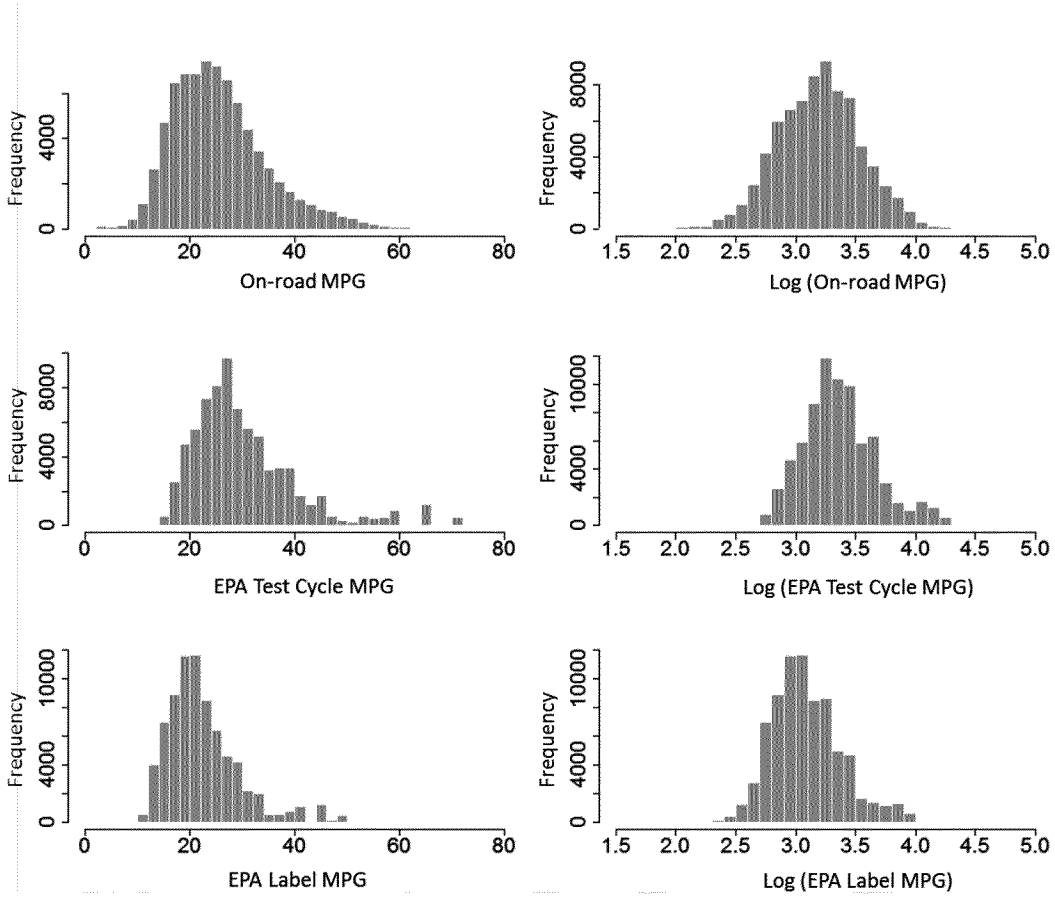

Figure 3 Distribution of My MPG, EPA Test Cycle and EPA Label estimates.

IV. Method

When estimating the relationships between MPG values measured on a dynamometer and those measured on the road, there are three reasons for preferring the log-log functional form. The first is that it treats fuel economy (miles per gallon) and fuel consumption (gallons per mile) symmetrically (log(mpg) = -log(gpm)). Estimated coefficients would have identical values and standard errors but opposite signs. Each coefficient represents the percent change in fuel economy for a 1% change in the respective variable. The second reason is that the effects of many of the factors influencing vehicle fuel consumption are multiplicative rather than additive. For example, the efficiency with which the chemical energy in fuel is converted into mechanical work at a vehicle's wheels is equal to the engine efficiency multiplied by the transmission efficiency, while the energy required to move a vehicle a given distance equals one over the drivetrain efficiency multiplied by the work that must be done to overcome aerodynamic drag, rolling resistance and inertia. The third reason, as will be shown below, is that the residuals from the log-log regression better approximate the more desirable properties of errors in regression models.

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The general estimating equation is therefore,

Equation 1

The coefficient β in the general equation represents the percent change in on-road MPG for a 1% change in test cycle MPG, controlling for the n variables x_{ij}. Alpha (α) is a common constant term, ε_i is a driver/vehicle-specific random error, and i is the index for each vehicle in the My MPG database. When the x_{ij} are (0,1) indicator variables, e^{b_j} is the multiplicative effect of factor j on MPG. For example, if $b_j = -0.05$, then $e^{b_j} = 0.951$, implying that the effect of factor j is to reduce fuel economy by 4.9%.

The unconditional value of β is also of interest as a measure of the average U.S. relationship between on-road and test cycle MPG.

Equation 2

Finally, the linear relationship between on-road MPG and the EPA estimates posted on new vehicles' window stickers and used in advertising is also of interest because it describes the correlation between the information provided to consumers and what consumers experience. Larrick and Soll (2008) found that consumers interpret fuel economy information linearly in terms of miles per gallon rather than in terms of gallons per mile. A linear formulation is therefore used in this regression.

Equation 3

All the regressions in this report were carried out using the STATA® "regress" procedure, with the "robust" correction for heteroskedastic errors.[10] Outliers for

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gasoline and diesel vehicles were identified by first regressing the log of observed MPG on the log of the combined test cycle fuel economy and a constant. The estimated variance of the residuals from the regression was used to detect potential outliers. Upper and lower bounds for outlier detection were increased in integer multiples of the MSE of regression until there was no evident truncation in the graphs of residuals. The mean squared error (MSE) of the regression is relatively large, reflecting the degree of variance evident in Figures 1 and 2. Because the residuals from the regression were skewed towards negative values, the upper boundary was set at +5 standard errors while the lower boundary was set at -6 standard errors from the combined adjusted EPA label MPG estimate. Errors are multiplicative in the logarithmic model, so a lower bound of -6*0.336 allows a fuel economy estimate 87% below the regression line while an upper bound of +5*0.336 sets a limit of 5.4 times the regression line value. These outlier limits rejected only 302 observations (0.45%) from the gasoline vehicle sample. The MSE of the diesel regression is smaller but still large relative to predicted fuel economy. Only 13 hybrid records and five diesel records were deleted as outliers. The outlier detection regression results for gasoline and diesel vehicles are shown in Table 5.

Table 5. Outlier Detection Regressions of My MPG on EPA Test Cycle Combined MPG Estimates

Variable	Estimate	Standard Error	Significance Level	Root MSE	R-squared	No. Obs.
Gasoline Vehicles						
Test MPG	0.9990	0.0053	0.000	0.3360	0.34	67,679
Constant	-0.1807	0.0178	0.000			
Hybrid Vehicles						
Test MPG	0.8956	0.0155	0.000	0.2696	0.37	5,044
Constant	0.0974	0.0608	0.109			
Diesel Vehicles						
Test MPG	0.9327	0.0199	0.000	0.2012	0.51	2,267
Constant	0.1516	0.0735	0.039			

Analysis of the residuals from all the regressions reported below using the Stata™ hettest post-estimation tool indicated that they were heteroskedastic (p = 0.000) and skewed towards negative values. Therefore, all regressions reported below were estimated using the Stata™ variance covariance estimation procedure for robust errors.

V. Results

The simple regression model of equation (2) was estimated to determine the average relationship between test cycle and on-road MPG for all model years of

[10] STATA® is a registered trademark of StataCorp LP (2015).

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gasoline, hybrid and diesel vehicles in the sample. Model year indicator variables were then added to the gasoline vehicle regression to explore the possibility of trends in the relationship over time. Next equation (3) was estimated for each of the three types of powertrains to measure the relationship between the information provided to consumers and their own fuel economy estimates. Finally, the more general equation (1) was estimated separately for each powertrain types and then again for only those gasoline vehicles with odometer based estimates.

Test Cycle and On-Road MPG Estimates

Relationships between the logarithms of reported on-road MPG and the EPA test cycle MPG without controlling for other variables were estimated to describe the average "shortfall" for all model years and vehicles implied by the My MPG estimates. Results are summarized in Table 6. Test Cycle MPG is significant at the 0.001 level, although the R^2 values are only 0.56 to 0.68, indicating a large amount of unexplained variance.

Table 6. Log-Log Regression of My MPG Estimates on EPA Test Cycle MPG Estimates (selected variables reported)

Variable	Estimate	Standard Error	Significance Level	Root MSE	R-squared	No. Obs.
Gasoline Vehicles						
Test Cycle MPG	0.9964	0.0034	0.000	0.214	0.56	67,377
Constant	-0.1566	0.0114	0.000			
Hybrid Vehicles						
Test Cycle MPG	0.9252	0.0098	0.000	0.160	0.64	5,031
Constant	-0.0115	0.0393	0.799			
Diesel Vehicles						
Test Cycle MPG	0.9511	0.0160	0.000	0.143	0.68	2,262
Constant	0.0858	0.0605	0.156			

The coefficient of Test Cycle MPG in the gasoline regression, 0.996, indicates that a 1% increase in fuel economy on the test cycle translated, on average, into almost exactly a 1% increase in fuel economy on the road. The shortfall is determined by both coefficients. For gasoline vehicles, the estimated shortfall from EPA test cycle estimates to My MPG on-road fuel economy estimates is approximately -15%. This is virtually identical to the approximately 15% reduction specified by the EPA's 1984 adjustment procedure (Hellman and Murrell, 1984), but somewhat less than the 19% to 20% shortfalls found by Mintz et al. (1993). It is also less than the approximately 20% average adjustment stipulated by the 2008 rule (EPA, 2006).

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The hybrid results imply a shortfall of about 22% at an EPA test cycle MPG of 25, increasing to 27% at an EPA test cycle MPG of 60. For diesels, the shortfall is only about 7% at an EPA test cycle MPG of 25 and grows to 10% for a vehicle with an EPA test cycle MPG of 50. Both hybrids and diesels have MSE smaller than the gasoline vehicles. Still, even for diesels, a 2*MSE band would be approximately -23% to +30% of the predicted value.

Shortfalls for each drivetrain technology are shown in Figure 4 as a function of EPA test cycle MPG. The estimates are based on the regression results shown in Table 6 and represent the average relationship between test cycle and on-road MPG over the 1984-2015 model years. No model year effects or other variables were included in the regression. The estimated shortfalls for diesel and hybrid vehicles grow with increasing MPG, but the estimated shortfall for gasoline vehicles remains nearly constant at about 15% as MPG increases. Mathematically, this conclusion follows from the fact that the estimated coefficient of the logarithm of gasoline test cycle MPG is approximately 1.0 (0.9964). Early studies, in which carbureted gasoline engines predominated, indicated increasing shortfall with increasing MPG (e.g., McNutt et al., 1982).

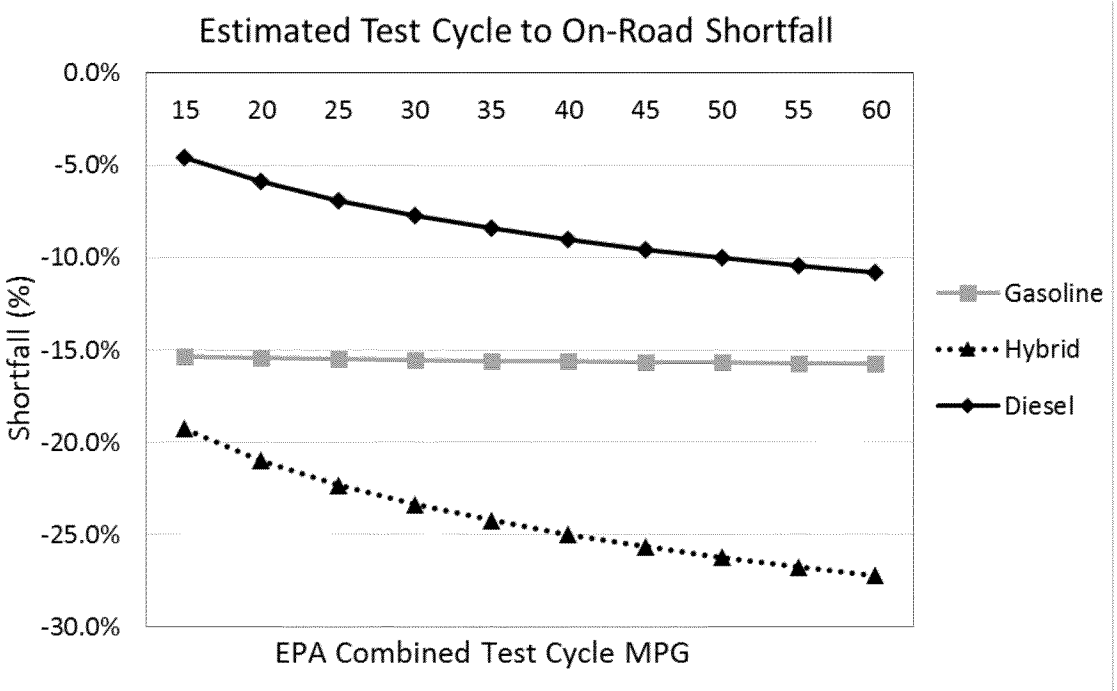

Figure 4. Estimated Shortfall as a Percentage of EPA Test Cycle MPG.

The My MPG data for gasoline vehicles indicates that the shortfall between on-road fuel economy and EPA test cycle estimates may have increased in recent years. A simple model was estimated that regressed the logarithm of My MPG versus the logarithm of EPA test cycle MPG, including model years 1984 to 2014 as indicator (0,1) variables. No other explanatory variables are included. An F-test indicated

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that the addition of the indicator variables was statistically significant at the 0.0001 level. The shortfall, Δ, is estimated as the ratio of the on-road MPG predicted by the model to the average test cycle MPG for light-duty vehicles reported by the EPA (2015, table 9.1) in the respective model year, minus 1. The MPG predicted by the model is the test cycle MPG raised to the power 1.042 (the coefficient of the log of test cycle MPG), multiplied by $e^{C+\delta_y}$, where C is the estimated constant term of the regression and δ_y is the estimated model year coefficient. Because the coefficient of the log of test cycle MPG is greater than 1.0, the shortfall is gradually reduced as MPG increases. The regression coefficients and related statistics can be found in the appendix.

The estimated fuel economy shortfalls for conventional gasoline vehicles by model year are shown as percent differences from the test cycle MPG in Figure 5. Upper and lower bounds based on the 95% confidence intervals of the model year coefficients are also shown. The estimated additional shortfall is very close to 15% from 1987 to at least 2006 and perhaps 2009. In 2010 it dips close to 20%, declines to over 25% in 2013 and then rebounds to about 22% in 2014 and 2015. Although the shortfall appears to have increased abruptly in recent years it may be stabilizing close to the 20% shortfall used by the EPA and NHTSA to estimate future benefits of the fuel economy and GHG emissions standards. As noted above, studies carried out in the 1970s and 1980s estimated that the shortfall increased from 1974 to 1977 and then stabilized in the vicinity of 15% to 20%. The U.S. trend is much less extreme than comparable shortfall estimates for vehicles sold in the EU, described above (Mock et al., 2014).

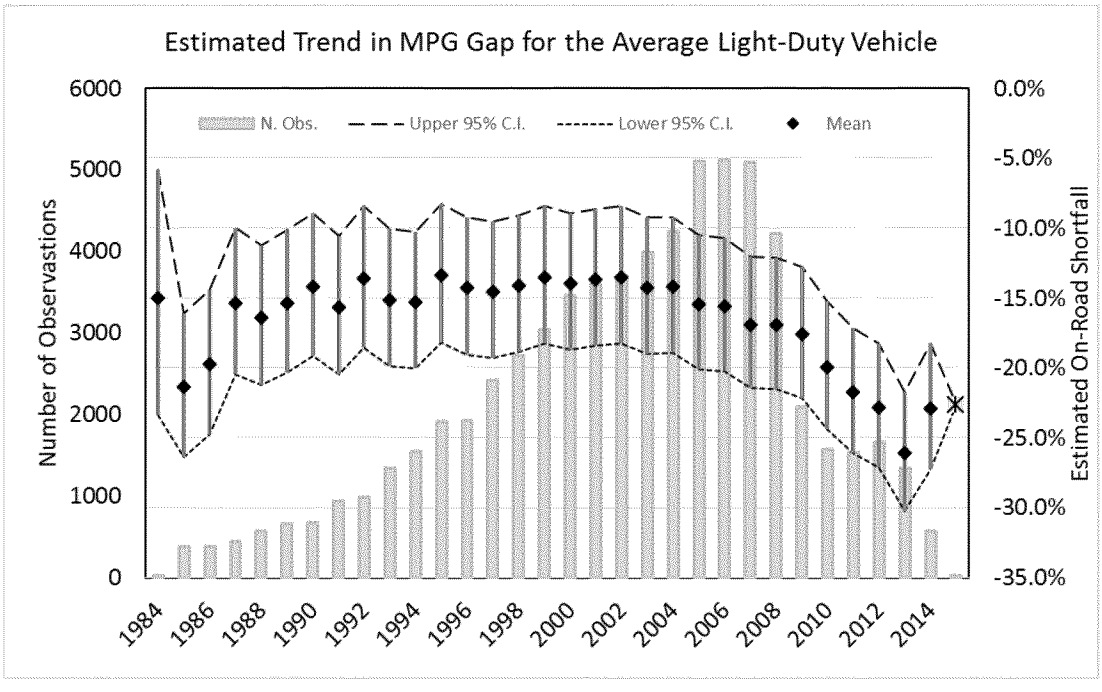

Figure 5. Estimated Fuel Economy Shortfall for Model Years 1984 to 2015.

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Almost forty years ago, an apparent increase in shortfall followed the oil price shocks and gasoline shortages of 1973-74 and the adoption of the first fuel economy regulations in 1975. Similarly, the price of gasoline increased from about $2/gallon in 2004 to $3/gallon in 2008 and, after remaining nearly constant since 1985, the CAFE standards for light trucks were increased in 2005 and those for passenger cars in 2011. The timing of the increase in shortfall suggests the possibility that as standards are tightened (or gasoline prices increase) manufacturers increasingly design vehicles to perform well on the test cycle (and achieve higher label MPG), in the process increasing the gap between test cycle and on-road fuel economy. Blending of ethanol with gasoline approximately tripled between 2005 and 2011, at which point most gasoline contained approximately 10% ethanol by volume (EIA, 2015). Because ethanol has only 2/3 of the energy content of gasoline, this could increase the on-road shortfall by about 2%. The fuel economy estimates of recent model year vehicles would be based on fuel with approximately 10% ethanol while those of older model years would be more likely to be based on fuel with a lower ethanol content. Whether increasing gasoline prices or increasing fuel economy standards or ethanol use, or something else, caused the on-road gap to increase is an important topic for further investigation. Even more important is whether the gap will remain stable in the future, so that an increase in test cycle fuel economy continues to provide an equivalent percentage increase in on-road fuel economy. The apparent trend should be closely watched to insure that the gap does not increase further. Light-duty vehicle fuel economy on the test cycle increased from 24.0 MPG in 2004 to 30.6 in 2014, about 28% (EPA, 2014b). If the shortfall increased by about 7 percentage points over the same period, about one fourth of the test cycle fuel economy gain over that period may have been lost to increased shortfall.

Label and On-Road MPG Estimates

To estimate the potential bias and variance of individual estimates around the label numbers, linear regressions of the My MPG values on only the combined adjusted (2008) EPA label values and a constant were estimated. These regressions describe the correlation between the information provided to consumers and their reported on-road MPG (Table 7).

Table 7. Linear Regressions of My MPG Estimates on EPA Combined Adjusted Label MPG Estimates (selected variables reported)

Variable	Estimate	Standard Error	Significance Level	Root MSE	R-squared	No. Obs.
Gasoline Vehicles						
Label MPG	1.1521	0.0042	0.000	5.097	0.56	67,377
Constant	-0.4568	0.0879	0.000			
Hybrid Vehicles						
Label MPG	1.0757	0.0128	0.000	6.607	0.60	5,031
Constant	-1.5189	0.4888	0.002			

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Diesel Vehicles						
Label MPG	1.2519	0.0188	0.000	5.709	0.60	2,262
Constant	-0.5601	0.5787	0.333			

In the gasoline vehicle regression, the coefficient of EPA label MPG implies that the on-road MPG of My MPG participants averages about 13% better than the EPA label rating at 20 MPG and increasing to 14% better at 50 MPG. The hybrid regression results imply a smaller bias, ranging from +2.5% at 30 MPG to +5% at 60 MPG. Because the constant term is not statistically significant, for practical purposes it would be reasonable for hybrid buyers to assume that average on-road MPG will equal the EPA label MPG. However, that is true only with respect to the national average MPG. An individual's experience is likely to differ greatly from the national average, as indicated by the MSE of more than 6 MPG. Diesels average +22% above the label values at 20 MPG, increasing to 24% at 50 MPG.

The fact that the fuel economy achieved by individuals will differ from the label estimate has long been recognized. Indeed, a statement to that effect is printed on every fuel economy label. The My MPG data indicate that the differences are relatively large. For a conventional gasoline vehicle with a label fuel economy of 25 MPG, the regression results indicate that a confidence bound of +/- 2*(root mean squared error) is +/- 40% of the label value. If a 25 MPG vehicle travels 10,000 miles per year and gasoline costs $2.50/gallon, the consumer can be 95% certain that its fuel costs will be somewhere between $600 and $1,400. Uncertainty of this magnitude can seriously hinder a consumer's ability to make informed choices about fuel economy (Greene, 2011; Greene et al., 2013).[11]

Factors Correlated with On-Road MPG

The following sections describe the results of an expanded regression analysis, including additional variables describing vehicle technologies and driver attributes, as shown in equation 1. As in equation 1, all the expanded models regress the My MPG estimates against the test cycle MPG estimates and other variables. Key results are highlighted in the following sections. Full listings of coefficient estimates and related model statistics for the regressions are provided in an appendix to the report.

Gasoline Internal Combustion Engine Vehicles

This section describes the results of the expanded regression on the subset of vehicles with conventional gasoline engines. Because test cycle fuel economy is one

[11] An important, unanswered question is whether car buyers assume a high degree of correlation among fuel economy estimates for cars they are considering buying. This may depend on whether deviations from label fuel economy ratings are strongly correlated for vehicles owned by the same household. This issue is not analyzed in this report. Further analysis of the odometer and miles data are planned and may shed some light on this question.

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of the explanatory variables, the coefficients of the technology and driver variables do not measure their total impact on fuel economy but instead measure impacts on on-road fuel economy relative to the test cycle. A positive coefficient indicates that a technology increases on-road fuel economy relative to the typical on-road vs. test cycle relationship. A negative coefficient indicates on-road performance that is below average. For example, a technology that increased fuel economy by 5% on the test cycle but only 4% on the road would have a coefficient of about -0.01. The coefficient of -0.01 represents a 1 percentage point increase in the average shortfall, say from 15% to 16%.

When additional variables are included, the coefficient of test cycle fuel economy has a mean value of 0.74, with a 95% confidence interval of 0.72 to 0.76, indicating that a 1% increase in test cycle fuel economy corresponds to a 0.74% increase in on-road fuel economy, all else being equal. Other factors are not equal, however, and they have a substantial influence on on-road fuel economy. Vehicles with larger displacement engines do slightly worse on the road: a doubling of engine size reduces on-road performance by about 2.6% relative to the test cycle.[12] Vehicles with continuously variable transmissions (CVT) appear to get about the same miles per gallon on the road relative to their test values as vehicles with conventional transmissions. Manual transmissions do about 6.9% better than automatics in real world driving. Turbocharged engines are estimated to add about 1.7% to the on-road shortfall in comparison to naturally aspirated engines. The shortfall for turbocharged pickups is about 6% larger, a result that is consistent with a recent study by AAA (2015) also based on the My MPG data. However there were a relatively small number (67) of turbocharged pickup trucks in the dataset. On the other hand, the 542 turbocharged SUVs in the dataset do not show a statistically significant increase in their on-road shortfall, suggesting that the pickup effect may be a result of differences in usage (e.g., towing and hauling). Vehicles with higher gear counts appear to have a somewhat reduced shortfall but this result has a significance level of only 0.094. Four-wheel drive performs about 1.8% worse on the road while front wheel drive does about 1.3% better. With the exception of manual transmissions, none of the technology impacts are greater than 3%, indicating that the test cycle results are not strongly biased relative to on-road performance by these technologies.

Driving style matters. The estimated coefficients are relative to the style of the majority of observations which do not include a description of driving style.[13] If the observations without an indication of driving style have driving styles similar to

[12] All the results reported in this section have a level of statistical significance of 0.05 or better, except where noted otherwise. Detailed results may be found in the appendix.
[13] The option to specify driving style was added in 2007 after the My MPG system had been in effect for several years. Thus, early participants did not have the opportunity to indicate their driving style.

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those that do, the driving style coefficients can be interpreted as differences from the typical driver. Drivers who described themselves as driving "for maximum fuel economy" or "more cautiously than most" reduced their on-road short-fall by about 12% in comparison to those who chose "accelerate quickly and pass whenever possible" and by 8-10% relative to the average driver. The benefit of the more cautious driving styles closely matches other estimates of what an average driver can achieve by "eco-driving" (Greene, 1986; Kurani et al., 2013; IEA, 2005; Kurani et al., 2005).

There are a few statistically significant effects associated with manufacturers, but they combine the unobserved effects of driver behavior and environment with the design and manufacture of the vehicles. In general, manufacturer effects are small. The estimated coefficients range from 2.7% to 5.1% decreases in on-road performance for Ford, Chrysler, Nissan and Hyundai vehicles to zero effects for GM, Honda, Toyota and Volkswagen, to 0.7% to 1.5% increases for BMW and Daimler. Again, it is not possible to attribute these effects to a vehicle's design and manufacture since they include unknown effects of behavior and environment.

Vehicle class effects (measured relative to compact cars) tend to be larger, with light trucks having greater shortfalls than passenger cars. The coefficients of minivans, SUVs, pickups, vans, and special purpose vehicles imply increased shortfalls of 6.4% to 11.5%, in comparison to compact passenger cars. Once again, the estimated effects cannot distinguish effects due to the way the vehicles are used (e.g., towing, hauling or off-road operation) from how they are designed.

In the expanded regression model the only model year effects significant at the 0.5 level are associated with the oldest two model years (1985, 1986) and model year 2013. Nonetheless, an F-test indicated that the model year effects, taken as a whole, are statistically significant at the 0.0001 level. The estimated effects for the oldest vehicles may reflect differences in usage patterns (e.g., shorter trips) and mechanical performance due to the age of the vehicles as much as model year specific effects. In general, the data do not indicate a deterioration of on-road fuel economy performance with age over the typical 15-year lifespan of a light-duty vehicle (Figure 6). Although most year effects are not individually statistically significant, the pattern of the model year coefficients is similar to that in Figure 5 which suggests the possibility of an increasing shortfall in the more recent model years when fuel economy standards have been increasing (Figure 6). Because these coefficients are generally not close to being statistically significant, conclusions cannot be drawn about their meaning. Considered together with the model year effects described above, this result suggests that the apparent increase in shortfall shown in Figure 5 can be statistically explained in part by the additional technology, vehicle class, and other variables included in the expanded regression model.

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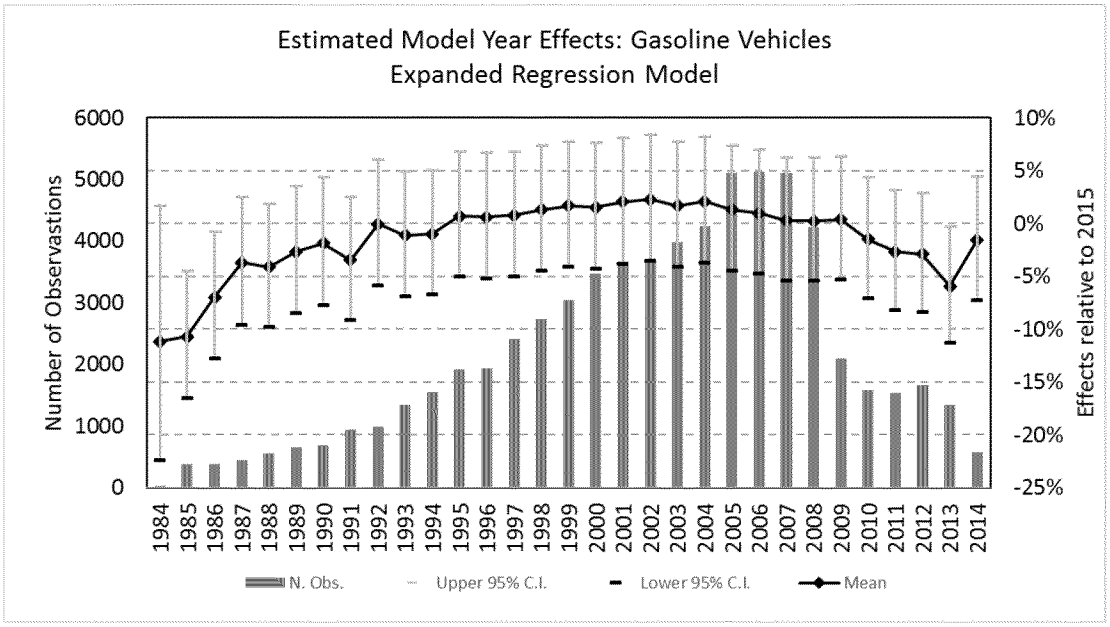

Figure 6. On-road Fuel Economy Performance Compared with Vehicles of 2015 Model Year

All but ten state effects are statistically significant at the 0.05 level. A positive state effect indicates that the shortfall in that state is less than the default shortfall. The default is no state specified, and nearly all states with statistically significant effects have effects that are greater than zero (CA, DC and HI are exceptions). The state effects represent a combination of impacts on fuel economy that vary geographically, including temperature, traffic congestion, speed and trip length. Because some factors reduce the on-road shortfall (e.g., longer trip lengths, mild temperatures) while others increase it (e.g., congested driving conditions, cold weather) it is difficult to discern consistent patterns in the state effects (Figure 7).

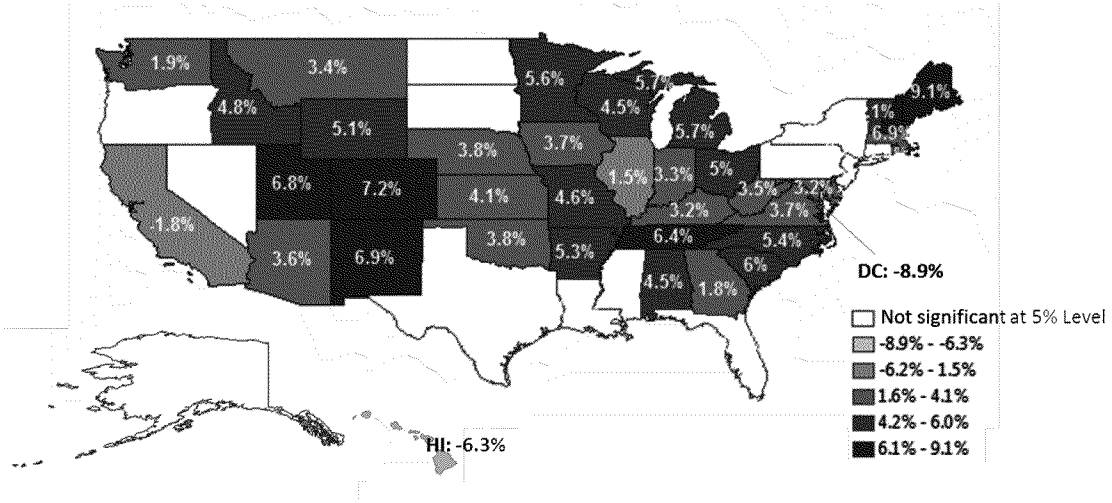

Figure 7. Estimated State Effects: Gasoline Regression Model

The impact of method of estimation is interesting in part because, like the effect of driving style, it is indirectly related to the issue of self-selection bias. Differences among estimation methods could reveal tendencies for those reporting MPG numbers to "self-enhance" in order to appear achieve better than expected fuel economy. Four methods of estimation were represented in the model:

1. Dash: MPG estimate obtained from a vehicle's dashboard display.
2. Miles: MPG estimated by dividing miles between fill-ups by gallons purchased. Participant supplies miles between fill-ups but not odometer readings.
3. Odometer: MPG estimated by fueleconomy.gov by subtracting the odometer reading at the current fill up from the reading at the previous fill up and dividing by gallons purchased at the current fill up. Most records consist of multiple fill ups and MPG is calculated as the sum of miles divided by the sum of gallons.
4. Math: MPG calculated by customer using own, unspecified method.

In the regression the default method is "did not answer", "other" or "guess". About 2.4% of the sample is in this category

Because of the error checking provided by www.fueleconomy.gov during the entry of odometer data, and because of the additional error checking performed for this study, the odometer and miles methods are believed to be the most reliable methods. In theory, the miles-based diary method should produce results similar to the odometer method, since both should be based on the same data: fuel purchases and miles traveled between fuel purchases. This seems to be the case. The estimated effects of the miles and odometer methods are close to each other, relative to the other methods. The "Odometer" method effect is statistically different from zero (at 2.1%), i.e., from the default category, although the "Miles" method effect is not. The effect of using a dashboard estimate is approximately 6.7% higher fuel economy than the default, while the "Math" method produces about 5.6% higher estimates.

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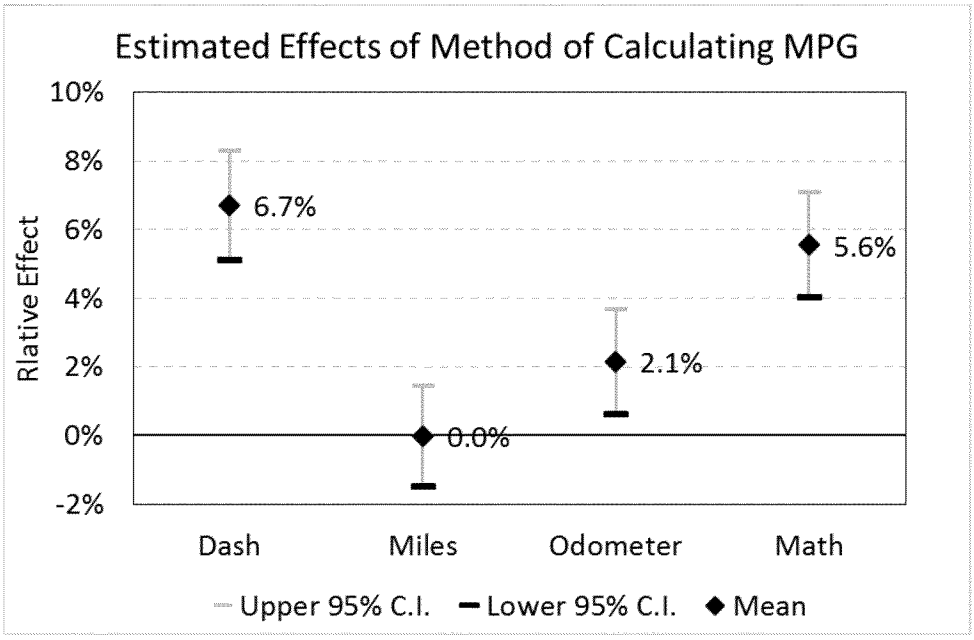

Figure 8. Estimated Effects of Method of Calculating MPG

Even after taking all the above factors into account, the unexplained variance in the My MPG estimates for conventional gasoline vehicles is substantial. A two MSE confidence interval would be +49% to -33% of the predicted value. For a vehicle with a predicted fuel economy of 25 MPG, the two MSE interval would be 17 to 37 MPG.

Following the discussion of results for hybrids and diesels, we report estimates based only on the odometer sample of conventional gasoline vehicles (12,268 records) for comparison with the full sample. A more detailed analysis of the odometer and miles-based data is planned for future study.

Hybrids

The usable sample of hybrid vehicles for the expanded regression is much smaller, 4,807 records, but it includes all years in which hybrids were sold in the U.S. from 1999 to 2015. The coefficient of test cycle MPG is smaller for hybrids than for gasoline vehicles: 0.67 vs. 0.74. The effect of (internal combustion) engine displacement is greater for hybrids: for every 10% increase in displacement fuel economy decreases by an average of 4.6%. The coefficient of CVT, is positive at 2.9%. The effect of a manual transmission is surprisingly large, a 13 percentage point reduction in the test cycle to on-road MPG shortfall; however, the early Honda Insights predominate in this group. Turbocharged hybrids are estimated to have a 20 percentage point greater shortfall but few hybrids are turbocharged. The effect of six or more gears is not significant. Four wheel or all-wheel drive vehicles have a 2.5 percentage point larger shortfall.

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The effect of driving style is similar to that for gasoline vehicles. This may be surprising since many believe that hybrid vehicles are more sensitive to driving style than conventional gasoline vehicles. Like the drivers of conventional gasoline vehicles, those who drive "more cautiously than most" or "for maximum fuel economy" get 10% to 12% better fuel economy than those who "accelerate quickly and pass whenever possible".

Relative to compacts (the default vehicle class), two-seater (mostly Honda Insights) do about 11% better on the road. SUVs are estimated to have about 9.7% larger shortfalls and large cars 7.4% larger shortfalls. Most manufacturer effects are not statistically significant. Most of the model year and state fixed effects are not statistically significant, in part reflecting the smaller sample size.

With respect to the methods of estimating MPG for hybrids, none of the method effects are statistically significantly different from zero.

Diesel

The diesel sample for the expanded regression is even smaller than the hybrid sample, totaling 2,116 usable records. As a consequence there are many fewer statistically significant variables. The coefficient of test cycle MPG is only 0.62, indicating that on-road fuel economy increases more slowly with test cycle fuel economy than for gasoline vehicles, other things being equal. Vehicles with manual transmissions have a smaller shortfall by 5.4 percentage points, but none of the other technology coefficient estimates are statistically significant. The effect of driving style on diesel fuel economy is smaller than that for gasoline vehicles with the most efficient two styles getting 6% to 7% better on-road fuel economy than the most inefficient. For diesels, the effect of the odometer method is also not significantly different from the miles method. Those basing their estimates on dashboard readouts report about 10% higher fuel economy relative to their test cycle numbers than those using the odometer method. Among vehicle classes, pickups and vans are estimated to have significantly greater shortfalls: -17% and -38%, respectively. Again, usage patterns are likely an important reason for the increased shortfall. Only one manufacturer effect is significant at the 0.05 level. None of the model year effects was statistically significant at the 0.01 level.

Odometer Sample for Gasoline Vehicles

The expanded model was re-estimated on the subsample of gasoline vehicles using the odometer record (12,268 usable records). The coefficient of test cycle MPG was slightly smaller 0.68 vs. 0.74. The estimated coefficients of most other technology variables were similar, although fewer were statistically significant. Four of the five driving style coefficient estimates were significant (relative to no answer). Again, the self-described fuel economy maximizing and more cautious groups did about 9% to 10% better than the most aggressive drivers. Most vehicle class effects were

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significant and, again, passenger cars had somewhat smaller shortfalls than light trucks.

The odometer data show a trend of increasing shortfall in model years that is very similar to the full gasoline vehicle sample (Figure 9). Like the full gasoline sample estimates, the effects are relative to 2015. In general, the individual model year effects are not statistically significant but the combination of all model year effects is statistically significant at the 0.003 level. Individually, only the effect for 1998 appears to be statistically significant. When compared with the statistically significant model year effects illustrated in Figure 5, this result and that for the full gasoline sample indicate that the variables included in the expanded regression model explain much of the increase in on-road shortfall since 2004 or 2005.

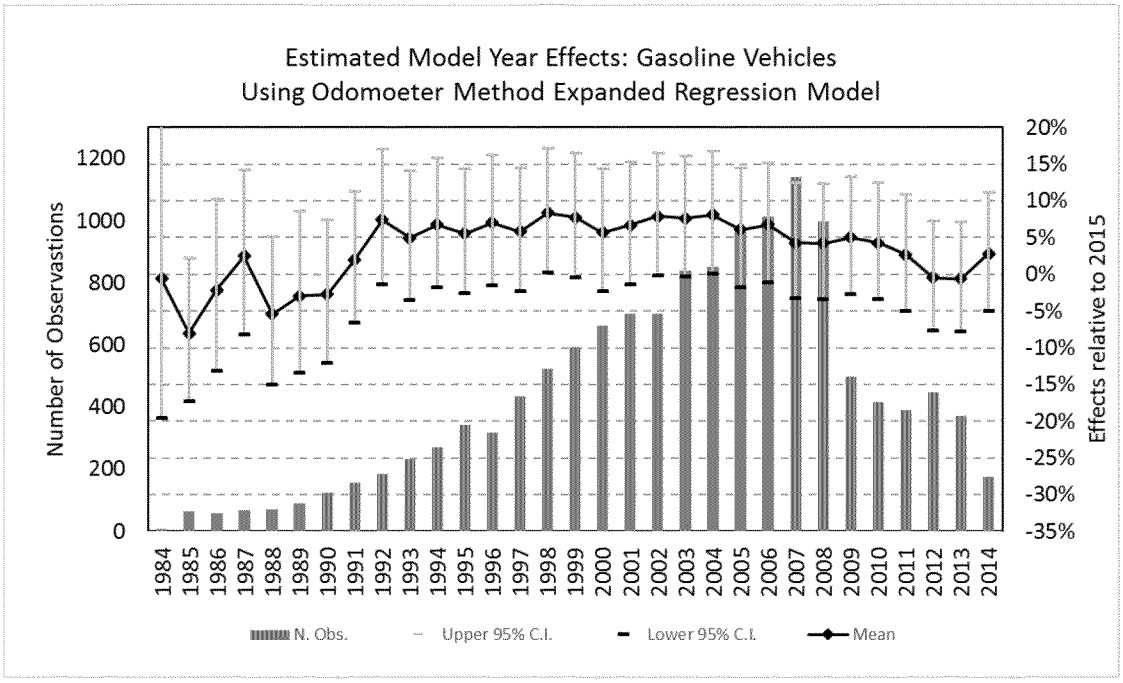

Figure 9. Estimated Fuel Economy Shortfall, Odometer Records: 1984-2014.

VI. Conclusions

Perhaps the most important conclusion that can be confidently drawn from the My MPG data is that the variance of the fuel economy estimates reported by individuals is very large relative to the EPA MPG estimates for their vehicles. This conclusion is almost certainly valid whether the My MPG dataset is biased by self-selection or whether some individuals' estimates are inflated by self-enhancing behavior. A very large fraction of the variation in individual estimates could not be accounted for by the vehicle and driver variables included in our full regression models. As Greene et al. (2007) and Lin and Greene (2011) observed, it appears that the EPA MPG estimates are not strongly biased in comparison to the average fuel economy of all drivers, but that the estimates of individual drivers vary widely around the label

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estimates. This is to be expected given the variations in driving behavior, traffic conditions and other factors. Nonetheless, it reduces the value of fuel economy information in car buying decisions and could an important explanation for why car buyers appear to undervalue fuel economy in car buying decisions (Sallee, 2013; Greene et al., 2013).

Modern information technology may offer a way to develop individualized fuel economy estimates. The information available from a modern vehicle's computer control system could be combined with existing information technology to generate individualized driving cycles. Driving cycles for individual motorists could be used with vehicle simulation models, calibrated to individual vehicles, to develop personal fuel economy estimates for both new and used vehicles. While it is not clear how much estimation errors could be reduced, we believe this is an important area for future research that has the potential to enhance the value of fuel economy information to consumers.

The simple gasoline, hybrid, and diesel regression models indicate that, on average, a 1% increase in test cycle fuel economy has translated into very nearly a 1% improvement in on-road MPG. This is important because it indicates that relative improvements on the test cycle have produced equal relative improvements in on-road MPG. However, simple regressions including fixed effects for recent model years suggest that the test cycle vs. on-road gap has been growing in those years in which fuel economy standards have been increasing. Taken at face value, these results suggest that roughly one-fourth of the gain on the test cycle may have been lost to an increased gap. The impact of these results on rulemaking benefits is less clear given that EPA raised its assumed gap from 15% to 20% for the GHG/CAFE rules. There would be no loss in rulemaking benefits unless the gap were consistently larger than the assumed 20% value. On the other hand, model year effects estimated using the expanded model, whether based on the full gasoline vehicle sample or just those using the odometer method, do not show such a large increase in the shortfall. This suggests that the technology, vehicle class and other variables included in the expanded model explain most of the increased shortfall. Given the limitations of the sample design, the evidence for an increasing gap in the U.S. is not definitive and will have to be resolved by future research.

Driving style affects real-world fuel economy. Those who describe themselves as driving cautiously or attempting to maximize their fuel economy get about 10% more miles per gallon than average or aggressive drivers.

Turbo-charged engines appear to achieve slightly lower fuel economy in the real world than would be predicted based on their test cycle numbers. The same applies to 4-wheel drive vehicles and those with larger engines. The increases in the shortfall are small, however. In general, the on-road shortfalls for light trucks are greater than those for passenger cars. How much of this is due to how the vehicles are driven versus design and technological factors is not known.

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Although the data analyzed in this report are based on a self-selected sample, there are reasons to believe that the inferences drawn from it may be reliable. First, the distribution of vehicle types in the sample is generally similar to that of the vehicle fleet as a whole. Second, the vast majority of drivers do not describe themselves as driving to maximize fuel economy or even as driving more cautiously than most. Third, the statistical inferences based only on the data from drivers using the most rigorous odometer method are not generally different from those using other methods. Fourth, the estimates of the MPG shortfall, technology effects and driving style effects are generally consistent with the existing literature.

Nevertheless, the importance of fuel economy numbers for the enforcement of CAFE and GHG emissions standards and for informing car buyers' decisions, together with the unresolved issues raised by this analysis, point to the need for further research. The authors plan to carry out a more detailed analysis of the odometer data to investigate how fuel economy varies over time, how errors relate to the length of the odometer diary record, and possible correlations among vehicles owned by the same household. Unfortunately, even this more detailed analysis will be limited by the sample design.

Ultimately, a new scientifically designed survey of in-use fuel economy is needed to insure that an unbiased sample is collected and that fuel economy is rigorously and consistently measured for all vehicles. In 2011 Transport Canada launched a Canadian Vehicle Use Study to measure the on-road fuel economy of Canadian vehicles by means of automated data loggers connected to each vehicle's computer system (Transport Canada, 2015). With lessons learned from the Canadian experience, the U.S. may be able to develop efficient and scientifically rigorous methods for measuring the relationship between test cycle fuel economy and consumers' experience in real world driving.

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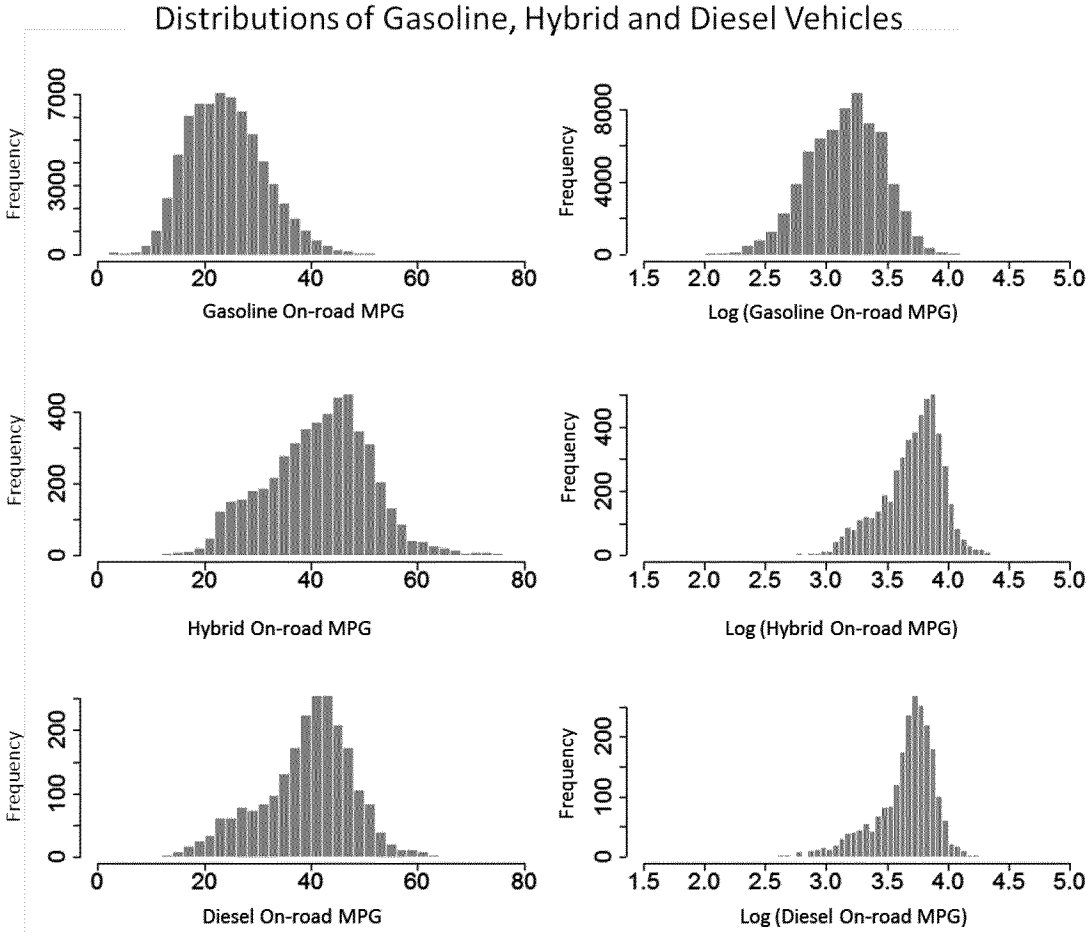
Appendix: Complete Models for Gasoline, Hybrid and Diesel Vehicles and Distributions for Dependent Variables



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Gasoline Model			Hybrid Model			Diesel		
Variable	Estimate	P-value	Variable	Estimate	P-value	Variable	Estimate	P-value
lucombined	0.744**	0.000	lucombined	0.667**	0.000	lucombined	0.623**	0.000
cid	-0.026**	0.000	cid	-0.046**	0.000	cid	-0.023	0.281
cvt	-0.004	0.374	cvt	0.029*	0.049	manual	0.054**	0.000
manual	0.069**	0.000	manual	0.130**	0.000	turbo	-0.025	0.287
turbo	-0.017**	0.000	turbo	-0.200**	0.001	gears7	0.065	0.050
gears7	0.022	0.094	gear6	0.059**	0.009	fourwdr	-0.092*	0.028
fourwdr	-0.018**	0.000	fourwdr	-0.025*	0.035	allwdr	-0.110*	0.017
allwdr	-0.012	0.092	dash	0.014	0.720	dash	0.018	0.562
frontwdr	0.013**	0.000	miles	-0.001	0.983	miles	-0.061*	0.040
dash	0.065**	0.000	odom	-0.025	0.536	odom	-0.084**	0.006
miles	0.000	0.975	math	0.011	0.793	math	-0.032	0.278
odom	0.021**	0.005	style1	0.034*	0.026	style1	0.019	0.522
math	0.054**	0.000	style2	0.060**	0.000	style2	0.034**	0.006
style1	0.102**	0.000	style3	0.015*	0.014	style3	0.011	0.238
style2	0.083**	0.000	style4	-0.014*	0.022	style4	-0.027**	0.004
style3	0.029**	0.000	style5	-0.057**	0.000	style5	-0.036**	0.000
style4	-0.002	0.313	bmw	0.479**	0.000	bmw	0.014	0.861
style5	-0.033**	0.000	chrysler	-0.048	0.851	chrysler	-0.124	0.152
bmw	0.007	0.208	daimler	0.708**	0.000	daimler	-0.060	0.477
chrysler	-0.027**	0.000	ford	0.016	0.696	ford	-0.038	0.723
daimler	0.015	0.066	gm	-0.011	0.804	gm	0.027	0.745
ford	-0.028**	0.000	honda	0.011	0.791	nissan	0.199**	0.001
gm	-0.002	0.610	hyundai	-0.037	0.419	toyota	-0.008	0.936
honda	0.002	0.621	nissan	-0.049	0.285	vw	0.048	0.528
hyundai	-0.051**	0.000	toyota	0.021	0.610	class2	0.019	0.772
nissan	-0.035**	0.000	vw	0.066	0.261	class3	0.032*	0.010
toyota	0.002	0.546	class2	-0.074**	0.000	class4	-0.173*	0.036
vw	0.002	0.684	class3	-0.018	0.099	class5	-0.009	0.848
class2	-0.001	0.777	class4	-0.017	0.855	class6	-0.044	0.660
class3	-0.009**	0.001	class5	-0.097**	0.000	class7	-0.009	0.490
class4	-0.091**	0.000	class6	0.111**	0.000	class8	-0.378**	0.000
class5	-0.084**	0.000	modelyear1	0.022	0.506	class9	-0.043**	0.000
class6	-0.064**	0.000	modelyear2	0.053	0.071	modelyear1	-0.081	0.461
class7	-0.068**	0.000	modelyear3	0.056*	0.047	modelyear2	0.033	0.560
class8	0.003	0.285	modelyear4	0.042	0.132	modelyear3	0.060	0.330
class9	0.033**	0.000	modelyear5	0.054	0.056	modelyear4	0.055	0.314
class10	-0.115**	0.000	modelyear6	0.066*	0.016	modelyear5	-0.002	0.978
class11	-0.017**	0.000	modelyear7	0.067*	0.018	modelyear6	-0.061	0.344
modelyear1	-0.118	0.087	modelyear8	0.039	0.165	modelyear7	-0.018	0.774
modelyear2	-0.113**	0.001	modelyear9	0.066*	0.024	modelyear8	0.045	0.387
modelyear3	-0.072*	0.029	modelyear10	0.058*	0.031	modelyear9	0.074	0.143
modelyear4	-0.038	0.241	modelyear11	0.024	0.377	modelyear10	0.149	0.202

VW FOIA, EPA 06/20/2017 2017-FFP_027086

modelyear5	-0.042	0.178	modelyear12	0.024	0.384	modelyear11	-0.030	0.661
modelyear6	-0.027	0.390	modelyear13	0.016	0.560	modelyear12	0.028	0.680
modelyear7	-0.019	0.551	modelyear14	0.016	0.600	modelyear13	-0.005	0.930
modelyear8	-0.035	0.254	stdum1	-0.173**	0.002	modelyear14	-0.024	0.681
modelyear9	-0.001	0.986	stdum2	-0.013	0.648	modelyear15	0.011	0.820
modelyear10	-0.011	0.706	stdum3	0.037	0.393	modelyear16	-0.022	0.645
modelyear11	-0.010	0.747	stdum4	0.035	0.093	modelyear17	-0.023	0.602
modelyear12	0.007	0.814	stdum5	-0.029	0.132	modelyear18	0.007	0.873
modelyear13	0.006	0.846	stdum6	0.026	0.238	modelyear19	-0.002	0.960
modelyear14	0.008	0.798	stdum7	-0.011	0.636	modelyear20	0.016	0.725
modelyear15	0.013	0.663	stdum8	-0.003	0.936	modelyear21	0.004	0.929
modelyear16	0.017	0.579	stdum9	-0.012	0.756	modelyear22	0.023	0.612
modelyear17	0.015	0.613	stdum10	0.009	0.682	modelyear23	0.020	0.661
modelyear18	0.020	0.500	stdum11	0.014	0.549	modelyear24	-0.051	0.360
modelyear19	0.023	0.447	stdum12	-0.002	0.948	modelyear25	-0.058	0.329
modelyear20	0.017	0.576	stdum13	-0.005	0.873	modelyear26	-0.041	0.368
modelyear21	0.021	0.485	stdum14	0.066	0.288	modelyear27	-0.017	0.691
modelyear22	0.013	0.661	stdum15	0.015	0.482	modelyear28	-0.010	0.823
modelyear23	0.010	0.738	stdum16	0.028	0.246	modelyear29	-0.012	0.793
modelyear24	0.003	0.922	stdum17	-0.059*	0.036	modelyear30	0.004	0.928
modelyear25	0.003	0.932	stdum18	-0.004	0.869	modelyear31	0.003	0.947
modelyear26	0.004	0.900	stdum19	0.017	0.554	stdum1	0.057	0.117
modelyear27	-0.015	0.613	stdum20	0.028	0.227	stdum2	-0.012	0.768
modelyear28	-0.027	0.368	stdum21	0.023	0.294	stdum3	0.052	0.459
modelyear29	-0.029	0.324	stdum22	0.012	0.758	stdum4	0.018	0.568
modelyear30	-0.061*	0.039	stdum23	0.013	0.564	stdum5	0.027	0.317
modelyear31	-0.016	0.606	stdum24	-0.014	0.524	stdum6	0.034	0.235
stdum1	-0.015	0.363	stdum25	-0.019	0.459	stdum7	0.055	0.062
stdum2	0.044**	0.000	stdum26	-0.046	0.376	stdum8	-0.129**	0.005
stdum3	0.052**	0.000	stdum27	0.020	0.593	stdum9	0.018	0.621
stdum4	0.035**	0.000	stdum28	0.021	0.326	stdum10	0.015	0.593
stdum5	-0.018**	0.006	stdum29	-0.061	0.376	stdum11	0.037	0.177
stdum6	0.069**	0.000	stdum30	-0.029	0.344	stdum12	-0.013	0.876
stdum7	0.007	0.402	stdum31	0.035	0.180	stdum13	0.071*	0.023
stdum8	-0.094*	0.010	stdum32	-0.011	0.638	stdum14	0.018	0.722
stdum9	0.037**	0.003	stdum33	0.038	0.144	stdum15	0.052	0.065
stdum10	-0.003	0.664	stdum34	-0.010	0.670	stdum16	0.040	0.252
stdum11	0.017*	0.025	stdum35	-0.017	0.425	stdum17	0.051	0.181
stdum12	-0.065**	0.000	stdum36	0.025	0.243	stdum18	0.019	0.483
stdum13	0.036**	0.000	stdum37	0.001	0.973	stdum19	0.027	0.534
stdum14	0.047**	0.001	stdum38	-0.039	0.189	stdum20	0.062*	0.032
stdum15	0.015*	0.043	stdum39	-0.015	0.525	stdum21	0.116**	0.000
stdum16	0.032**	0.000	stdum40	-0.002	0.966	stdum22	0.109**	0.007
stdum17	0.041**	0.000	stdum41	-0.015	0.681	stdum23	0.044	0.127
stdum18	0.032**	0.003	stdum42	-0.037	0.120	stdum24	0.068*	0.016

VW FOIA, EPA 06/20/2017 2017-FFP_027087

stdum19	-0.002	0.844	stdum43	0.052*	0.020	stdum25	0.049	0.087
stdum20	0.024**	0.005	stdum44	-0.016	0.436	stdum26	0.066*	0.017
stdum21	0.032**	0.000	stdum45	0.011	0.643	stdum27	0.075	0.315
stdum22	0.088**	0.000	stdum46	-0.006	0.763	stdum28	0.065*	0.020
stdum23	0.056**	0.000	stdum47	0.009	0.743	stdum29	0.115	0.085
stdum24	0.054**	0.000	stdum48	-0.017	0.412	stdum30	0.091**	0.004
stdum25	0.045**	0.000	stdum49	0.016	0.477	stdum31	0.154**	0.000
stdum26	0.020	0.247	stdum50	0.001	0.978	stdum32	0.076**	0.006
stdum27	0.033*	0.018	stdum51	0.135*	0.010	stdum33	0.022	0.495
stdum28	0.053**	0.000	_cons	1.039**	0.000	stdum34	0.044	0.248
stdum29	-0.010	0.524				stdum35	0.074*	0.012
stdum30	0.037**	0.002				stdum36	0.051	0.088
stdum31	0.067**	0.000				stdum37	0.048	0.193
stdum32	-0.001	0.937				stdum38	0.007	0.808
stdum33	0.067**	0.000				stdum39	0.062*	0.024
stdum34	0.010	0.404				stdum40	0.063	0.095
stdum35	-0.007	0.332				stdum41	0.051	0.160
stdum36	0.049**	0.000				stdum42	-0.017	0.673
stdum37	0.038**	0.000				stdum43	0.017	0.584
stdum38	0.011	0.165				stdum44	0.017	0.539
stdum39	-0.002	0.818				stdum45	0.061	0.080
stdum40	0.058**	0.000				stdum46	0.045	0.117
stdum41	0.058**	0.000				stdum47	0.069	0.079
stdum42	0.007	0.694				stdum48	0.039	0.232
stdum43	0.062**	0.000				stdum49	0.099**	0.001
stdum44	0.013	0.057				stdum50	-0.050	0.138
stdum45	0.066**	0.000				stdum51	0.092**	0.003
stdum46	0.036**	0.000				_cons	1.345**	0.000
stdum47	0.050**	0.000						
stdum48	0.019*	0.012						
stdum49	0.044**	0.000						
stdum50	0.034*	0.015						
stdum51	0.050**	0.008						
_cons	0.712**	0.000						
No. of Observations		62059	No. of Observations		4807	No. of Observations		2116
R-Squared		0.622	R-Squared		0.731	R-Squared		0.755
Root MSE		0.198	Root MSE		0.139	Root MSE		0.128

** = Significant at 1% confidence level; * = significant at 5% confidence level.

VW FOIA, EPA 06/20/2017 2017-FFP_027088

Model Year Regression Results for Conventional Gasoline Vehicles

Variable	Estimate	Std. Err.	t	P >|t|	Lower 95% C.I.	Upper 95% C.I.
lucombined	1.042	0.004	290.42	0.000	1.035	1.049
modelyear1	0.103	0.053	1.96	0.050	0.000	0.206
modelyear2	0.025	0.033	0.74	0.459	-0.041	0.090
modelyear3	0.044	0.033	1.35	0.179	-0.020	0.108
modelyear4	0.097	0.032	3.06	0.002	0.035	0.159
modelyear5	0.085	0.030	2.78	0.005	0.025	0.144
modelyear6	0.098	0.031	3.18	0.001	0.038	0.158
modelyear7	0.112	0.030	3.67	0.000	0.052	0.171
modelyear8	0.094	0.030	3.16	0.002	0.036	0.153
modelyear9	0.119	0.030	3.99	0.000	0.061	0.177
modelyear10	0.101	0.029	3.43	0.001	0.043	0.159
modelyear11	0.100	0.029	3.39	0.001	0.042	0.158
modelyear12	0.122	0.029	4.18	0.000	0.065	0.179
modelyear13	0.111	0.029	3.81	0.000	0.054	0.169
modelyear14	0.109	0.029	3.75	0.000	0.052	0.166
modelyear15	0.114	0.029	3.93	0.000	0.057	0.171
modelyear16	0.122	0.029	4.19	0.000	0.065	0.178
modelyear17	0.116	0.029	4.01	0.000	0.059	0.173
modelyear18	0.120	0.029	4.13	0.000	0.063	0.176
modelyear19	0.122	0.029	4.21	0.000	0.065	0.179
modelyear20	0.113	0.029	3.89	0.000	0.056	0.169
modelyear21	0.114	0.029	3.93	0.000	0.057	0.170
modelyear22	0.098	0.029	3.39	0.001	0.041	0.154
modelyear23	0.095	0.029	3.29	0.001	0.039	0.152
modelyear24	0.079	0.029	2.73	0.006	0.022	0.135
modelyear25	0.077	0.029	2.68	0.007	0.021	0.134
modelyear26	0.067	0.029	2.3	0.021	0.010	0.124
modelyear27	0.037	0.029	1.29	0.198	-0.020	0.095
modelyear28	0.015	0.029	0.51	0.607	-0.042	0.072
modelyear29	-0.001	0.029	-0.03	0.972	-0.058	0.056
modelyear30	-0.045	0.029	-1.55	0.121	-0.103	0.012
modelyear31	-0.003	0.030	-0.11	0.916	-0.062	0.056
_cons	-0.400	0.031	-12.71	0.000	-0.462	-0.338

No. of Observations	67377
R-Squared	0.5748
Root MSE	0.21086

VW FOIA, EPA 06/20/2017 2017-FFP_027089

To: Kaul, Meetu[Kaul.Meetu@epa.gov]; Werner, Jacqueline[Werner.Jacqueline@epa.gov]
From: Belser, Evan
Sent: Mon 9/28/2015 6:24:48 PM
Subject: RE: VW - I see Susan scheduled a 2:30 for an update

Please feel free to come Meetu. Susan asked for this update earlier today.

Evan

From: Kaul, Meetu
Sent: Monday, September 28, 2015 2:23 PM
To: Werner, Jacqueline; Belser, Evan
Subject: VW - I see Susan scheduled a 2:30 for an update

If you want Greg or I on the line (or Greg in person) just let us know.

I'd like to listen in if appropriate.

Thanks

Ms.Meetu Kaul, Attorney-Advisor

Air Enforcement Division
United States Environmental Protection Agency
Direct: 202-564-5472
Email: kaul.meetu@epa.gov

To: Grundler, Christopher[grundler.christopher@epa.gov]
Cc: Nancy Kruger[nkruger@4cleanair.org]
From: Bill Becker
Sent: Mon 9/28/2015 6:25:09 PM
Subject: nacaa remarks

Hey Chris—
I am glad you will be coming to our meeting. We are looking forward to your presentation. I am sure there will be a lot of interest in the VW stuff, so please plan accordingly. Thanks. bb

S. William Becker
Executive Director
National Association of Clean Air Agencies
444 North Capitol St., NW
Washington, DC 20001
(t) 202-624-7864
(c) 301-806-6111
www.4cleanair.org

To: Belser, Evan[Belser.Evan@epa.gov]; Werner, Jacqueline[Werner.Jacqueline@epa.gov]
From: Kaul, Meetu
Sent: Mon 9/28/2015 6:29:53 PM
Subject: RE: VW - I see Susan scheduled a 2:30 for an update

I'm at home but if there is a dial –in , let me know. Or you can call me directly **Ex. 6**

Thanks

Ms.Meetu Kaul, Attorney-Advisor

Air Enforcement Division
United States Environmental Protection Agency
Direct: 202-564-5472
Email: kaul.meetu@epa.gov

From: Belser, Evan
Sent: Monday, September 28, 2015 2:25 PM
To: Kaul, Meetu; Werner, Jacqueline
Subject: RE: VW - I see Susan scheduled a 2:30 for an update

Please feel free to come Meetu. Susan asked for this update earlier today.

Evan

From: Kaul, Meetu
Sent: Monday, September 28, 2015 2:23 PM
To: Werner, Jacqueline; Belser, Evan
Subject: VW - I see Susan scheduled a 2:30 for an update

If you want Greg or I on the line (or Greg in person) just let us know.

I'd like to listen in if appropriate.

Thanks

Ms.Meetu Kaul, Attorney-Advisor

Air Enforcement Division
United States Environmental Protection Agency
Direct: 202-564-5472
Email: kaul.meetu@epa.gov

From: Werner, Jacqueline
Location: Susan's Office
Importance: Normal
Subject: FW: VW Update
Start Date/Time: Mon 9/28/2015 6:30:00 PM
End Date/Time: Mon 9/28/2015 7:00:00 PM

-----Original Appointment-----
From: Shinkman, Susan
Sent: Monday, September 28, 2015 10:53 AM
To: Shinkman, Susan; Belser, Evan; Chapman, Apple; Kelley, Rosemarie; Werner, Jacqueline
Subject: VW Update
When: Monday, September 28, 2015 2:30 PM-3:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Susan's Office

Ex. 5

Thanks

Ms.Meetu Kaul, Attorney-Advisor

Air Enforcement Division
United States Environmental Protection Agency
Direct: 202-564-5472
Email: kaul.meetu@epa.gov

From: MALMO, JERRY A [mailto:JERRY.A.MALMO@CBP.DHS.GOV]
Sent: Monday, September 28, 2015 10:59 AM
To: Kaul, Meetu
Subject: Notice of Violation Letter

Ms. Kaul,

I called you earlier today and left you a voice message.

I see you were listed as the POC in the Notice of Violation Letter issued to Volkswagen on the defeat devices installed in their 2009 through 2015 diesel light duty vehicles.

Have you had any conversations with CBP regarding this issue? I know you must be very busy, but if you have a few minutes, I would like to talk to you about this.

Best Regards – Jerry

Jerry Malmo, Director

Trade Measures Division

Office of International Trade

U.S. Customs and Border Protection

(202) 863-6655 wrk (202) 306-7083 mbl

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Automotive News
Sent: Mon 9/28/2015 6:59:58 PM
Subject: P.M. NEWSCAST: Ex-VW CEO Winterkorn faces fraud allegations | Audi, Skoda cheat tallies | Alcoa to split in two | Mercedes-Benz diesel push | Feds explore expanding Takata recall

September 28, 2015

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TOP STORY: Winterkorn fraud probe

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customerservice@autonews.com

From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Mon 9/28/2015 7:04:44 PM
Subject: German prosecutors investigate former Volkswagen CEO
MAIL_CONVERSATION_TOPIC: German prosecutors investigate former Volkswagen CEO
Created: Fri 3/18/2016 6:18:08 PM

German prosecutors opened an investigation Monday into former Volkswagen CEO Martin Winterkorn.

View article...

From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Mon 9/28/2015 7:04:47 PM
Subject: Mercedes tops list of carmakers overstating fuel economy
MAIL_CONVERSATION_TOPIC: Mercedes tops list of carmakers overstating fuel economy
Created: Fri 3/18/2016 6:18:07 PM

Mercedes-Benz topped a European lobbying group's list of carmakers to overstate fuel economy for the second year in a row in an annual study that may receive extra scrutiny amid Volkswagen AG's diesel-engine test scandal.

View article...

From: Kaul, Meetu
Required Attendees: Werner, Jacqueline; Belser, Evan
Location: We will call Jerry Malmo
Importance: Normal
Subject: Call with CBP re: VW
Start Date/Time: Tue 9/29/2015 2:00:00 PM
End Date/Time: Tue 9/29/2015 2:30:00 PM

Jerry Malmo, Director
Trade Measures Division
Office of International Trade
U.S. Customs and Border Protection
(202) 863-6655 wrk (202) 306-7083 mbl

From: Kaul, Meetu
Required Attendees: Werner, Jacqueline; Belser, Evan
Location: We will call Jerry Malmo
Importance: Normal
Subject: Call with CBP re: VW
Start Date/Time: Tue 9/29/2015 2:00:00 PM
End Date/Time: Tue 9/29/2015 2:30:00 PM

Jerry Malmo, Director
Trade Measures Division
Office of International Trade
U.S. Customs and Border Protection
(202) 863-6655 wrk (202) 306-7083 mbl

To: MALMO, JERRY A[JERRY.A.MALMO@CBP.DHS.GOV]
From: Kaul, Meetu
Sent: Mon 9/28/2015 7:12:43 PM
Subject: RE: Notice of Violation Letter

We will give you a call at 10:00 am at the work number listed below.
Thanks,

mk

Ms.Meetu Kaul, Attorney-Advisor

Air Enforcement Division
United States Environmental Protection Agency
Direct: 202-564-5472
Email: kaul.meetu@epa.gov

From: MALMO, JERRY A [mailto:JERRY.A.MALMO@CBP.DHS.GOV]
Sent: Monday, September 28, 2015 3:09 PM
To: Kaul, Meetu
Subject: RE: Notice of Violation Letter

How is tomorrow morning – any time before 11.

From: Kaul, Meetu [mailto:Kaul.Meetu@epa.gov]
Sent: Monday, September 28, 2015 2:59 PM
To: MALMO, JERRY A
Subject: RE: Notice of Violation Letter

Thank you. I can try to set up a call for tomorrow that my management can also attend. Are there specific times that work for you?

Ms.Meetu Kaul, Attorney-Advisor

Air Enforcement Division
United States Environmental Protection Agency
Direct: 202-564-5472
Email: kaul.meetu@epa.gov

From: MALMO, JERRY A [mailto:JERRY.A.MALMO@CBP.DHS.GOV]
Sent: Monday, September 28, 2015 10:59 AM
To: Kaul, Meetu
Subject: Notice of Violation Letter

Ms. Kaul,

I called you earlier today and left you a voice message.

Ex. 5, 7

Ex. 5, 7 I know you must be very busy, but if you have a few minutes, I would like to talk to you about this.

Best Regards – Jerry

Jerry Malmo, Director

Trade Measures Division

Office of International Trade

U.S. Customs and Border Protection

(202) 863-6655 wrk (202) 306-7083 mbl

To: Werner, Jacqueline[Werner.Jacqueline@epa.gov]; Belser, Evan[Belser.Evan@epa.gov]
From: Kaul, Meetu
Sent: Mon 9/28/2015 7:14:39 PM
Subject: FYI - FW: VW - next steps - what do you think

Just to keep you in the loop re: what we are trying to work on.

Ms.Meetu Kaul, Attorney-Advisor

Air Enforcement Division
United States Environmental Protection Agency
Direct: 202-564-5472
Email: kaul.meetu@epa.gov

From: Orehowsky, Gregory
Sent: Monday, September 28, 2015 10:20 AM
To: Kaul, Meetu
Subject: RE: VW - next steps - what do you think

Some thoughts in red below. It would be great to know priorities and time frame for getting all this done. We can propose and see what everyone else thinks. Talking specifics with OTAQ and CARB would help with many of these tasks.

Greg Orehowsky

U.S. EPA

Office of Civil Enforcement

Air Enforcement Division

Phone 202-343-9292

From: Kaul, Meetu
Sent: Monday, September 28, 2015 9:44 AM

To: Orehowsky, Gregory
Subject: VW - next steps - what do you think

Ex. 5

Ex. 5

Ms.Meetu Kaul, Attorney-Advisor

Air Enforcement Division
United States Environmental Protection Agency
Direct: 202-564-5472
Email: kaul.meetu@epa.gov

To: Belser, Evan[Belser.Evan@epa.gov]; Kaul, Meetu[Kaul.Meetu@epa.gov]; Werner, Jacqueline[Werner.Jacqueline@epa.gov]
From: Senn, John
Sent: Mon 9/28/2015 7:26:52 PM
Subject: Fwd: DDL: checking; Reuters; re: EPA comment on Bernstein report from today that says $7.4 bln would be worst case for VW fines

Hey team--any merit to the below question about "the first ten cars" issue the reporter raises below?

Thanks,
John

Sent from my iPhone

Begin forwarded message:

From: "Birgfeld, Erin" <Birgfeld.Erin@epa.gov>
Date: September 28, 2015 at 1:52:37 PM EDT
To: "Valentine, Julia" <Valentine.Julia@epa.gov>, "Hengst, Benjamin" <Hengst.Benjamin@epa.gov>, "Millett, John" <Millett.John@epa.gov>
Cc: "Allen, Laura" <Allen.Laura@epa.gov>, "Senn, John" <Senn.John@epa.gov>
Subject: RE: DDL: checking; Reuters; re: EPA comment on Bernstein report from today that says $7.4 bln would be worst case for VW fines

Ex. 5

From: Valentine, Julia
Sent: Monday, September 28, 2015 1:50 PM
To: Birgfeld, Erin; Hengst, Benjamin; Millett, John
Cc: Allen, Laura; Senn, John
Subject: VW: DDL: checking; Reuters; re: EPA comment on Bernstein report from today that says $7.4 bln would be worst case for VW fines

Timothy Gardner

Reuters

From: timothy.gardner@thomsonreuters.com
[mailto:timothy.gardner@thomsonreuters.com]
Sent: Monday, September 28, 2015 1:46 PM
To: Valentine, Julia; Ortiz, Julia
Subject: EPA comment on Bernstein report from today that says $7.4 bln would be worst case for VW fines

Hi Julia and Julia,

Wondering if EPA has any comment on this Bernstein report that says the maximum EPA penalty VW would have to pay would be only $7.4 billion.

This is because the law says it would apply to only the first 10 cars?

Thanks, Tim

From: Belser, Evan
Location: We will call Jerry Malmo
Importance: Normal
Subject: Accepted: Call with CBP re: VW
Start Date/Time: Tue 9/29/2015 2:00:00 PM
End Date/Time: Tue 9/29/2015 2:30:00 PM

To: Ex. 6
From: Kaul, Meetu
Sent: Mon 9/28/2015 7:31:24 PM
Subject: Hello!

Hi Charlie! Nice to hear from you!

Thanks for your message but really the credit goes to CARB and WVU and ICCT so far!

Here is the link.

http://www3.epa.gov/otaq/cert/violations.htm

If you scroll down, there is a little "new" indicator by the letter.

Ms.Meetu Kaul, Attorney-Advisor

Air Enforcement Division
United States Environmental Protection Agency
Direct: 202-564-5472
Email: kaul.meetu@epa.gov

To: Kaul, Meetu[Kaul.Meetu@epa.gov]
From: Ex. 7
Sent: Mon 9/28/2015 7:34:09 PM
Subject: RE: VW - any update from your call?

We are both here right now if you are available to call. Ex. 7

From: Kaul, Meetu [mailto:Kaul.Meetu@epa.gov]
Sent: Monday, September 28, 2015 2:08 PM
To: Ex. 7 (ENRD)
Ex. 7
Subject: VW - any update from your call?

Ms.Meetu Kaul, Attorney-Advisor

Air Enforcement Division
United States Environmental Protection Agency
Direct: 202-564-5472
Email: kaul.meetu@epa.gov

To: Ball, Joel[ball.joel@epa.gov]
From: Schrodt, Thomas
Sent: Mon 9/28/2015 7:34:20 PM
Subject: Off cycle emissions
WVU_LDDV_in-use_ICCT_Report_Final_may2014.pdf
2011_pems_jrc_62639_en.pdf
ICCT_EuroVI_briefing_20150304.pdf

Hi Joel,

I attached a couple of documents that you might be interested in if you haven't already seen them. Here's a link to an article in the Guardian referring to John German, along with a link to his Bio. That page has several related publications too.

http://www.theguardian.com/business/2015/sep/26/volkswagen-scandal-emissions-tests-john-german-research

Tom

Thomas Schrodt

National Vehicle and Fuel Emissions Laboratory

Ann Arbor, Michigan

734-214-4216

JRC Scientific and Technical Reports

Analyzing on-road emissions of light-duty vehicles with Portable Emission Measurement Systems (PEMS)

Martin Weiss, Pierre Bonnel, Rudolf Hummel, Urbano Manfredi, Rinaldo Colombo, Gaston Lanappe, Philippe Le Lijour, Mirco Sculati

EUR 24697 EN - 2011

JRC EUROPEAN COMMISSION

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VW FOIA, EPA 06/20/2017 2017-FFP_027115

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JRC 62639

EUR 24697 EN
ISBN 978-92-79-19072-8
ISSN 1018-5593
DOI 10.2788/23820

Luxembourg: Publications Office of the European Union

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Printed on recycling paper in Italy

Executive summary

Emissions testing in the laboratory forms an essential part of the European type approval procedure for light-duty vehicles. The approach yields reproducible and comparable emissions data and provides clear design criteria for vehicles that have to comply with applicable emission limits. Although emission limits have become increasingly stringent in the past decade, road transport remains the most important source of urban air pollution in Europe with respect to NO_X (nitrogen oxides) and CO (carbon monoxide). Several studies have indicated that in particular on-road NO_X emissions of light-duty diesel vehicles might substantially exceed emission levels as identified during emissions testing in the laboratory. Still, a comprehensive analysis of on-road emissions of light-duty diesel and gasoline vehicles is unavailable to date.

This report addresses the existing knowledge gaps by using Portable Emission Measurement Systems (PEMS) to analyze the on-road emissions of 12 light-duty diesel and gasoline vehicles that comply with Euro 3-5 emission limits and comprise small and midsize passenger cars, two transporters, and a minivan. The selected vehicles where tested on four test routes, representing rural, urban, uphill/downhill, and motorway driving.

The PEMS results indicate that average NO_X emissions of diesel vehicles (0.93 ± 0.39 g/km), including Euro 5 diesel vehicles (0.62 ± 0.19 g/km), substantially exceed respective Euro 3-5 emission limits. The observed deviations range from a factor of 2-4 for average NO_X emissions over entire test routes up to a factor of 14 for average NO_X emissions of individual averaging windows. By comparison, on-road NO_X emissions of gasoline vehicles as well as CO and THC (total hydrocarbon) emissions of both diesel and gasoline vehicles generally stay within Euro 3-5 emission limits. The share of NO_2 (nitrogen dioxide) in the total NO_X emissions reaches 60% for diesel vehicles but is substantially lower for gasoline vehicles (0-30%). The tested light-duty diesel and gasoline vehicles emit during on-road testing on average 189 ± 51 g CO_2/km (grams carbon dioxide per kilometre) and 162 ± 29 g CO_2/km, respectively, thereby exceeding the CO_2 emissions as specified during laboratory testing by on average 21 ± 9%. The magnitude of on-road emissions varies depending on vehicle type, operation mode, route characteristics, and ambient conditions. Cold-start emissions of both diesel and gasoline vehicles span over a wide value range; NO_X emissions exceed Euro 3-5 emission limits by a factor 2-14, CO emissions often exceed emission limits, and THC emissions are both below and above Euro 3-5 emission limits.

The PEMS equipment is reliable and provides accurate emission measurements. PEMS are able to verify the proper operation of emission control technologies under a wide variety of normal operating conditions and suitable for testing emissions of novel fuel/engine/after-treatment/powertrain technologies (e.g., parallel/serial (plug-in) hybrid vehicles. PEMS analyses, including the presented results, may also be useful for updating current transport emission models and inventories. The PEMS procedure for light-duty vehicles is, however, relatively new and requires further refinement before being applied at large scale. Future PEMS applications may particularly focus on polluting driving modes such as cold start at very low temperatures and driving at very high speed as it occurs on the German Autobahn.

The findings of this report indicate that the current laboratory emissions testing fails to capture the wide range of potential on-road emissions. A promising remedy for this problem may be attained by supplementing laboratory emissions testing with complementary test procedures such as PEMS on-road emissions testing. This report provides a first step into that direction, thereby contributing to a more comprehensive EU policy that assures compliance of light-duty vehicles with emission limits under normal conditions of use.

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List of abbreviations and units

ARTEMIS	-	Assessment and Reliability of Transport Emission Models and Inventory Systems
^{o}C	-	Degree Celsius
CLA	-	Chemi-luminescence Analyser
CO	-	Carbon monoxide
CO_2	-	Carbon dioxide
CVS	-	Constant Volume Sampler
DG ENTR	-	Directorate General Enterprise and Industry
DPF	-	Diesel Particle Filter
ECE	-	United Nations Economic Commission for Europe
ECU	-	Engine Control Unit
EFM	-	Exhaust Flow Meter
e.g.	-	Exempli gratia, example given
EU	-	European Union
EUDC	-	Extra Urban Driving Cycle
FTP	-	Federal Test Procedure
g	-	Gram
GPS	-	Global Positioning System
HFID	-	Heated Flame Ionization Detector
i.e.	-	Id est, that is
JRC	-	Joint Research Centre
JTC	-	Japanese Test Cycle
Kg	-	Kilogram
km	-	Kilometre
kW	-	Kilowatt
m	-	Metre
min	-	Minute
MVEG	-	Motor Vehicle Emissions Group
NDIR	-	Non-Dispersive Infrared
NDUV	-	Non-Dispersive Ultraviolet
NEDC	-	New European Driving Cycle
Nm	-	Newton meter
NMHC	-	Non-methane hydrocarbons
No.	-	Number
NO	-	Nitrogen monoxide
NO_X	-	Nitrogen oxides
NTE	-	Mot-to-exceed
OCE	-	Off-cycle emissions
PEMS	-	Portable Emission Measurement Systems
PM	-	Particulate matter
PM_{10}	-	Particulate matter with an aerodynamic diameter of 10 micrometers or less
ppm	-	Parts per million
ppt	-	Parts per thousand

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RPA	-	Relative Positive Acceleration
rpm	-	Repetitions per minute
s	-	Second
THC	-	Total hydrocarbons
USA	-	United States of America

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1 Introduction

Emissions testing in the laboratory forms an essential part of the type approval procedure for light-duty vehicles within the European Union. Emissions testing follows a predefined procedure that consists of a specified driving cycle as well as prescribed test conditions at which vehicles are tested on a chassis dynamometer (EC, 2007a,2008). This approach yields verifiable and comparable data on emissions and fuel consumption and provides clear design criteria for light-duty vehicles, which have to comply with currently applicable emission limits.

Although emission limits have become increasingly stringent in the past decade, road transport remains the most important source of NO_X (nitrogen oxides) and CO (carbon monoxide) emissions by 2008, contributing 41% and 34%, respectively to the total emissions of these pollutants within the European Union (EEA, 2010). In particular, urban air pollution continues to persist at high levels, with 16% and 26% of EU's urban population being exposed to higher NO_2 (nitrogen dioxide) and PM_{10} (particulate matter of 10 micrometers or less) concentrations than specified by applicable air quality standards (EEA, 2009). Persisting air quality problems have triggered several policy responses that are targeted at emissions of light-duty vehicles:

(i) The introduction of more stringent emission limits for light-duty vehicles with Euro 5b in 2011 and Euro 6 in 2014 (EC, 2007a,2008).

(ii) The replacement of the currently applied New European Driving Cycle (NEDC) by a world-wide harmonized driving cycle in 2014 (EC, 2009a).

(iii) Potentially, the implementation of supplementary measures for verifying vehicles' emissions outside of the emissions testing with a single standardized driving cycle in 2014.

Particular concerns arise because emissions testing with the NEDC under laboratory conditions might not represent the actual on-road emissions of light-duty vehicles with sufficient accuracy. Several studies have indicated that specifically on-road NO_X emissions of light-duty diesel vehicles might substantially exceed Euro 2-4 emission limits (Pelkmans and Debal, 2006; Hausberger and Blassnegger, 2006; Vojtisek-Lom, 2009). Yet, comprehensive analysis of on-road emissions of light-duty diesel and gasoline vehicles that comply with Euro 3-5 is still unavailable.

This report addresses the existing knowledge gaps by using Portable Emission Measurement Systems (PEMS) to analyze the on-road emissions of 12 light-duty diesel and gasoline vehicles. The selected vehicles include small and midsize passenger cars as well as transporters and a minivan. The analysis contributes further to a knowledge base on real-world driving patterns within the European Union.

The results might assist the design of a road map for developing a suitable on-road emissions test procedure that could supplement the world-wide harmonized driving cycle in the European type approval of Euro 6 vehicles by 2014 (EC, 2007a). The report thereby contributes to a comprehensive EU environmental and industrial policy that assures compliance of light-duty vehicles with emission limits under normal conditions of use.

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This report continues by presenting principal background information on the European emissions legislation as well as on laboratory emissions testing and PEMS (Section 2). Afterwards, Section 3 presents the research methodology and Section 4 provides the results of the PEMS analyses. The report finishes with a discussion (Section 5) and conclusions (Section 6).

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2 Background

This section sets the stage for the later analyses by presenting information on (i) the status of emission legislation within the European Union with respect to light-duty vehicles, (ii) the official procedure to test emissions of light-duty vehicles, and (iii) the current developments in the on-road emissions testing with PEMS.

2.1 The current status of European light-duty vehicle emissions legislation

Emissions testing as part of the type approval procedure for light-duty vehicles is regulated within the European Union by the Co-decision regulation No. 715/2007 of 20 June 2007 (EC, 2007a) and the Comitology regulation No. 692/2008 of 18 July 2008 (EC, 2008). These regulations refer to vehicles of:

(i) categories M1 and M2 - passenger vehicles comprising no more than eight seats in addition to the driver's seat and having a maximum mass not exceeding 5 tonnes

(ii) categories N1 and N2 - vehicles used for the carriage of goods and having a maximum mass not exceeding 12 tonnes

Vehicles of these categories currently have to comply, with the exception of a few vehicle types used for special purposes, with Euro 5 emission limits of the following pollutants (Table 1):

(i) total hydro carbons (THC)

(ii) non-methane hydro carbons (NMHC)

(iii) nitrogen oxides (NO_X)

(iv) carbon monoxide (CO)

(v) particulate matter (PM) in the case of diesel engines and gasoline direct injection engines

The European emission legislation includes additional provisions, such as requirements for low temperature emission tests at -7°C for gasoline vehicles, which have to comply with limits of 15 g/km for CO and 1.8 g/km for HC, measured over the urban part of the NEDC (EC, 2001). Carbon dioxide emissions are currently unrestricted at the level of individual vehicles. The European Commission, however, defines a target for the fleet-average CO_2 emissions of new passenger cars of 130 g CO_2/km for a reverence car mass of 1372 kg (EC, 2009a).

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Table 1: Currently applicable Euro 5 emission limits for light-duty vehicles of category M1 (EC, 2007a)

Pollutant	Emission limits for vehicles with spark ignition engines in mg/km	Emission limits for vehicles with compression ignition engines in mg/km
THC	100	-
NMHC	68	-
NO_X	60	180
$HC+NO_X$	-	230
CO	1000	500
PM	5.0/4.5[1]	5.0/4.5[1]

- not regulated

[1] The emission limit of 5.0 mg/km refers to Euro 5a, which is relevant for category M1 vehicles since September 2009. The emission limit of 4.5 mg/km refers to Euro 5b, which will be relevant for category M1 vehicles from January 2011 onwards.

In view of the introduction of more stringent Euro 6 emission limits in 2014, Regulation 715/2007 (EC, 2007a) contains provisions that should assure compliance of vehicles with applicable emission limits during both type approval and on-road driving under normal conditions of use[1]:

(i) Recital (15) requests the Commission to investigate the use of PEMS and so-called *not-to-exceed* regulatory concepts in the context of the revision of the NEDC.

(ii) Article 4(2) requires that manufacturer ensure an effective limitation of emissions pursuant to this Regulation, throughout the normal life of the vehicles under normal conditions of use.

(iii) Article 5(2) in conjunction with the definition in Article 3(10) prohibits the use of defeat devices under conditions that are likely to occur during normal vehicle operation, if these conditions are not substantially included in the test procedures for verifying emissions[2].

(iv) Article 14(3) requires the European Commission to keep reviewing procedures, tests, and requirements used to measure emissions. If reviews identify that provisions are no longer adequate or, in particular, do not reflect on-road emissions from real-world driving, the provisions should be adapted accordingly through the Comitology procedure.

The compliance of light-duty vehicles with applicable emission limits is verified by emissions testing on the chassis dynamometer in the laboratory. The next section describes in greater detail the key characteristics of the driving cycle, i.e., the NEDC that is currently used for standard laboratory emission tests within the European Union.

[1] Normal conditions of use might also include particularly polluting driving pattern such as driving at very high speeds, as it is frequently observed on the German autobahn, engine cold start at very low temperatures, or idling in congested traffic that may cause a cool down of after-treatment devices.

[2] Defeat devices are elements of design that sensor certain ambient and vehicle parameters for the purpose of influencing the operation of any part of the emission control systems, resulting in a reduced effectiveness of emission control technologies.

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2.2 The test procedure for light-duty vehicle emissions within the EU

Emissions testing as part of the type-approval process for light-duty vehicles has to balance two criteria:

(i) quantifying as far as possible vehicle emissions under real-world driving conditions
(ii) assuring reproducibility and comparability of emission measurements

The testing of emissions and fuel consumption of light-duty vehicles takes place in the laboratory on chassis dynamometers. The details of the test procedure are described by Directive 98/69/EC (EC, 1998) and its further amendments.

Before the emissions test, vehicles have to soak for at least 6 hours at a test temperature of 20-30°C. Emissions are then measured while vehicles follow the speed profile of the New European Driving Cycle (NEDC). The entire NEDC consists of four repeated ECE-15 driving cycles of 195s duration each and one extra-urban driving cycle (EUDC) of 400s duration (Figure 1).

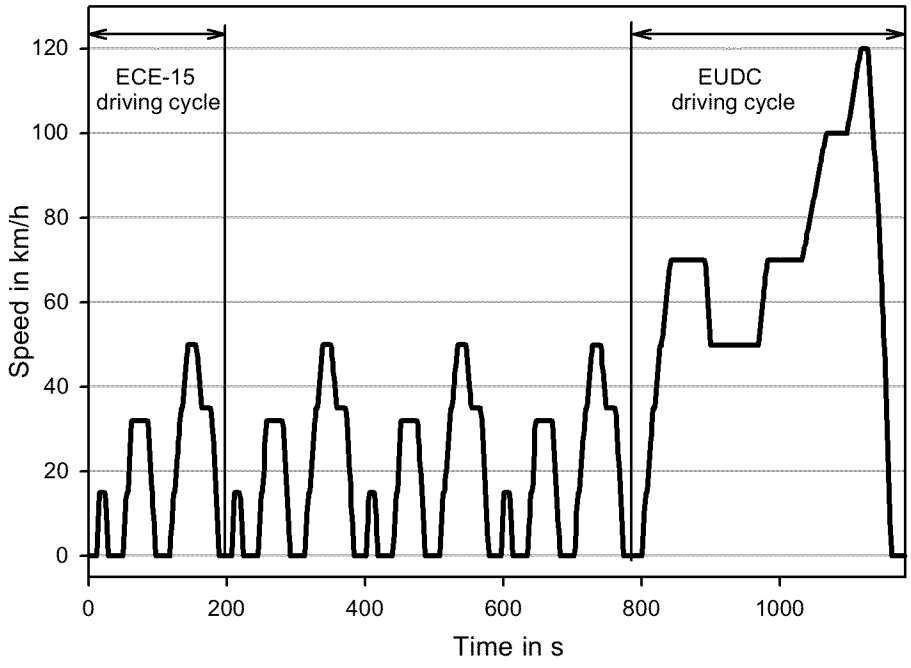

Figure 1: Speed profile of the New European Driving Cycle (NEDC)

The four ECE-15 cycles represent urban driving conditions that are characterized by low vehicle speed, low engine load, and low exhaust gas temperature. By contrast, the EUDC in the second part of the NEDC accounts for extra-urban and high speed driving modes up to a maximum speed of 120 km/h. The entire NEDC covers a distance of 11,007 m in a time period of 1180 s and at an average speed of 34 km/h. An initial idling period has been eliminated in the NEDC, thus emissions sampling begins with the start of the engine. Emissions are typically sampled with a Constant Volume Sampler (CVS) and expressed as averages over the entire test cycle in grams per kilometre [g/km] for each of the regulated pollutants (see Table 1).

The main characteristics of the NEDC in comparison to other certification cycles, i.e., the US FTP-75 driving cycle and the Japanese JTC cycle as well as the ARTEMIS urban driving cycle are provided in Table 2. The NEDC was developed to assure comparability and reproducibility of vehicle emissions that have been tested at standard conditions. Such an approach to emissions testing

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comes inevitable with limitations regarding the ability to reproduce actual on-road emissions. Criticism of the NEDC refers in particular to its smooth acceleration profile (André and Pronello, 1997) that requires only a very narrow range of possible engine operation points (Kageson, 1998).

Table 2: Comparison the key characteristics of selected driving cycles

	NEDC	ECE-15	US FTP-75	JTC 10-15 mode
Region	EU	EU	USA	Japan
Trip duration [s]	1180	780	1874	660
Trip distance [km]	11.007	4.052	17.77	4.16
Average speed [km/h]	33.6	18.7	34.1	22.7
Maximum speed [km/h]	120	50	91	70
Share [%]				
- Idling	24	30	19	32
- low speed >0≤50 km/h	55	70	60	49
- medium speed >50-90 km/h	14	0	19	19
- high speed >90 km/h	7	0	2	0

Table 2 (continued): Comparison the key characteristics of selected driving cycles

	ARTEMIS urban	ARTEMIS rural	ARTEMIS motorway[1]
Region	EU	EU	EU
Trip duration [s]	920	1081	1067
Trip distance [km]	4.47	17.27	28.74 (29.55)
Average speed [km/h]	17.5	57.5	97.0 (99.7)
Maximum speed [km/h]	58	112	132 (150)
Share [%]			
- Idling	29	3	2 (2)
- low speed >0≤50 km/h	69	31	15 (15)
- medium speed >50-90 km/h	2	59	13 (13)
- high speed >90 km/h	0	7	70 (70)

[1] Values in parentheses indicate the 150 km/h specification of the ARTEMIS motorway driving cycle.

The NEDC only insufficiently represents on-road driving pattern that are characterized by low speed and high torque operation, steep and dynamic transient velocities, and driving at very high-speed. It is hence likely that vehicles comply with applicable emission limits during NEDC testing although they might show substantially higher pollutant emission levels alongside with elevated fuel consumption and CO_2 emissions on the road (André, 1996; Hausberger and Blassnegger, 2006; Pelkmans and Debal, 2006; Tzirakis et al., 2006). These limitations have been acknowledged by the European Commission and triggered the current research activities around the implementation of Euro 6 by 2014, including the development of (i) a more representative and internationally harmonized driving cycle as well as (ii) a supplemental off-cycle emissions test procedure for assessing the on-road emissions of light-duty vehicles for type approval (EC, 2009c).

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2.3 Current developments in on-road emissions testing with PEMS

On-road emissions testing with PEMS has been so far mainly developed to evaluate the in-service conformity of EURO V and EURO VI engines of heavy-duty vehicles (EUR, 2006a,b,c; Bonnel and Kubelt, 2010). Emissions testing of heavy-duty vehicles as part of the type approval procedure is specified by Regulation (EC) No. 595/2009 of the European Parliament and of the Council (EC, 2009b). This regulation defines rules for the in-service conformity of vehicles and the durability of emission control devices. In particular, EC (2009b) suggests (i) considering the application of portable emission measurement systems (PEMS) for verifying the in-service conformity of heavy-duty vehicles and (ii) introducing supplemental procedures to control on-road (so-called *off-cycle*) emissions.

Verifying the in-service conformity of heavy-duty vehicles typically requires to remove the engine from the vehicle and to test its emissions in dedicated engine test cells. Such an approach is, however, very impractical and expensive. Therefore, it has been proposed to develop a protocol for in-service conformity checking of heavy-duty vehicles based on PEMS. The European Commission (DG ENTR in co-operation with DG JRC) launched in January 2004 a co-operative research programme to study PEMS applications for heavy-duty vehicles within the European Union. The experimental activities started in August 2004 and resulted in a successful application of PEMS to heavy-duty vehicles (Bonnel and Kubelt, 2010). Following the success of the EU-PEMS project, the European Commission announced the intention to launch a manufacturer-run pilot programme at the 97th Motor Vehicle Emissions Group (MVEG) Meeting on 1 December 2005. The main purpose of the programme was to evaluate the PEMS-based technical and administrative procedures for a larger range of technologies and in statistically more significant numbers. The PEMS pilot programme was started in autumn 2006; the outcome of the programme is expected to provide further insight on the potentials to introduce in-service conformity provisions based on PEMS in the European type-approval legislation for heavy-duty vehicles.

Based on their successful application to heavy-duty vehicles, PEMS might potentially also be applicable to light-duty vehicles as supplemental measure to ensure that vehicle emissions are appropriately controlled outside standardized laboratory conditions (EC, 2007a. The JRC initiated a first PEMS test campaign to obtain insights into the suitability of PEMS for emissions testing of Euro 3-4 light-duty vehicles in 2007 based on an Administrative Arrangement with DG ENTR (EC, 2007c). The PEMS testing of Euro 5 vehicles in 2009 and 2010 was then commissioned by the recent Administrative Arrangement No. SI2.552273 between the JRC and DG ENTR (EC, 2009c). The aim of this Administrative Arrangement was in particular to obtain on-road emission values for a range of Euro 5 vehicles and thereby supporting the development of suitable off-cycle emission test procedures that might supplement the standard laboratory emission test of Euro 6 vehicles from 2014 onward. The results of both test campaigns are documented in the present report, which continues in the next section by explaining in greater detail the methodology used for the PEMS test campaign of light-duty vehicles.

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3 Methodology

The methodology section contains four parts: the first part provides an overview of test vehicles; the second part presents the routes used for PEMS testing; the third part explains PEMS equipment and test protocol; the fourth part explains data processing and data analysis.

3.1 Test vehicles

The analysis presented in this report includes passenger cars, i.e., vehicles of category M1, for which the currently applicable emission limits are provided in Table 1. The PEMS test fleet consists of 12 light-duty vehicles, comprising 5 gasoline vehicles, 1 gasoline-hybrid vehicle, and 6 diesel vehicles. Nine vehicles represent small and compact passenger cars, one vehicle is a minivan, and two vehicles represent small transporters. All test vehicles belong to category M1 of the European type approval classification (EC, 2007b), are sold on the European market, and passed type approval based on Euro 3-5 emission limits (Table 3). The second phase of the PEMS test campaign in the years 2009 and 2010 focused in particular on Euro 5 vehicles with the aim of complementing the data generated for Euro 3 and Euro 4 vehicles during the first project phase between 2007 and 2008.

3.2 PEMS test routes

The PEMS test campaign started with the testing of Vehicles A and C on local routes, including trips from Ispra to Milan as well as in down-town Milan. Based on the results of these tests, four defined routes were developed (Table 4, Figure 2), which later served as standard test routes for all subsequent PEMS tests of Vehicles B and D-L. The characteristics of these four test routes reflect as far as possible the diversity of normal on-road driving in Europe and include:

(i) Route 1: Ispra-Milan-Ispra; representing a mix of rural and motorway driving
(ii) Route 2: Ispra-Varese-Ispra; representing a mix of rural and urban driving
(iii) Route 3: Ispra-Sacro Monte-Ispra; representing a mix of rural and severe uphill-downhill driving with an elevation difference of around 800 m
(iv) Route 4: Motorway; representing high-speed driving at speeds of up to 130 km/h

Figures 3 and 4 provide an overview of altitude profiles and the typical speed distributions of the four test routes.

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Table 3: Specifications of test vehicles

Vehicle	Vehicle category	Model year	Mileage at test start [km]	Fuel	Engine capacity [ccm]	Maximum engine power [kW]	Mass of CO_2 emitted during standard NEDC testing [g/km] / [cumulative kg]	Emission treatment technology	Applicable emission limit
A	N1 (small transporter)	2007	20,743	diesel	1997	69	182 / 2.00	oxidation catalyst, no DPF	Euro 3, Class II
B	M1 (minivan)	2007	13,831	gasoline	1798	88	169 / 1.86	3-way catalyst	Euro 3
C	N1 (small transporter)	2007/8	~20,000	diesel	2461	96	218 / 2.40	oxidation catalyst, no DPF	Euro 4, Class II
D	M1 (small passenger car)	2007	~800	diesel	1461	50	120 / 1.32	oxidation catalyst, no DPF	Euro 4
E	M1 (compact passenger car)	2004	~100,000	diesel	1896	77	140 / 1.54	oxidation catalyst; no DPF	Euro 4
F	M1 (small passenger car)	2007	16,996	gasoline	1149	55	139 / 1.53	3-way catalyst	Euro 4
G	M1 (compact passenger car)	2007	1,023	gasoline-hybrid	1497	57*	104 / 1.14	3-way catalyst	Euro 4
H	M1 (compact passenger car)	2009	3,408	diesel	1598	88	129 / 1.42	oxidation catalyst, DPF	Euro 5
I	M1 (compact passenger car)	2009	4,667	diesel	1995	130	128 / 1.41	oxidation catalyst, DPF	Euro 5
J	M1 (compact passenger car)	2009	~5,000	gasoline	1595	75	166 / 1.83	3-way catalyst	Euro 5
K	M1 (small passenger car)	2009	-10,000	gasoline	1242	51	119 / 1.31	3-way catalyst	Euro 5
L	M1 (small passenger car)	2010	1,909	gasoline	1242	44	127 / 1.40	3-way catalyst	Euro 5

[1] gasoline engine only

Table 4: Characteristics of PEMS test routes

Test route	Section	Distance [km]	Typical average speed [km/h]
Route 1	rural	35	50
	motorway	100	90
	Total	**135**	**65**
Route 2	rural	51	40
	urban	10	25
	Total	**61**	**35**
Route 3	rural	50	45
	uphill-downhill	10	30
	Total	**60**	**40**
Route 4	rural	37	39
	motorway	95	108
	Total	**132**	**71**

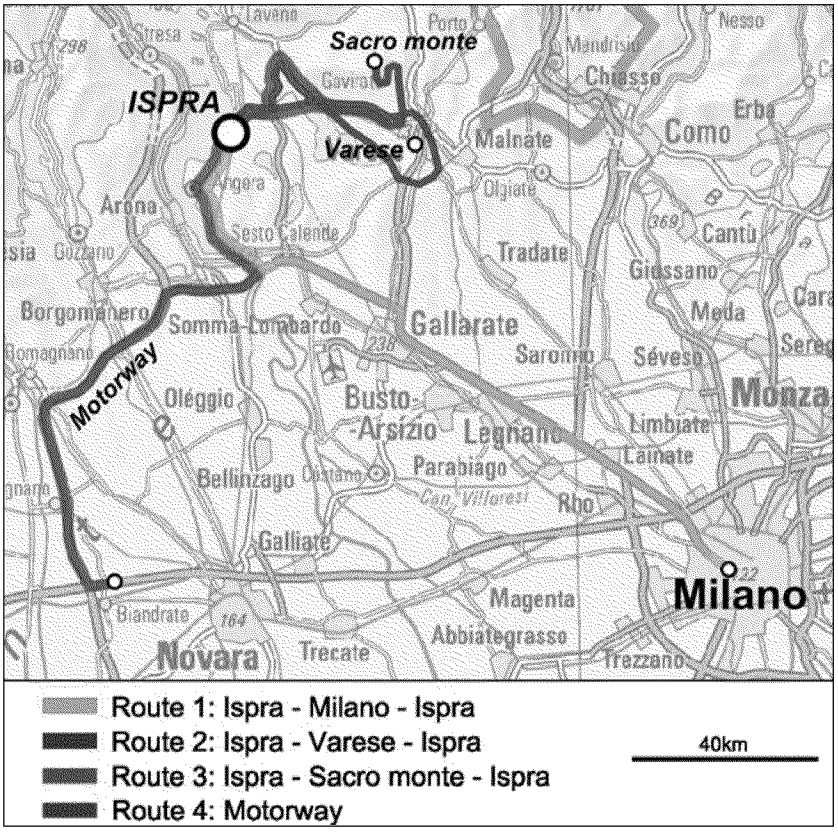

Figure 2: Topographic map of the PEMS test routes

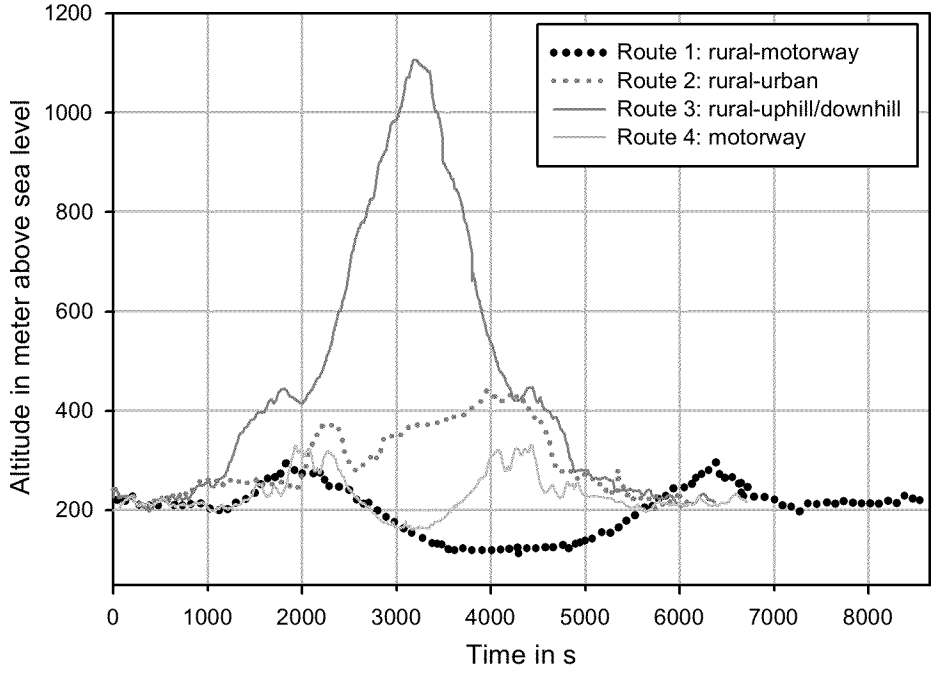

Figure 3: Altitude profiles of PEMS test routes; NEDC testing, by comparison, does not include any altitude changes

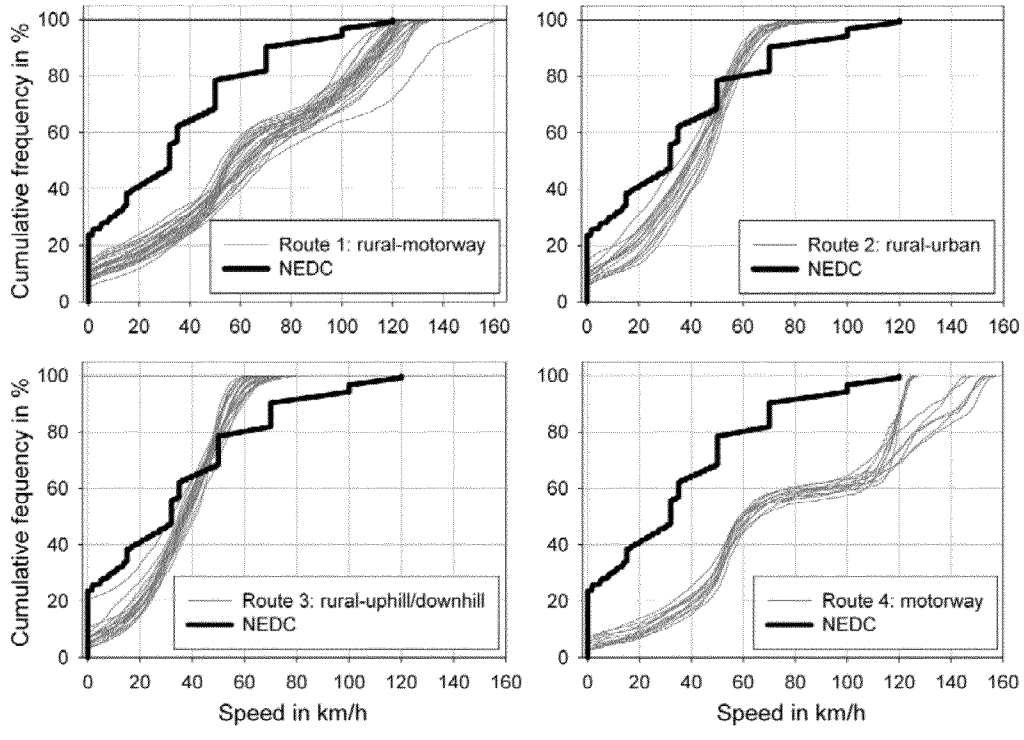

Figure 4: Typical speed distributions of PEMS test routes in comparison to the NEDC

The four test routes represent different on-road driving pattern, which can also be characterized by plotting the relative positive acceleration (RPA) as function of vehicle speed. The RPA is calculated as the integral of the product of instantaneous speed and instantaneous positive acceleration over a defined section of the test route, a so-called sub-trip, such as:

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$$RPA = \frac{\int_0^{t_j} (v_i \times a_i) dt}{x_j}$$ (*Equation 1*)

where: t_j = time
x_j = distance of sub-trip *j*
v_i = speed during each increment *i*
a_i = instantaneous positive acceleration during each increment *i* contained in the sub-trip *j*

A sub-trip is defined here as any part of the test route, in which the vehicle speed is at least 2 km/h for a period of at least 5 seconds. Individual sup-trips are separated from each other by periods of idling or very slow motion in congested traffic. The length and number of sub-trips contained in a PEMS test depends on the route characteristics and the traffic situation and might show substantial variability both between and within individual test routes. Thus, sub-trips may differ substantially in their length. The maximum achievable RPA is directly related the vehicle power. Additional factors affecting the magnitude and distribution of RPA values such as: (i) the drivers' behaviour and driving style, (ii) climatic and ambient conditions, as well as (iii) traffic and road conditions. The distribution of RPA values allows comparing the characteristics of different routes and may be used as criterion to standardize on-road PEMS emissions testing.

The RPA values of the individual PEMS test routes show distinct pattern that differ from the ones of the NEDC (Figure 5). In particular Routes 1 and 4 include a larger share of high-speed driving than the NEDC. Vehicle testing on the four test routes covers furthermore a substantially larger range of the RPA-speed spectrum than does the conventional NEDC testing. Low RPA values in the range of 0.1-0.4 m/s^2 at velocities of 0-50 km/h represent the majority of driving conditions on our four PEMS test routes. Still extreme conditions exist such as RPA values above 1 m/s^2 at low speeds or relatively low RPA at high speeds in the range of 120-130 km/h occur; these driving conditions are not covered by the NEDC.

Overall, Route 1 with a mix of rural and motorway driving seem to capture best the potentially large variability of on-road driving conditions. Still, driving on identical routes can lead to considerable variability in the RPA-speed trace depending on vehicle type as well as road and traffic conditions. The overview in Figure 5 clearly indicates the shortcomings of the NEDC: it completely excludes driving at low velocities and medium too high acceleration (RPA >0.2 m/s2) as well as at high velocities and low acceleration. The ongoing development of a world-wide harmonized driving cycle addresses parts these shortcomings; the new driving cycle well be implemented in the European Union by 2014 with the introduction of Euro 6 emission limits.

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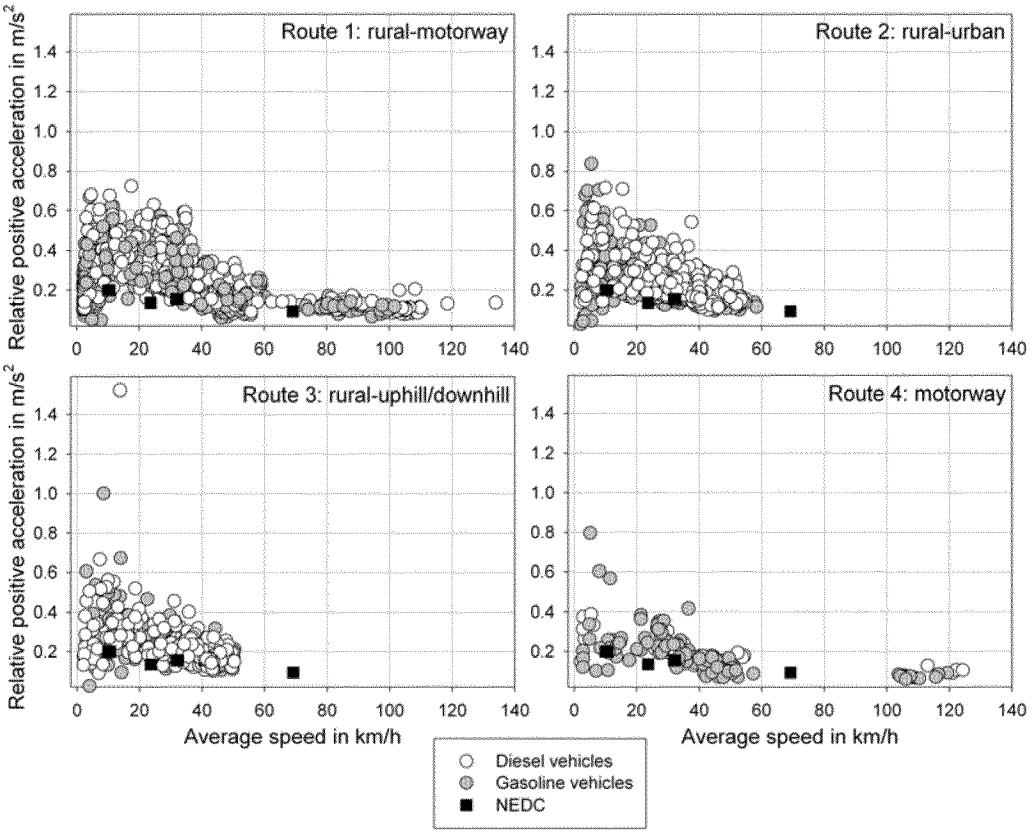

Figure 5: The relative positive acceleration of sub-trips composing the four PEMS test routes and the NEDC

Regardless, also the driving on the four PEMS test routs has one particular limitation: It is not able to reproduce driving at very high speeds (i.e., >140 km/h) as it frequently occurs on the German Autobahn. This limitation is relevant because Germany presents the largest vehicle market in Europe and operates an Autobahn network of more than 12,000 km, which accounts for one third of all vehicle-kilometres driven in Germany. Large parts of the Autobahn are free of a speed limit. In 1995, the average vehicle speed on the Autobahn was 134 km/h (Pander, 2007) and thereby higher than the speed limit enforced in all other European countries[3].

3.3 PEMS equipment and test protocol

For the emissions testing of light-duty vehicles, a Semtech-DS PEMS from Sensors Inc. was used. This equipment is commercially available and consists of a tail-pipe attachment, heated exhaust lines, a Pitot tube for measuring the exhaust mass flow and temperature, exhaust gas analyzers, a data logger to the vehicle network, a GPS, sensors for ambient temperature and humidity, and exhaust pipelines (Figure 6). The mass of the PEMS systems including an external battery for power supply amounts to 80 kg and is thereby equivalent to the mass of a passenger. PEMS accounts at maximum for 9% of the mass of tested vehicles. Although the mass of the PEMS equipment might not substantially affect the test results, it may introduce a bias into the emission measurements. This bias may, however, allow reproducing on-road emissions of with more than one person in the vehicle.

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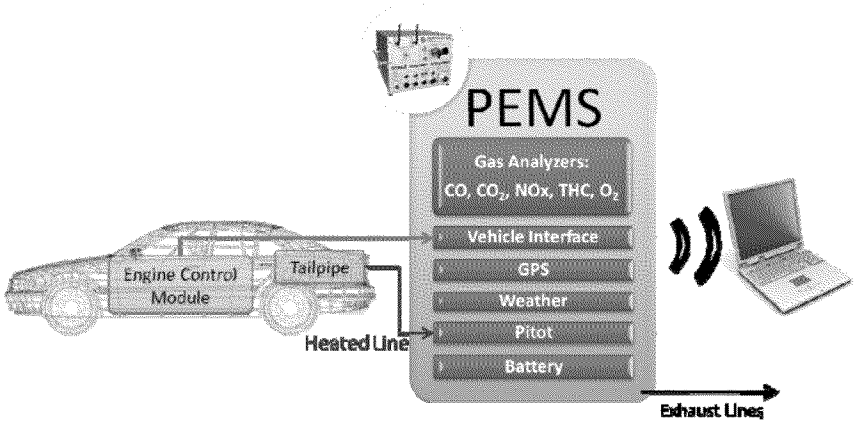

Figure 6: Schematic overview of PEMS and auxiliary components (courtesy Sensors Inc.)

PEMS measures the exhaust gas concentrations of the regulated pollutants THC, CO, and NO_X, as well as of CO_2 and NO emissions, the exhaust mass flow and the exhaust temperature. The complete set of parameters measured with PEMS during on-road emission tests, as well as the corresponding measurement technique, is provided in Table 5. Total hydrocarbon emissions are measured by a heat flame ionization detector (HFID); CO and CO_2 emissions are measured by a non-dispersive infrared (NDIR) analyzer; NO and NO_2 emissions are measured by a non-dispersive ultraviolet (NDUV) analyzer; the total NO_X emissions are then calculated from the NO and NO_2 data. Particulate matter (PM) is excluded from this analysis.

Table 5: Overview of parameters measured with PEMS

Category	Parameter	Measurement technique
Exhaust gas pollutants	THC	HFID
	CO	NDIR analyzer
	CO_2	NDIR analyzer
	NO and NO_2	NDUV analyzer
	Exhaust flow rate	EFM
	Exhaust temperature	EFM temperature sensor
Vehicle characteristics	Vehicle speed	GPS
	Vehicle position and altitude	GPS
	Acceleration	GPS
	Distance travelled	GPS
Ambient conditions	Elevation	GPS
	Ambient humidity	Humidity sensor
	Ambient temperature	Temperature sensor
	Ambient pressure	Pressure sensor

[3] Italy and Poland present exceptions: The speed limit on three-lane (six lanes in two directions) highways in Italy may be 150 km/h if indicated. The speed limit on highways in Poland will be 140 km/h from 2011 onward.

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To measure the exhaust mass flow and exhaust temperature, the Semtech-DS uses an exhaust mass flow meter (EFM) equipped with differential pressure devices and thermocouples. The EFM has an accuracy of at least ± 3.0% at a resolution of 0.003 m^3/min and an exhaust temperature range from ambient to 550 ºC. The random error of PEMS measurements typically accounts for 2-3% of the measured value. The accuracy of PEMS has been verified against laboratory equipment by Rubino et al. (2007a). The verification tests were conducted on a 48 inches chassis dynamometer (MAHA; maximum power 150 kW; maximum velocity 200 km/h; inertia of 454-4500 kg) over the NEDC driving cycle. A Horiba MEXA-7400HTR-LE was used as reference for measuring NO_X, CO, HC, and CO_2 emissions. The NO_X emissions were measured using a chemiluminescence analyser (CLA; the total hydrocarbons emissions were measured by a heated flame ionization detector (HFID), CO and CO_2 were determined by NDIR analyzers. The CVS flow rate was set at 6 m^3/min. The gaseous emissions were measured during the emission tests according to the current European type-approval protocol. Good agreement was found between the emissions as measured with PEMS and the reference test cell analyzers (Horiba) as shown in Figure 7 (see also EPA, 2008; Rubino et al., 2007a,b). The deviations between both PEMS and laboratory equipment are negligible with respect to the findings of this report.

The test protocol of the Semtech-DS PEMS for measuring on-road emissions of light-duty vehicles was adapted in two points from the one developed for heavy-duty vehicles (EUR, 2006c):

(i) The emissions were measured directly from cold start, including cranking.

(ii) The vehicle conditioning (e.g., the vehicle temperature) was monitored before, during, and after the test.

The main components of the Semtech-DS PEMS (i.e., pumps, electronic equipment, and analysers) were installed in the cabin of the vehicle, which avoids contamination, excessive vibrations, and heating of the equipment. The exhaust mass flow meters were attached to the vehicle's tailpipe; GPS and weather station were installed outside of the vehicle (Figure 8). The power for the analytical equipment was supplied by an external battery. This reduces the interference of PEMS with the engine operation and allows PEMS testing for up to 2.5 hours; the battery, nevertheless, introduces additional weight to the PEMS equipment. PEMS has been proven to yield reliable emission measurements in previous test campaigns for heavy-duty and light-duty vehicles (EUR, 2006a,b; Rubino et al., 2007a; Bonnel and Kubelt, 2010).

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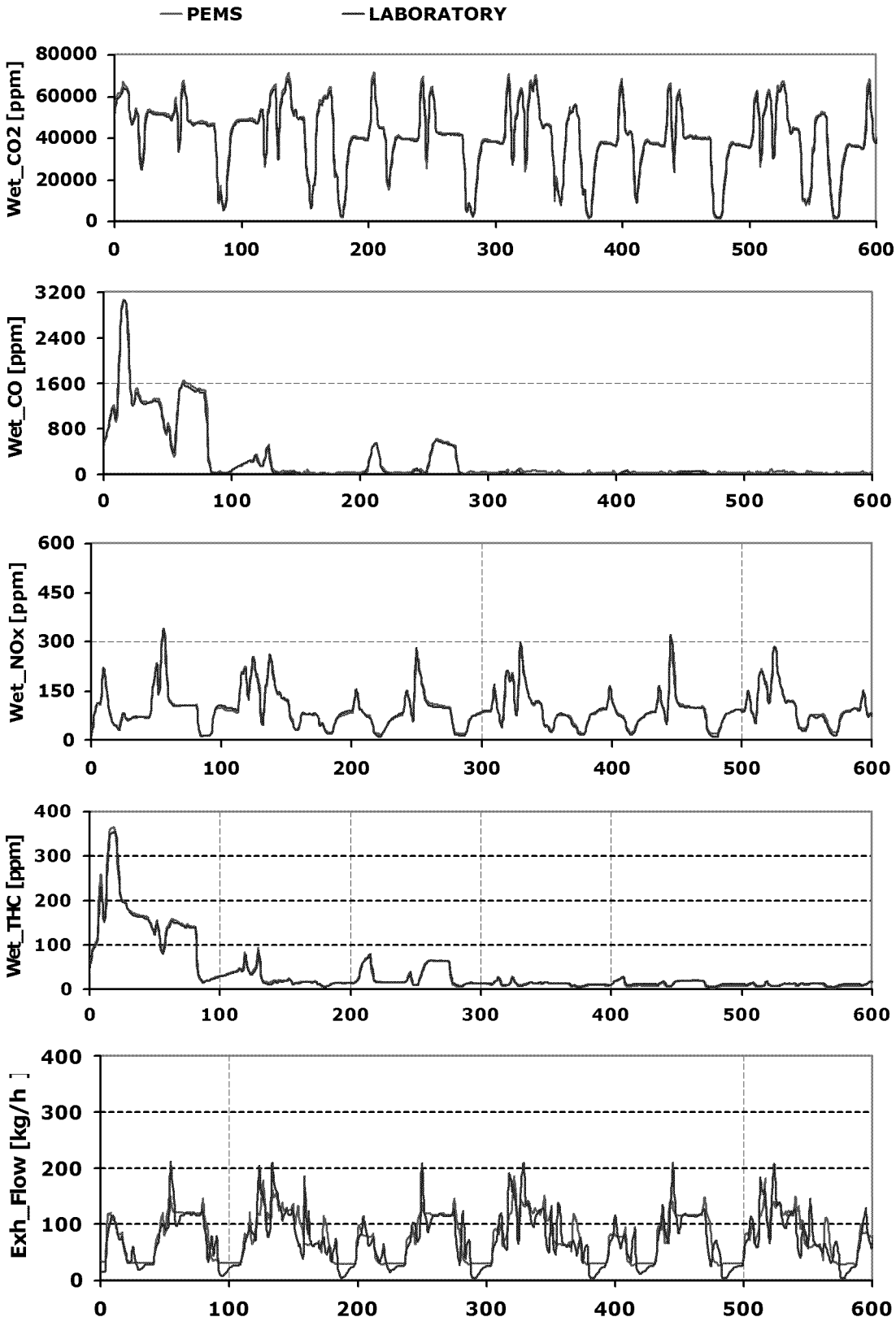
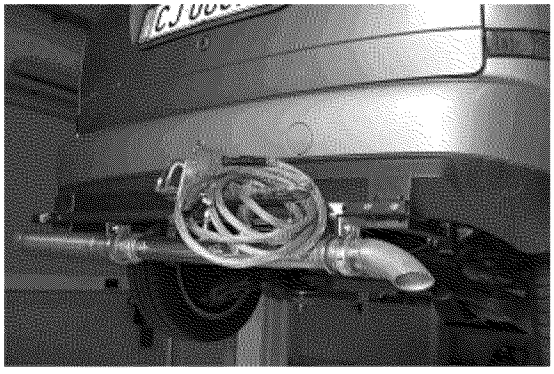
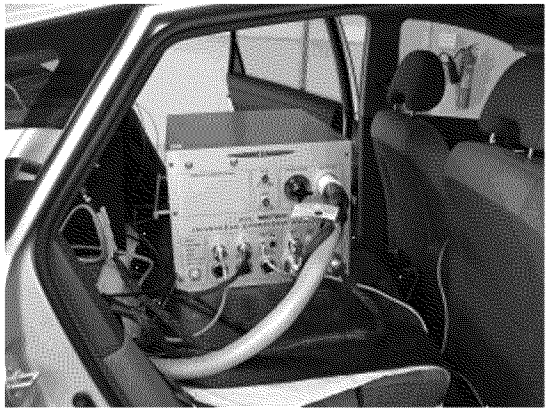


Figure 7: Comparison of emissions as measured with PEMS and standard laboratory equipment

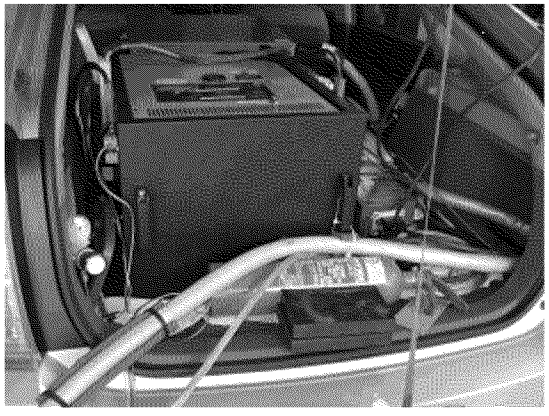


(i) EFM

(ii) PEMS installation



(iii) PEMS main unit



(iv) external battery

Figure 8: Demonstrating the installation of PEMS in a light-duty vehicle

3.4 Data collection and analysis

3.4.1 Complementary data supply and emission tests

In addition to PEMS testing, the emissions of Vehicles A, D, and G-L were determined based on NEDC testing in the laboratory. All laboratory tests were conducted on a 48 inches (118 cm) chassis dynamometer produced by MAHA. A Horiba MEXA-7400HTR-LE was used as standard laboratory equipment for measuring THC, CO, HC, NO_X, and CO_2 emissions (see also Section 3.3). The vehicles that were tested based on the NEDC generally complied in the laboratory with the applicable emission limits.

For Vehicles B, C, E, and F no such NEDC tests were performed because in the early phase of the PEMS test campaign attention was predominantly paid on the reliability and completeness of PEMS measurements, rather than on establishing on-road emission values of light-duty vehicles in comparison to laboratory tests. The PEMS tests of the various vehicles were complemented as far as possible by vehicle data such as engine fuel rate [g/s], engine speed [rpm], or engine torque [Nm] obtained from the Engine Control Unit (ECU) via a data logger.

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3.4.2 Data analysis

During the actual PEMS testing, each vehicle started from the JRC in Ispra (Italy) and returned to the JRC for technical checks, calibration, and data download. PEMS measures emissions with a time resolution of one second. Recorded emissions data were uploaded together with data from the PEMS's GPS system into EMROAD©, which is an Excel® tool developed by the JRC for analyzing and evaluating PEMS data (Kubelt and Bonnel, 2007). PEMS records uniformly NO_X emissions, which are uncorrected for ambient humidity and intake air temperature. This approach is justified by the aim of this project, i.e., to report on-road emissions as they occur under real-world driving conditions.

EMROAD© calculates first average emissions for the entire test route, expressed as grams per kilometre. EMROAD© also presents emissions in alternative metrics, e.g., as function of time or emitted CO_2 mass. These metrics will, however, not be discussed in detail because emission limits for light-duty vehicles are uniformly defined by EU legislation as distance-specific values in grams per kilometre (EC, 2007a).

To enable a more detailed analysis of emissions, EMROAD© allows calculating emission averages for individual averaging windows that represent sub-trips of a test route. This method is generally referred to as the averaging window method and represents an established methodology that will be used for the official emissions testing and characterization of Euro VI heavy-duty vehicles (EC, 2010). The method reduces fluctuations in the second-by-second emissions data and enables a more detailed understanding of emission variability in comparison to route averages. The principle approach is as follows: Pollutant emissions are averaged over intervals of a predefined duration. These intervals are referred to here as *averaging windows*. The duration of an averaging window is determined in the case of heavy-duty vehicles by a predefined quantity of work the vehicle's engine has performed until a certain point. This reference metrics is chosen because emission limits for heavy-duty vehicles are defined as work-specific quantities. In the case of heavy-duty vehicles both work-based averaging windows and applicable emission limits are therefore directly linked to an actual engine parameter (Kubelt and Bonnel, 2007; Bonnel and Kubelt, 2010; EC, 2010). In the case of light-duty vehicles emission limits are defined as distance-specific values (see Table 1). In line with the definition of emission limits (EC, 2007a), we chose in this report the distance travelled by the vehicle [km] as reference parameter to determine the length of an averaging window[4]. To make reference to the NEDC laboratory testing, the duration of a window is determined precisely as the distance travelled until the vehicle has emitted a cumulative mass of CO_2 that is equivalent to the CO_2 mass emitted during NEDC testing (see Table 3, column 8 from the left; Figures 9 and 10). This approach assures comparability of the distance-specific averaging window emissions with the Euro 3-5 emission limits. It is important to note that the CO_2 mass emitted presents a constant but the distance travelled by the vehicle may vary depending on the actual driving conditions. The averaging windows move at time increments equal to the data sampling period, i.e., one second. The distance *d* travelled during any averaging window is determined by:

$s = s_2 - s_1$, when (*Equation 2*)

$$m_{CO_2}(d_2 - \Delta s) - m_{CO_2}(s_1) < m_{CO_2,ref} \leq m_{CO_2}(s_2) - m_{CO_2}(s_1) \quad \text{(Equation 3)}$$

[4] The duration of averaging windows is generally longer than the one of sub-trips (see Section 3.2). On exception presents motorway driving, which typically is not interrupted by vehicle stops. Under such conditions, sub-trips might be extremely long, thus exceeding the length of an averaging window by several factors.

where: $m_{CO_2,ref}$ = total reference CO_2 mass [kg] determined during the NEDC test

$m_{CO_2}(s_1)$; $m_{CO_2}(s_2)$ = total CO_2 mass [kg] emitted until distance s_1 and s_2

Δs = distance travelled during the time increment of the sampling period of one second (Figure 10)

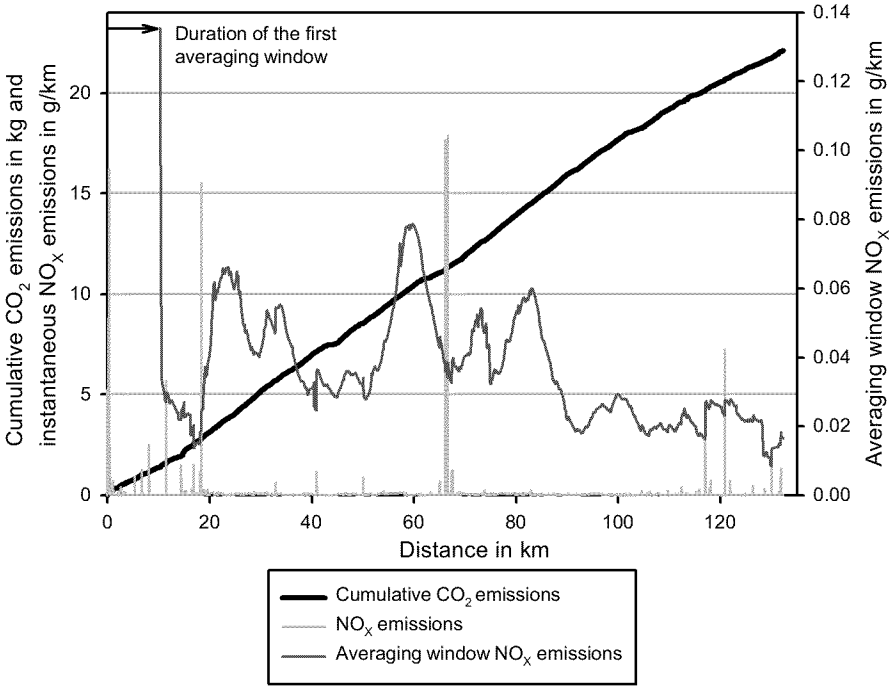

Figure 9: Example of the averaging window method for NO_X emissions; the first average is calculated once the vehicle has travelled a distance at which it has emitted a cumulative mass of CO_2 equivalent to the cumulative CO_2 mass emitted during a standard NEDC test; all consecutive windows move in increments of the sampling period, i.e., one second assuring that the cumulative CO_2 emissions match the reference CO_2 mass

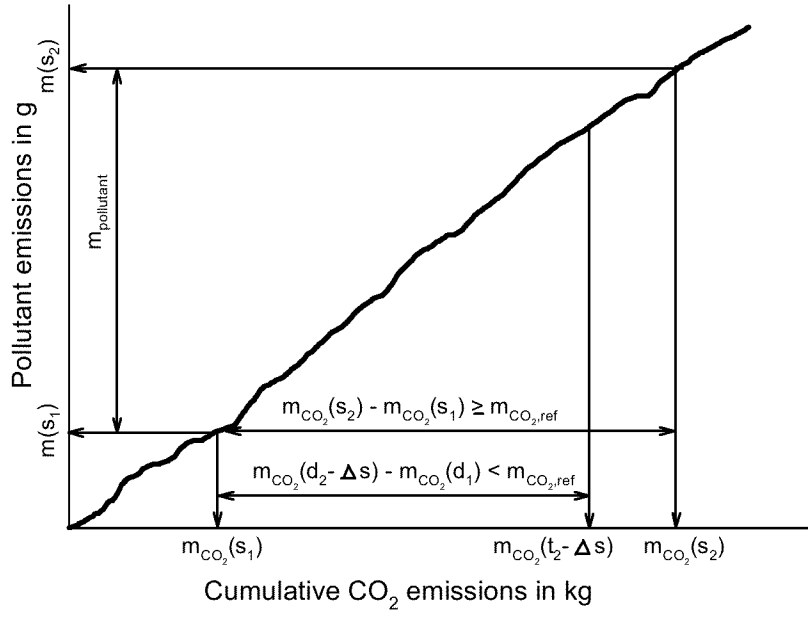

Figure 10: Schematic overview of the procedure to determine the duration of an averaging window with the CO_2 mass-based method

The CO_2 mass is calculated per window by integrating, i.e., adding the instantaneous CO_2 emissions measured with PEMS. In order to obtain a sufficient amount of data that can be used for analysis, a vehicle should emit during PEMS on-road testing at least a cumulative CO_2 mass that is equal to the cumulative CO_2 mass emitted during NEDC testing. For example, the first averaging window for Vehicle A (see Table 3) ends at a distance at which the vehicle has emitted cumulative CO_2 emissions of 2.00 kg; likewise, the averaging window for vehicle B (see Table 3) covers a distance equivalent to the cumulative CO_2 emissions of 1.86 kg. The averaging window method generally takes all measurements into account, thereby smoothing emissions data and reducing the interference of measurement spikes.

The applied averaging window method implies a peculiarity that deserves attention: The averaging window method gives unequal weight to emissions data because individual data points have different probabilities of belonging to a certain window. In particular emissions data obtained in the middle of a test procedure might be part of multiple windows where as emissions data in the beginning or at the end of an emissions test might be part of only one or a few averaging windows. This shortcoming is relevant for cold start emissions that are contained only in a few averaging windows, thus being underrepresented in the sample of averaging window emissions. We consider this problem minor with respect to the general findings of this report, in particular because cold-start emissions are specifically addressed in a separate section.

In line with Euro 3-5 emission limits, this report presents emissions uniformly in grams of per kilometre [g/km]. The presented uncertainty intervals for the route-specific average emissions indicate the maximum emissions measured over an entire test route. This approach is justified because for future emissions legislation it may be most relevant to obtain insight into the maximum level of emissions that might occur during on-road driving rather than into the overall variability of on-road emissions.

Next to presenting distance-specific emissions, also dimensionless deviation ratios (DR) are calculated. Deviation ratios present an indicator for the deviation between actual on-road emissions and the Euro 3-5 emission limits. The deviation ratio for each individual averaging window and each individual pollutant is defined as:

$$DR = \frac{DR_I}{DR_C} \qquad \text{(Equation 4)}$$

where DR_I = in-use deviation ratio
DR_C = certification deviation ratio

Both parameters are defined as:

$$DR_I = \frac{m}{s(t_2) - s(t_1)} \qquad \text{(Equation 5)}$$

$$DR_C = \frac{m_L}{s_{NEDC}} \qquad \text{(Equation 6)}$$

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where: m = the mass of the respective pollutant emitted during one averaging window [g/window]

$s(t_2)$-$s(t_1)$ = the actual distance travelled by the vehicle during each individual averaging window [km/window]

m_L = the mass of the respective pollutant emitted during one NEDC driving cycle according to the Euro 3-5 emission limits [g]

s_{NEDC} = the reference distance of the NEDC driving cycle, i.e., 11.007 km

The reference pollutant mass of m_L differs depending on the applicable emission limit. The deviation ratios are calculated by using the travel distance as reference because emission limits for light-duty vehicles are defined as distance-specific values. The deviation ratios therefore differ from the so-called conformity factors that are used to characterize on-road emissions of heavy-duty vehicles by using engine work as reference quantity. The differences between both indicators and potential impacts on our results are discussed in Section 5.1.

To analyze the emission performance of vehicles under cold-start conditions, emissions during the first 300 seconds of each PEMS test were analyzed separately. During the cold start period, the various test routes differ in their characteristics only marginally from each other. Therefore, individual test routes were not differentiated. Instead average and maximum cold start emissions were calculated by combining the cold start sections of all test routes. The report continues with presenting the results of the on-road emissions testing with PEMS.

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4 Results

This section presents the results of the PEMS test campaign for 12 gasoline and diesel vehicles that comply with Euro 3-5 emission limits. Special attention is paid to on-road emissions of Euro 5 vehicles because these vehicles are the most modern among the test vehicles and have to comply during NEDC testing with the currently enforced emission limits. This section continues by presenting on-road emissions for each vehicle as averages over the entire test routes (Section 4.1). Based on these results, Section 4.2 focuses in greater detail on NO_X emissions of Euro 5 vehicles, addressing in particular:

(i) the on-road emissions of Euro 5 vehicles in comparison to Euro 5 emission limits
(ii) on-road emissions of Euro 5 vehicles in comparison to Euro 3 and Euro 4 vehicles

Section 4.3 presents cold start emissions, i.e., emissions occurring during the first 300 seconds of the PEMS tests.

4.1 Average on-road emissions of light-duty vehicles

This section presents average emissions of NO_X, THC, CO, and CO_2 for the various light-duty vehicles and test routes. The average emissions are presented for each pollutant with two metrics as (i) distance-specific emissions [g/km] and (ii) dimensionless deviation ratios. The variability of emissions is indicated by error bars that present the maximum emissions measured for a vehicle on the various test routes. The PEMS results on NO_X emissions in Figures 11 and 12 show that:

(i) On-road NO_X emissions of gasoline vehicles generally stay within Euro 3-5 emission limits whereas NO_X emissions of diesel vehicles substantially exceed Euro 3-5 emission limits up to a factor of 2-4 if averaged over entire test routes.
(ii) On-road NO_X emissions show a relatively small decline from Euro 3 to Euro 5 diesel vehicles. This decline is substantially smaller than the stringency of Euro 3 to Euro 5 emission limits would suggest.
(iii) PEMS results suggest that there is no decline in the on-road NO_X emissions of Euro 3 towards Euro 5 gasoline vehicles.
(iv) On-road NO_X emissions are highest during extreme uphill-downhill driving and during driving on the Motorway at high velocities. This finding might be explained by insufficient exhaust gas recirculation at high engine loads during uphill and high-speed driving as well as decreased catalyst efficiency at cold start or during cool-down while down-hill driving and idling.
(v) The error intervals indicate substantial variability in the on-road NO_X emissions even if vehicles are driven on identical routes and thus under supposedly similar load pattern and driving conditions. This finding indicates the relatively high variability of on-road vehicle operating conditions.
(vi) Several diesel vehicles fail to meet the Euro 3-5 emission limits when tested with the NEDC; this finding might be partially attributed to deviations in chassis dynamometer settings and vehicle characteristics from type approval conditions.

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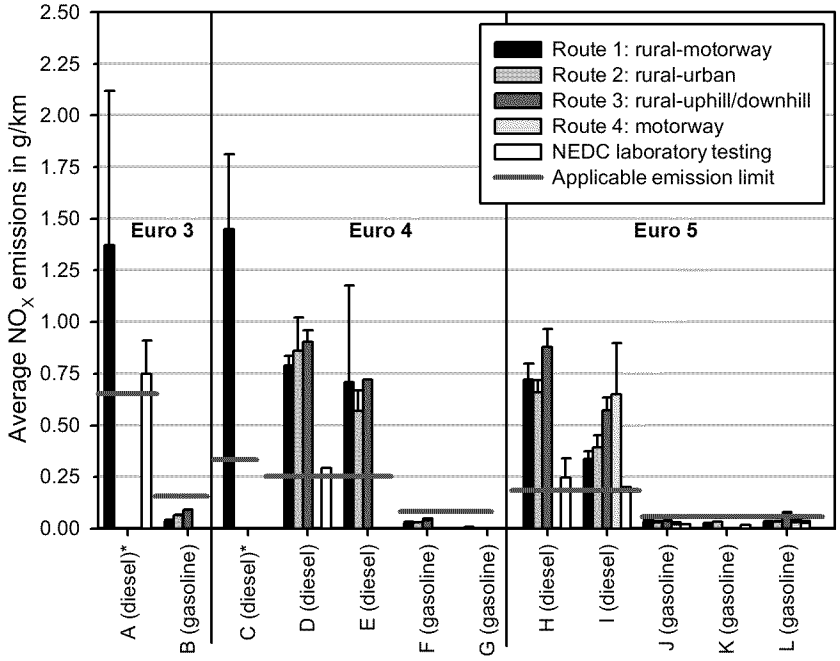

Figure 11: Average NO_X emissions on the PEMS test routes and during NEDC testing in the laboratory; uncertainty intervals indicate the maximum average emissions for each test and vehicle; * Route 1: rural-motorway for Vehicles A and C (see Table 3) includes a combination of the two test routes Ispra-Milan-Ispra and Milan-urban

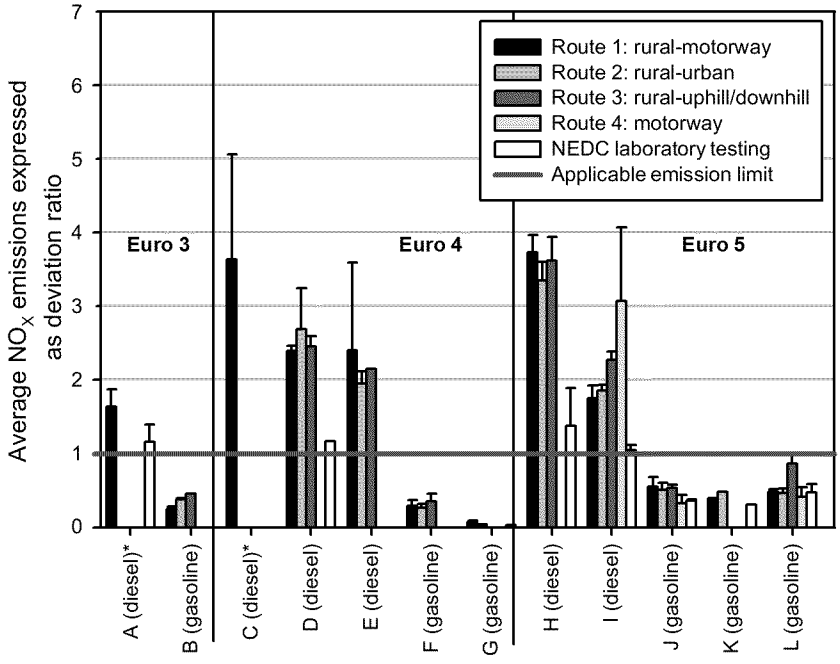

Figure 12: Average NO_X emissions on the PEMS test routes and during NEDC testing in the laboratory expressed as deviation ratio; uncertainty intervals indicate the maximum average emissions for each test route and vehicle; * Route 1: rural-motorway for Vehicles A and C (see Table 3) includes a combination of the two test routes Ispra-Milan-Ispra and Milan-urban

In summary, the PEMS results indicate that the increasing stringency of Euro 3 to Euro 5 emission limits did not lead to a substantial decline in the off-cycle on-road NO_X emissions of light-duty diesel vehicles. On-road NO_X emissions of current Euro 5 light-duty diesel vehicles might exceed

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emission limits by up to a factor of four, depending on driving conditions. These results confirm earlier findings by Pelkmans and Debal (2006) and Vojtisek-Lom et al. (2009), who reported that NO_X emissions during off-cycle and on-road driving of five light-duty diesel vehicles substantially exceeded both Euro 3-4 emission limits. Overall, the results indicate that the standardized NEDC testing is clearly limited in capturing the diversity of emissions as they occur during on-road driving and may not fulfil the requirements defined by Regulation 715/2007 EC (2007a).

Of the total NO_X emissions, NO_2 is of particular interest because of its direct adverse environmental and health effects. The PEMS measurements indicate that:

(i) NO_2 emissions of gasoline vehicles are negligible in comparison to the emissions of diesel vehicles (Figures 13 and 14).

(ii) The share of NO_2 in the total NO_X emissions is substantially higher for diesel than for gasoline vehicles.

(iii) NO_2 might reach a share of up to 60% in the total NO_X emissions of diesel vehicles; the results do not allow drawing conclusions on whether this share increased from Euro 3 to Euro 5 vehicles.

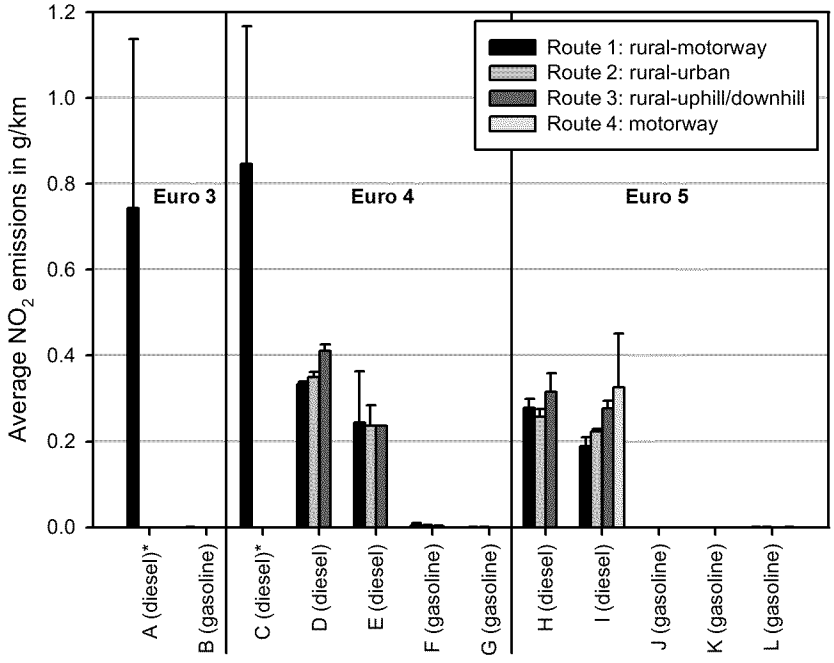

Figure 13: Average NO_2 emissions on the PEMS test routes; uncertainty intervals indicate the maximum average emissions for each test and vehicle; NO_2 was not measured during NEDC testing; * Route 1: rural-motorway for Vehicles A and C (see Table 3) includes a combination of the two test routes Ispra-Milan-Ispra and Milan-urban

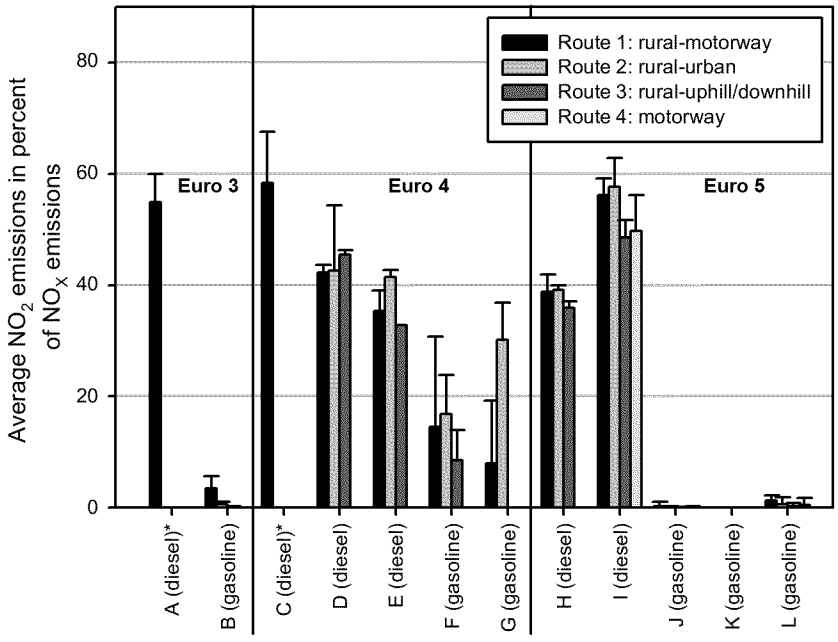

Figure 14: Average NO_2 emissions on the PEMS test routes expressed as percentage of average NO_X emissions; uncertainty intervals indicate the maximum average emissions for each test and vehicle; NO_2 was not measured during NEDC testing; * Route 1: rural-motorway for Vehicles A and C (see Table 3) includes a combination of the two test routes Ispra-Milan-Ispra and Milan-urban

In contrast to the on-road NO_X emissions, both on-road CO and THC emissions generally stay below Euro 3-5 emission limits. Figures 15 and 16 indicate that:

(i) On-road CO emissions of both diesel and gasoline vehicles generally stay below Euro 3-5 emission limits.

(ii) The results do not allow identifying a trend towards lower CO emissions from Euro 3 to Euro 5 diesel and gasoline vehicles.

(iii) The Euro 5 gasoline vehicle L shows exceptionally high emissions during extreme uphill-downhill as well as high-speed driving. The high CO emissions are associated with elevated THC emissions (see below) and high catalyst temperatures of up to 400 °C. The insufficient oxidation of carbon monoxide during uphill and high-speed driving points to insufficient catalytic conversion and requires further analyses.

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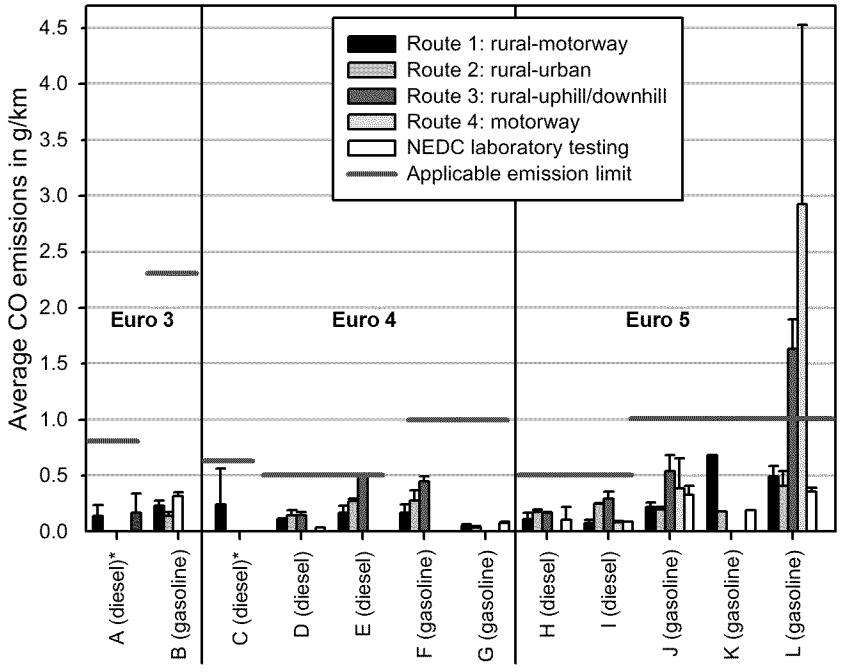

Figure 15: Average CO emissions on the PEMS test routes and during NEDC testing in the laboratory; uncertainty intervals indicate the maximum average emissions for each test route and vehicle; * Route 1: rural-motorway for Vehicles A and C (see Table 3) includes a combination of the two test routes Ispra-Milan-Ispra and Milan-urban

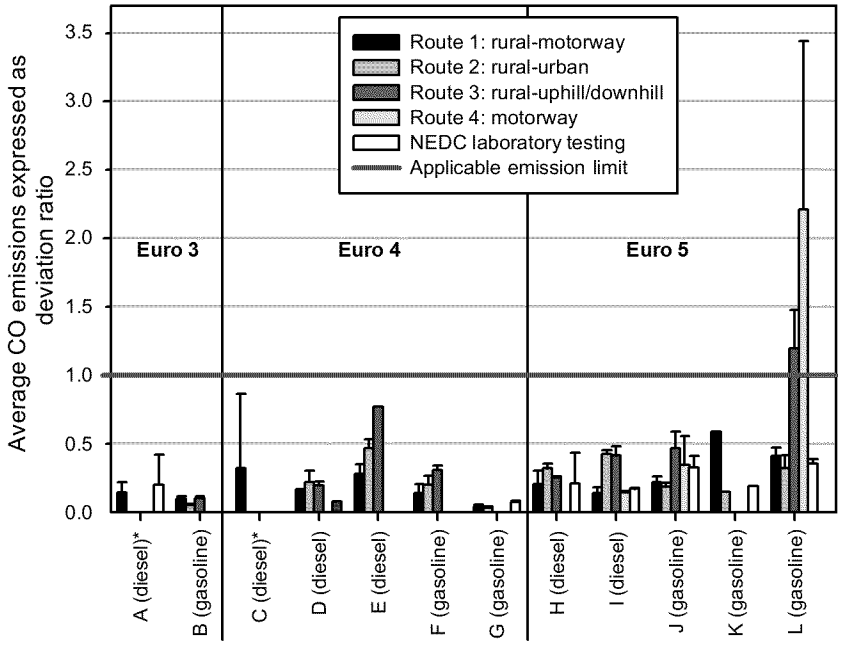

Figure 16: Average CO emissions on the PEMS test routes and during NEDC testing in the laboratory expressed as deviation ratio; uncertainty intervals indicate the maximum emissions for each test route and vehicle; * Route 1: rural-motorway for Vehicles A and C (see Table 3) includes a combination of the two test routes Ispra-Milan-Ispra and Milan-urban

The THC emissions of all diesel and gasoline vehicles remain below Euro 3-5 emission limits during the PEMS test campaign. The results can be summarized as follows (Figures 17 and 18):

(i) THC emissions of diesel and gasoline vehicles remain far below Euro 3-5 emission limits.

(ii) THC emissions generally increase from Euro 3 to Euro 5 gasoline vehicles both in absolute terms and as percentage of Euro 3-5 emission limits.

(iii) THC emissions of diesel and gasoline vehicles are generally higher during NEDC testing than they are on the road.

(iv) The Euro 5 gasoline Vehicle L shows higher THC emissions than all other test vehicles; the elevated emissions are associated with catalyst temperatures of up to 400 ^{O}C, suggesting low catalytic conversion rates.

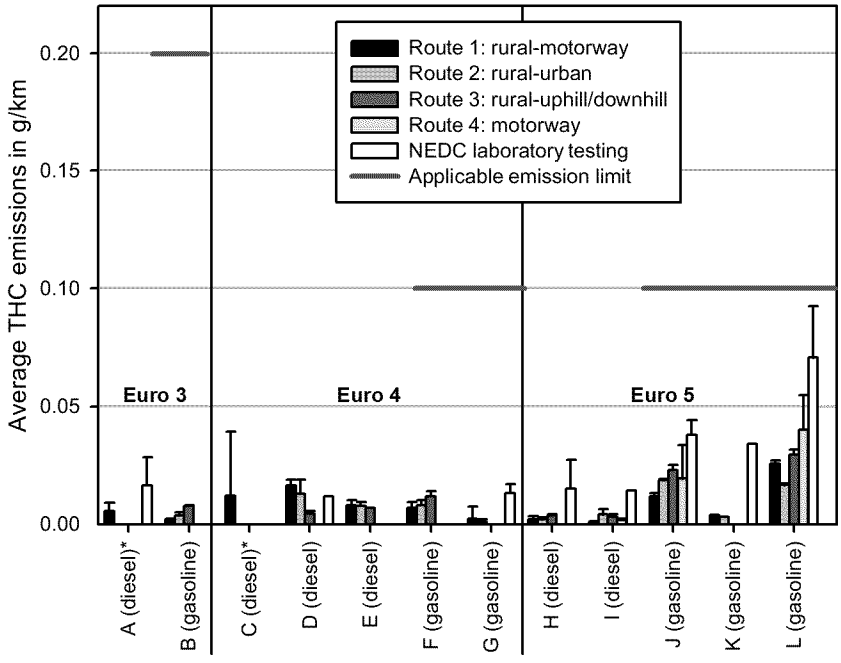

Figure 17: Average THC emissions on the PEMS test routes and during NEDC testing in the laboratory; uncertainty intervals indicate the maximum average emissions for each test route and vehicle; * Route 1: rural-motorway for Vehicles A and C (see Table 3) includes a combination of the two test routes Ispra-Milan-Ispra and Milan-urban

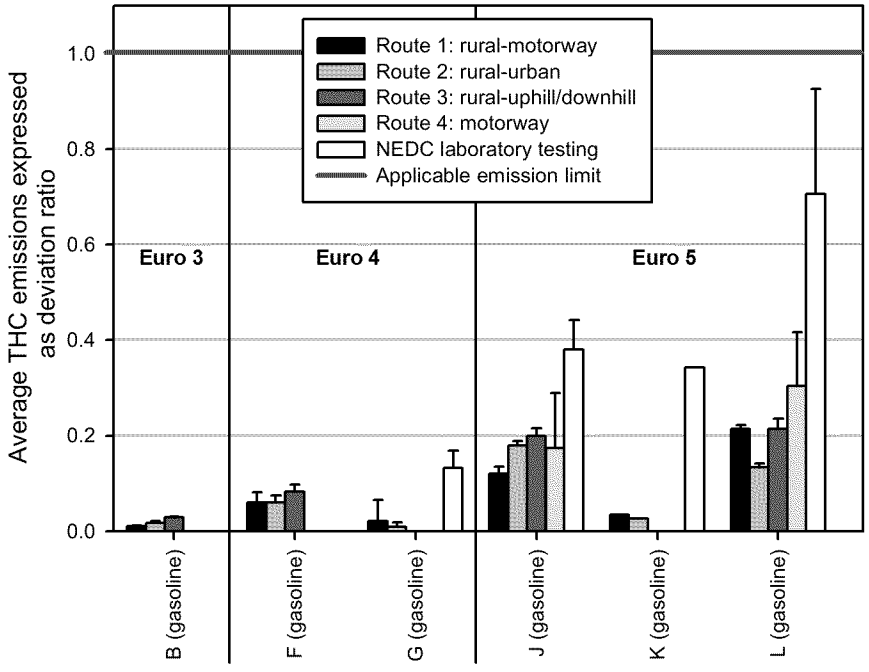

Figure 18: Average THC emissions on the PEMS test routes and during NEDC testing in the laboratory expressed as deviation ratio; uncertainty intervals indicate the maximum average emissions for each test route and vehicle

The PEMS measurements indicated so far that on-road NO_X emissions of diesel vehicles substantially exceed substantially Euro 3-5 emission limits, whereas on-road CO and THC emissions generally remain below the limits. Next to regulated pollutants, on-road CO_2 emissions are of particular interest to policy makers. To reduce greenhouse gas emissions from transport, the European commission sets a target of 130 g CO_2/km for new passenger cars of a reference mass of 1372 kg (EC, 2009a). For reasons of simplicity, we uniformly use here 130 g CO_2/km as benchmark for all test vehicles, thereby disregarding the specific mass of vehicles. The PEMS measurements indicate that (Figures 19-21):

(i) The average on-road CO_2 emissions of all vehicles tested on the four PEMS test routes amount to 176 ± 42 g/km. Diesel vehicles emit on average 189 ± 51 g/km, whereas gasoline vehicles emit 162 ± 29 g/km CO_2. Thus, on-road emissions substantially exceed the European Commissions fleet-average emissions target of 130 g/km (EC, 2009a).

(ii) The on-road CO_2 emissions of test vehicles exceed the emissions as specified during NEDC type approval by on average 21 ± 9%. Diesel vehicles show a deviation of 24 ± 8% and gasoline vehicles of 18 ± 10%. Still, these deviations might increase if vehicles are driven at extremely high speeds, e.g., as it frequently occurs on the German Autobahn.

(iii) The average CO_2 emissions during NEDC laboratory tests exceed the emission values as specified during NEDC type approval by 15 ± 10%. This deviation might be explained by differences regarding vehicle preparation (e.g., brand, dimension, air pressure of tyres, level of battery charge) as well as specific settings of the chassis dynamometer.

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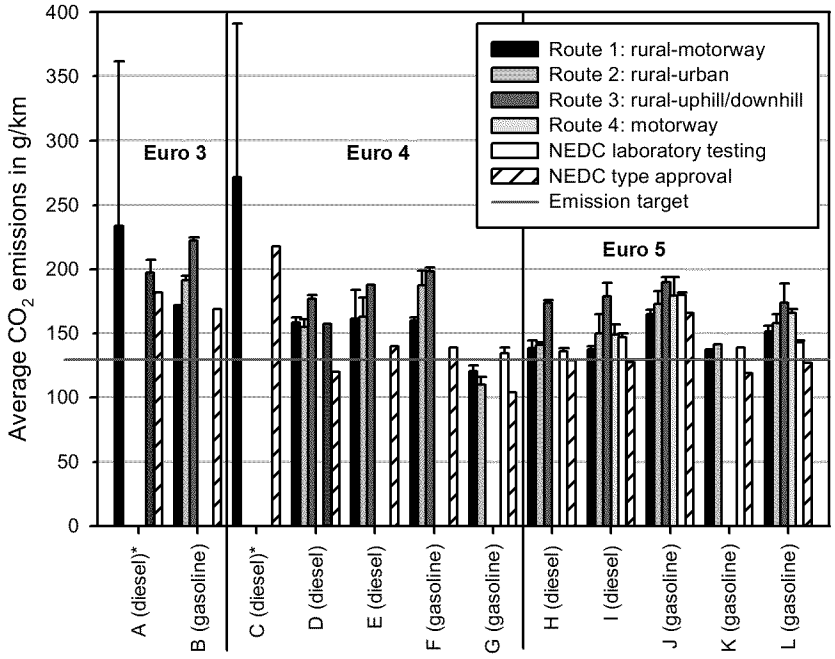

Figure 19: Average CO_2 emissions on the PEMS test routes and during NEDC testing in the laboratory; uncertainty intervals indicate the maximum average emissions for each test route and vehicle; * Route 1: rural-motorway for Vehicles A and C (see Table 3) includes a combination of the two test routes Ispra-Milan-Ispra and Milan-urban; Vehicles A and C belong to vehicle Category N1 and are not subject to the fleet-average emissions target as specified by EC (2009a)

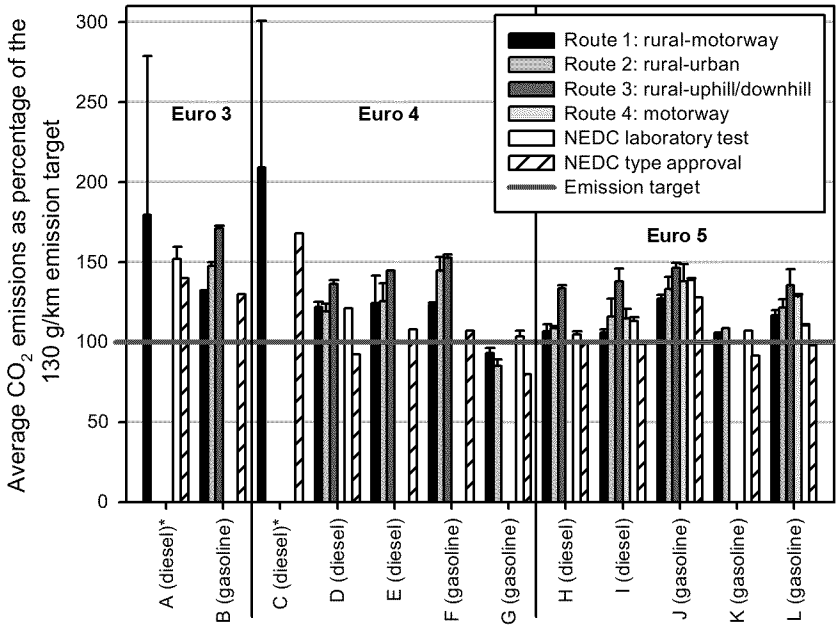

Figure 20: Deviation of average CO_2 emissions on the PEMS test routes and during NEDC testing in the laboratory expressed percentage of the established emission target of 130 g CO_2/km; uncertainty intervals indicate the maximum average emissions for each test route and vehicle; * Route 1: rural-motorway for Vehicles A and C (see Table 3) includes a combination of the two test routes Ispra-Milan-Ispra and Milan-urban; Vehicles A and C belong to vehicle Category N1 and are not subject to the fleet-average emissions target as specified by EC (2009a)

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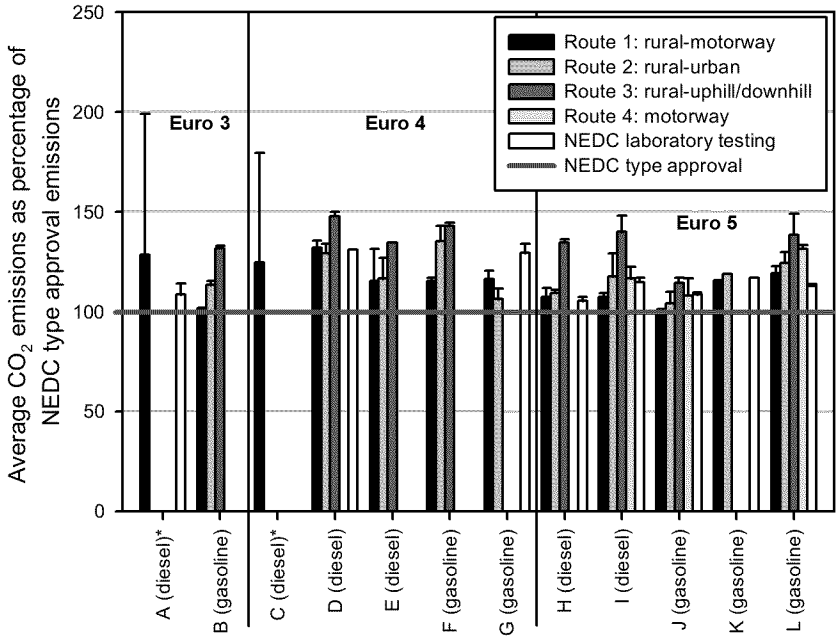

Figure 21: Deviation of average CO_2 emissions on the PEMS test routes and during NEDC testing in the laboratory expressed percentage of the NEDC type approval emissions; uncertainty intervals indicate the maximum average emissions for each test route and vehicle; * Route 1: rural-motorway for Vehicles A and C (see Table 3) includes a combination of the two test routes Ispra-Milan-Ispra and Milan-urban

The report presented so far on-road emissions as averages over entire test routes. The next section analyzes in greater detail the on-road NO_X emissions of Euro 5 vehicles by making use of the averaging window calculations.

4.2 On-road NO_X emissions of Euro 5 light-duty vehicles

4.2.1 On-road NO_X emissions of Euro 5 vehicles versus Euro 5 emission limits

The results of the previous section indicate that on-road NO_X emissions of Euro 5 diesel vehicles may substantially exceed the Euro 5 emission limit. This section analyzes now in greater detail the NO_X emissions of Euro 5 vehicles with the averaging window method (see Section 3.4.2 for methodological details). The analysis shows that for almost any driving conditions the two tested Euro 5 diesel vehicles emit more NO_X than specified by the Euro 5 limit of 0.18 g/km (Figures 22-25). The key findings are:

(i) The average NO_X emissions of all averaging windows exceed the Euro 5 emission limit in the case of Vehicle H; the average NO_X emissions of at least 80% of the averaging windows exceed the Euro 5 emission limit in the case of Vehicle I, depending on the route driven.

(ii) Uphill/downhill driving on Route 3 is associated with particularly high NO_X emissions; the average NO_X emissions of all averaging windows for Vehicles H and I exceed the Euro 5 emission limit on this test route; roughly 20% of the averaging window emissions exceed the Euro 5 limit by more than 8 times. This finding points to fuel consumption, i.e., engine load as critical parameter determining the NO_X emissions of diesel vehicles.

(iii) The distribution of the averaging window NO_X emissions shows considerable variability, which is higher between different test routes than between individual tests on identical test routes.

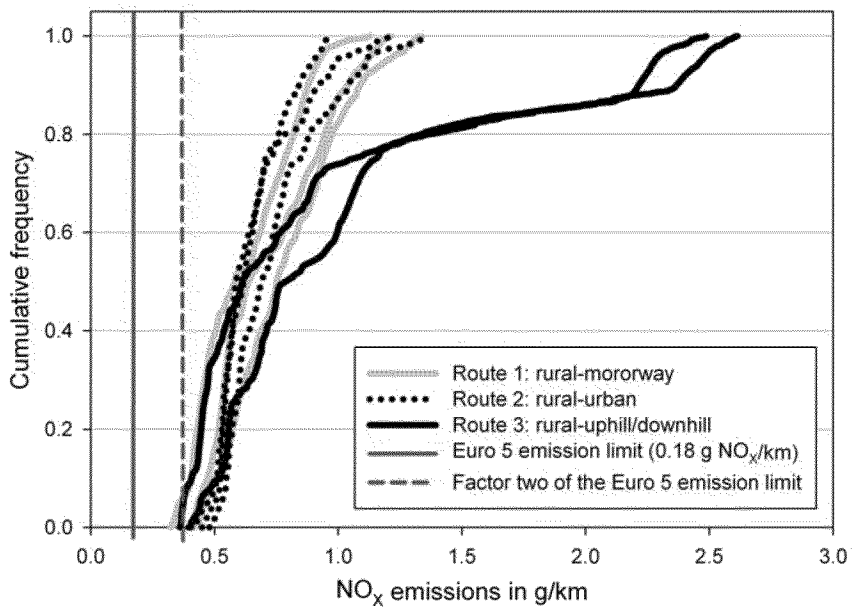

Figure 22: Averaging window NO_X emissions of EURO 5 diesel Vehicle H

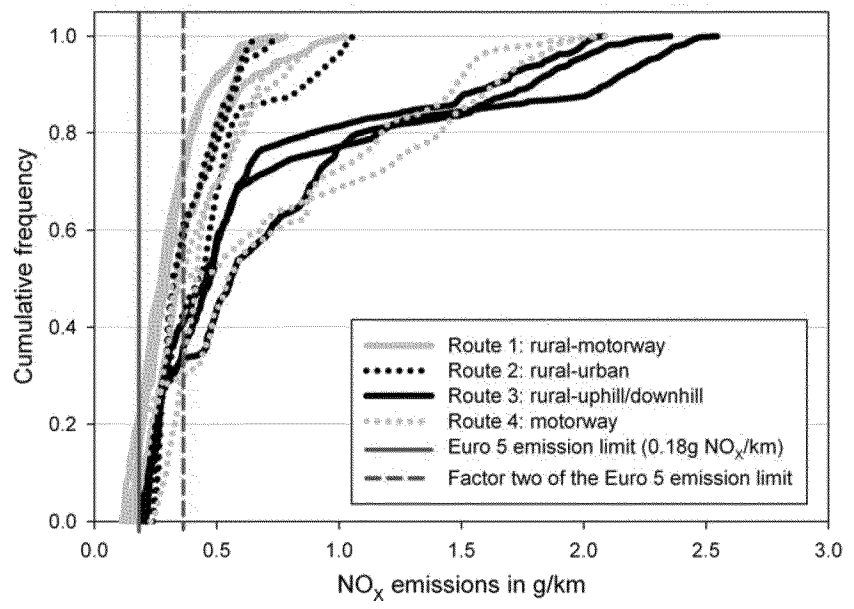

Figure 23: Averaging window NO_X emissions of EURO 5 diesel Vehicle I

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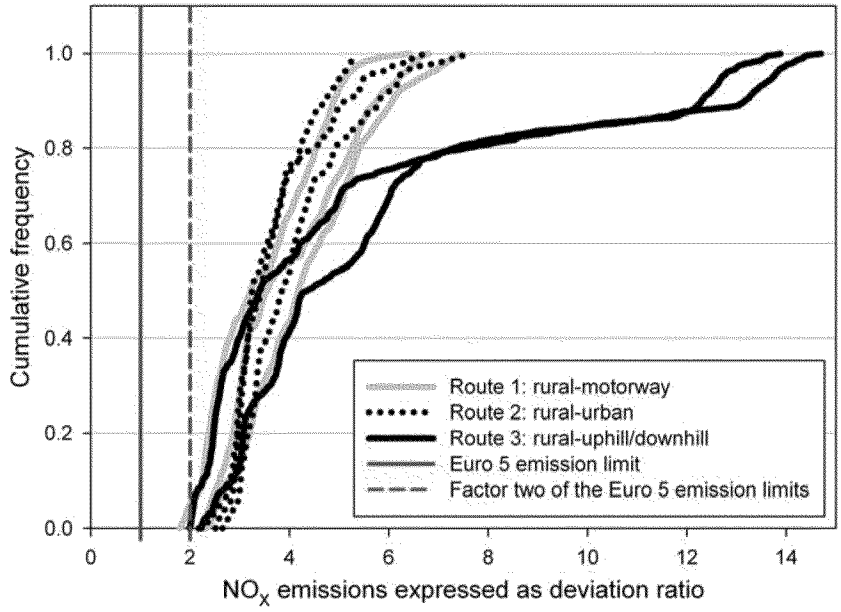

Figure 24: Averaging window NO_X emissions of EURO 5 diesel Vehicle H expressed as deviation ratio

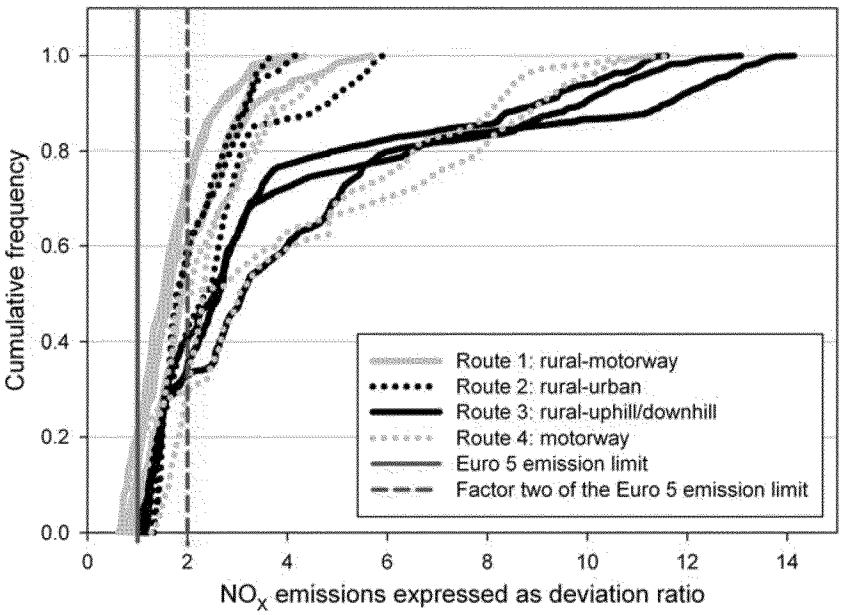

Figure 25: Averaging window NO_X emissions of EURO 5 diesel Vehicle I expressed as deviation ratio

In conclusion, the results indicate that the magnitude of NO_X emissions of Euro 5 diesel vehicles depends on vehicle velocity and operation mode but substantially exceeds under almost all on-road driving conditions the Euro 5 emission limit. This finding presents a sharp contrast to Euro 5 gasoline vehicles, for which NO_X emission remain for most of the averaging windows below the Euro 5 limit of 0.06 g/km (Figure 26). The key findings for Euro 5 gasoline vehicles are:

(i) NO_X emissions remain for the majority of averaging windows below the Euro 5 emission limit.

(ii) Even on the very severe Route 3, at maximum 40% of the averaging windows exceed the Euro 5 emission limit (Vehicle L). However, NO_X emissions of a very few averaging windows might exceed the limit by more than three times under these driving conditions.

(iii) Particularly high NO_X emissions occur at velocities higher than 120 km/h, under extreme uphill/downhill driving, during the cold-start phase, and during idling in urban driving. This finding points to fuel consumption (i.e., engine load) as well as catalyst temperature (which is low during cold start and might decline during long downhill and idling passages) as critical parameters for NO_X emissions. This finding further indicates, which driving pattern should be critically considered during type approval to achieve an effective reduction of on-road NO_X emissions.

(iv) The high NO_X emissions during low-velocity driving on Routes 1 and 2 are likely to be caused by both cold start and long idling periods. In the latter case, the catalyst cools down while the engine produces emissions although the vehicle's velocity is zero.

Caution is, however, required before drawing conclusions about the high emission levels of Euro 5 gasoline vehicles on Routes 1 and 2. Additional evaluation in Section 4.2.3 shall explore to which extent idling actually explains high NO_X emissions at low velocity and whether alternative metrics for data analysis should be employed to correct for the bias introduced by idling operation into the results.

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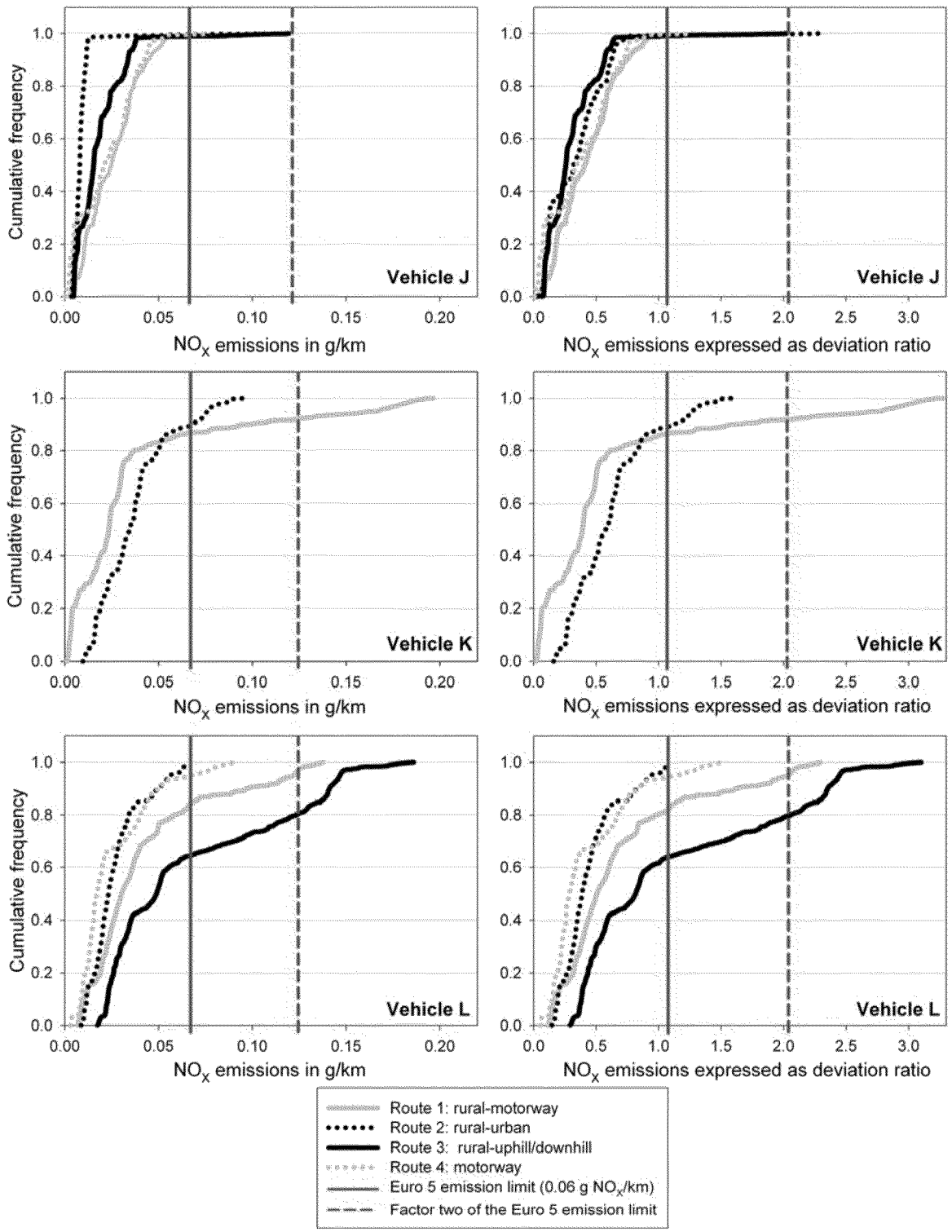

Figure 26: Averaging window NO_X emissions of Euro 5 gasoline vehicles; results given for only one randomly selected PEMS test for each vehicle and test route

4.2.2 Comparison of on-road NO_X emissions of Euro 3-5 vehicles

The previous section focussed solely on Euro 5 vehicles. This section now compares the averaging window NO_X emissions of Euro 3-5 vehicles based on one, randomly selected PEMS test per vehicle and test route (Figures 27 and 28). The findings are consistent with the route-average NO_X emissions identified in Section 4.1 and indicate that:

(i) Averaging window NO_X emissions of diesel vehicles in general substantially exceed the Euro 3-5 emission limit, while varying over a large range of values.

(ii) Averaging window NO_X emissions show a decline from Euro 3 to Euro 5 diesel vehicles, albeit at relatively large variability.

(iii) The highest averaging window NO_X emissions typically occur during demanding uphill/downhill driving on Route 3 and at high speeds on the motorway (Route 4).

By contrast, the findings for gasoline vehicles (Figure 28) indicate that:

(i) The majority of averaging window emissions remains below the Euro 3-5 emission limits although NO_X emissions vary over a large value range.

(ii) A few averaging windows substantially exceed the Euro 3-5 emission limits. These windows often include the cold-start, which is characterized by a low catalyst temperature and thus conversion efficiency.

(iii) The high emissions of Vehicle H on Route 3 present an exception among gasoline vehicles and warrant further and more detailed analyses.

In particular the results for gasoline vehicles indicate substantially elevated emissions during cold start. The next section addresses therefore cold-start emission in greater detail.

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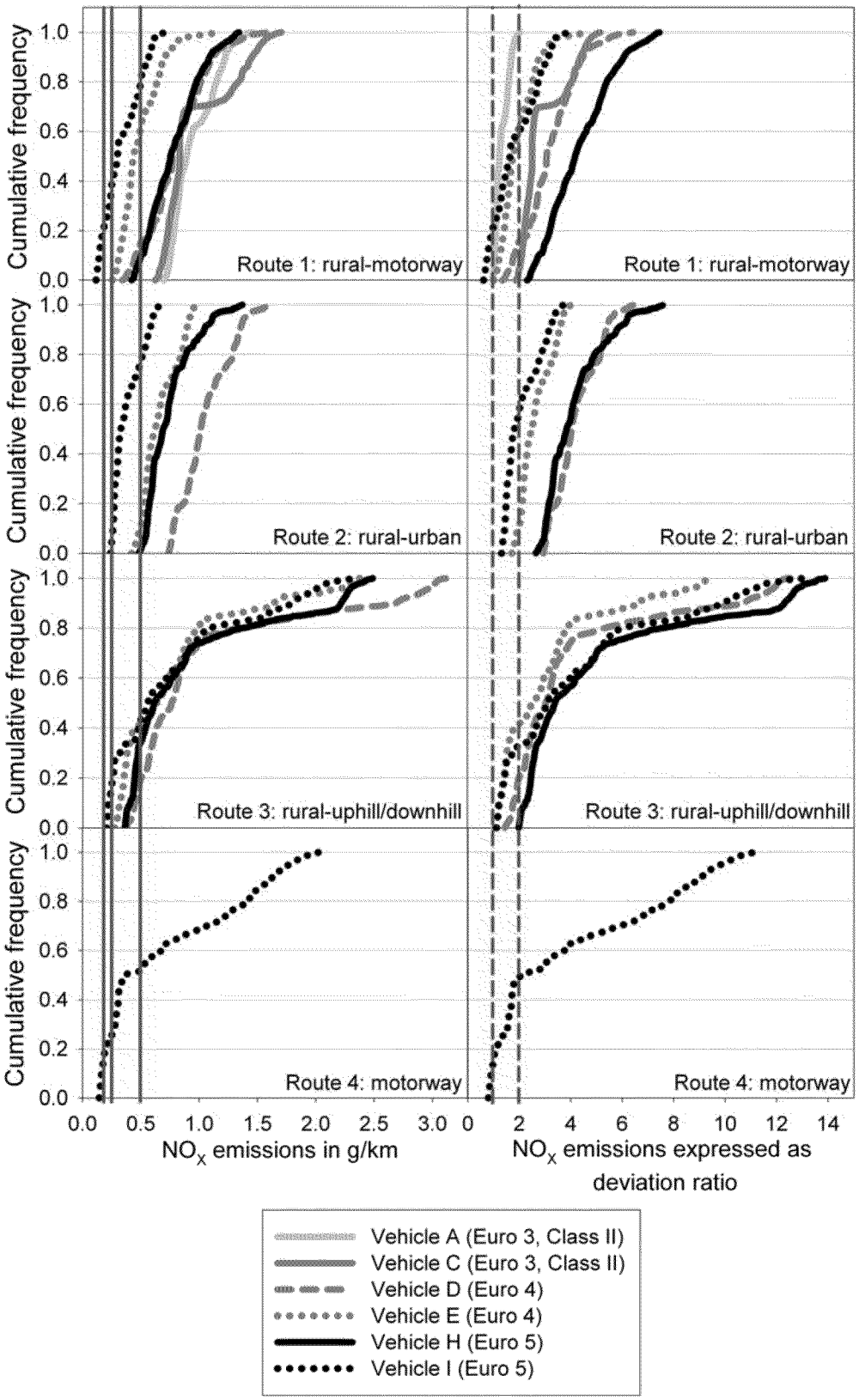

Figure 27: Comparison of the averaging window NO_X emissions of Euro 3-5 diesel vehicles on the four PEMS test routes; red solid lines indicate from left to right the Euro 3-5 emission limit; Euro 3 and Euro4 Class II emission limits for Vehicle A and C correspond to 0.65 g NO_X/km and 0.33 g NO_X/km, respectively and are not indicated for reasons of simplicity; red short-dashed lines indicate from left to right the factor one and two of the respective Euro 3-5 emission limit

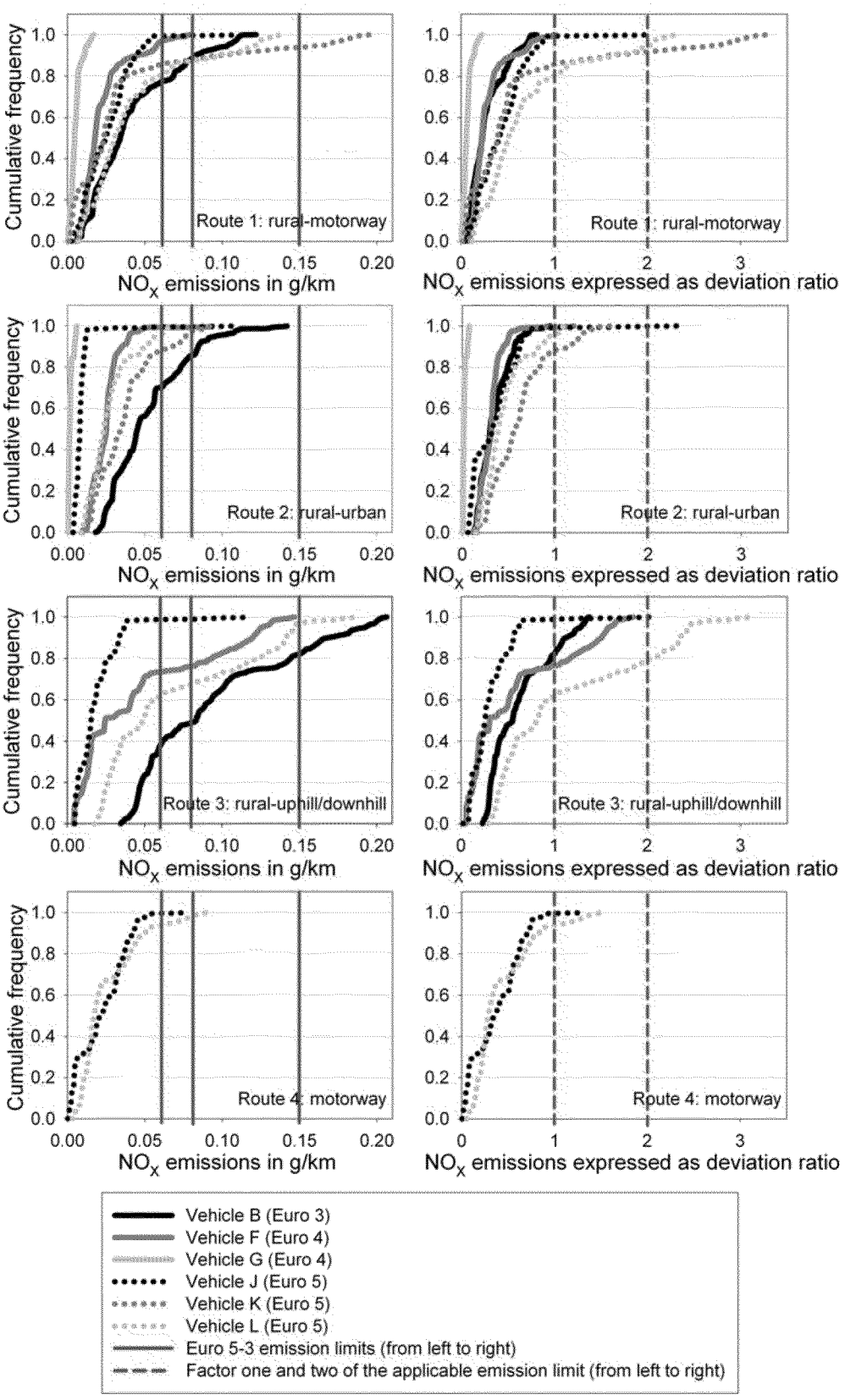

Figure 28: Comparison of the averaging window NO_X emissions of Euro 3-5 gasoline vehicles on the four PEMS test routes

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4.3 Cold start emissions

Low catalyst temperatures typically limit the effectiveness of the catalytic conversions during cold start. Cold start emissions are of particular interest because these generally occur in urban areas and might substantially exceed average on-road emissions levels. The analysis of cold-start emissions focuses on the first 300 seconds of each PEMS emissions test. The various test routes were not differentiated because driving conditions are relative similar during this initial time period for all test routes. Cold-start emissions are presented in the following for each light-duty vehicle individually as averages over all four test routes (Figures 29 and 30).

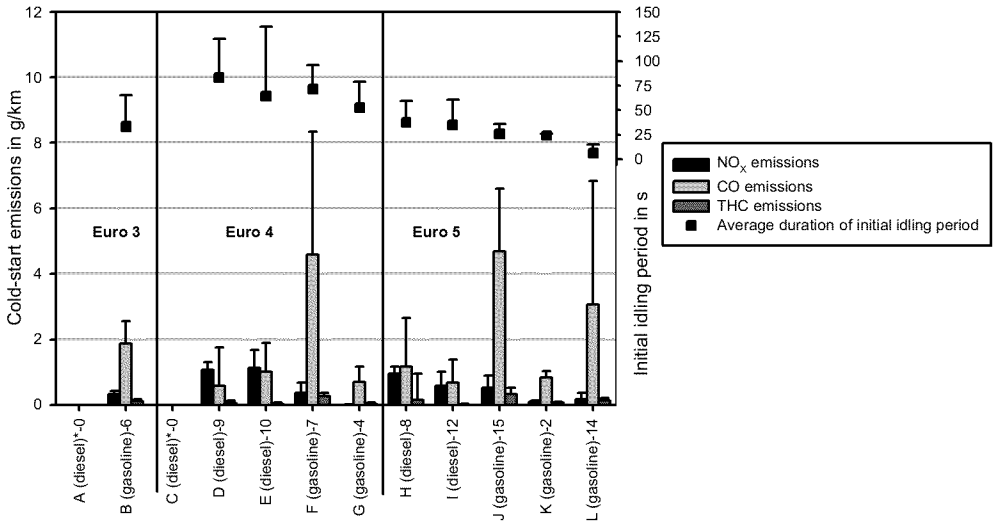

Figure 29: Average cold-start emissions and initial idling periods of light-duty vehicles; numbers below the x-axis indicate the amount of individual PEMS tests included in this analysis; uncertainty intervals indicate the maximum cold-start emissions identified for each respective vehicle; * Vehicles A and C (see Table 3) are excluded because the driving distance during the cold-start period could not be retrieved from the GPS system

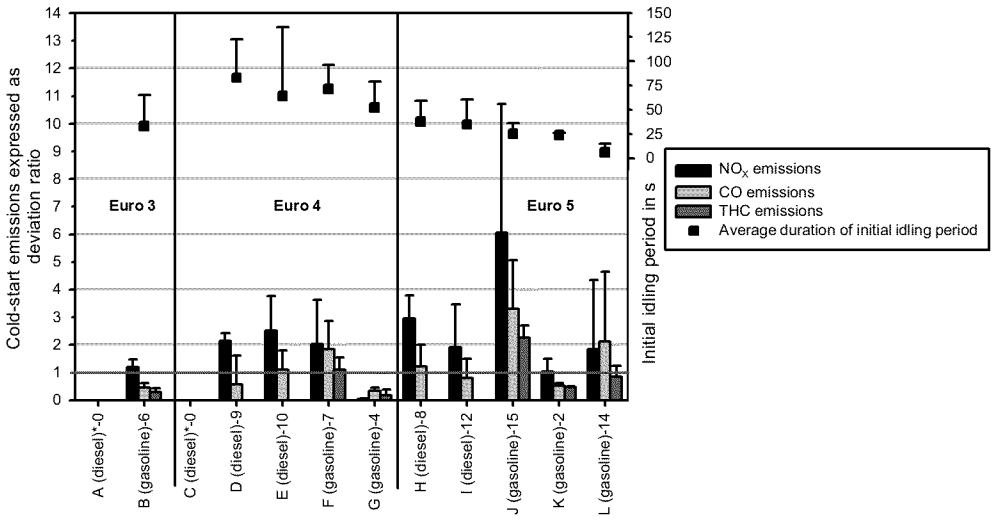

Figure 30: Average cold-start emissions expressed as deviation ratio and initial idling periods of light-duty vehicles; numbers below the x-axis indicate the amount of individual PEMS tests included in this analysis; uncertainty intervals indicate the maximum cold-start emissions identified for each respective vehicle; * Vehicles A and C (see Table 3) are excluded because the driving distance during the cold-start period could not be retrieved from the GPS system

The results presented in Figures 29 and 30 can be summarized as follows:

(i) The data do not indicate a trend towards lower cold-start emissions from Euro 3 to Euro 5 diesel and gasoline vehicles.

(ii) Cold-start emissions of both diesel and gasoline vehicles generally exceed Euro 3-5 emission limits. Cold-start NO_X emissions are always higher than the Euro 3-5 limits; CO emissions often exceed the emission limits; THC emissions are both below and above the Euro 3-5 limits.

(iii) Cold-start emissions are slightly higher than the average on-road emissions in the case of NO_X but substantially exceed the average on-road emissions in the case of CO and THC.

(iv) Cold-start emissions of individual vehicles span over a relative large value range. This suggests that environmental conditions (e.g., lower or higher ambient temperatures) in combination with changing driving pattern (e.g., longer or shorter idling periods) might substantially affect the results. In particular the duration of initial idling periods might have a substantial effect on the distance-specific cold-start emissions. More detailed analysis is warranted to quantify the magnitude of this effect on the results presented in Figures 29 and 30.

More detailed insights into cold-start emission pattern can be obtained by plotting both emissions and tailpipe temperature as function of time (Figures 31 and 32). The examples of diesel Vehicle H and gasoline Vehicle L indicate that pollutant concentrations in the exhaust are often particularly high directly after the start of the engine. At this point, exhaust and catalyst temperatures are particularly low, causing a low efficiency in the oxidation of CO and THC. The NO_X concentrations in the exhaust of diesel Vehicle H show large fluctuations but no obvious temperature dependency in the cold start phase. This finding results from the absence of catalytic NO_X oxidation in the emissions treatment system. By contrast, NO_X concentrations in the exhaust of gasoline Vehicle L decline directly after engine start. This finding points again to the temperature-dependent efficiency of three-way catalysts in gasoline vehicles.

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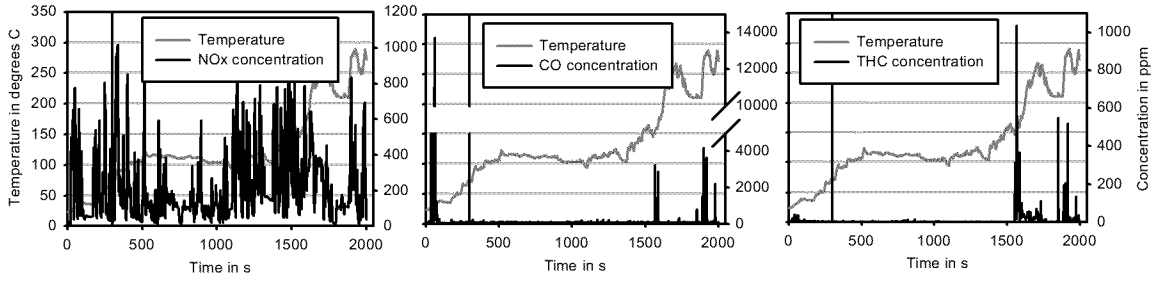
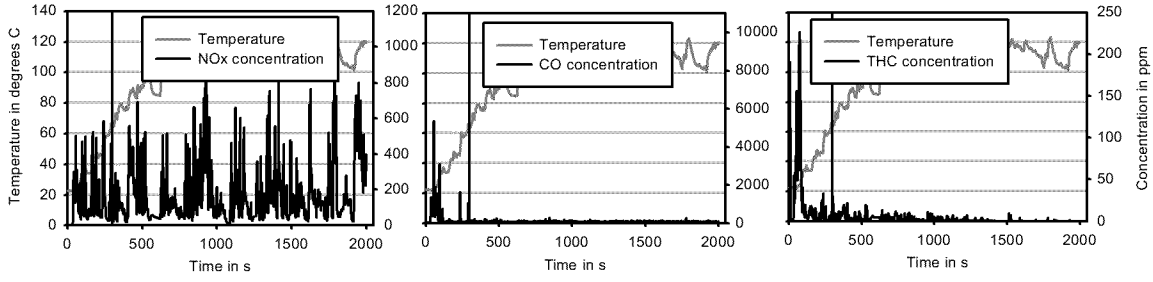
Route 1: Ispra-Milan-Ispra:



Route 2: Ispra-Varese-Ispra:



Route 3: Ispra-Sacro Monte-Ispra:

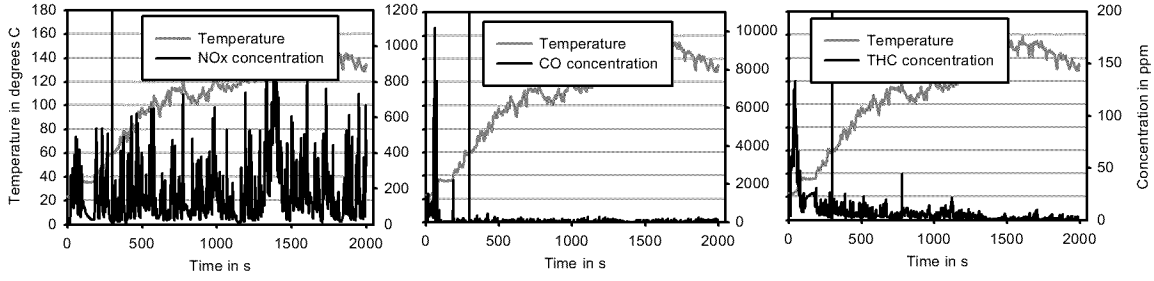
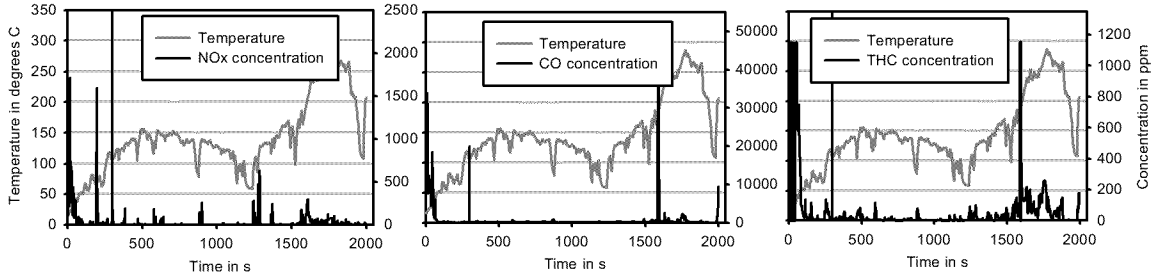
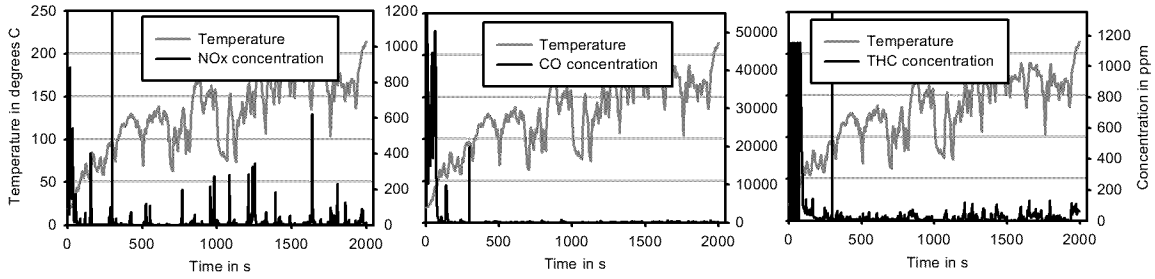


Figure 31: Cold start exhaust pollutant concentrations of Euro 5 diesel Vehicle H

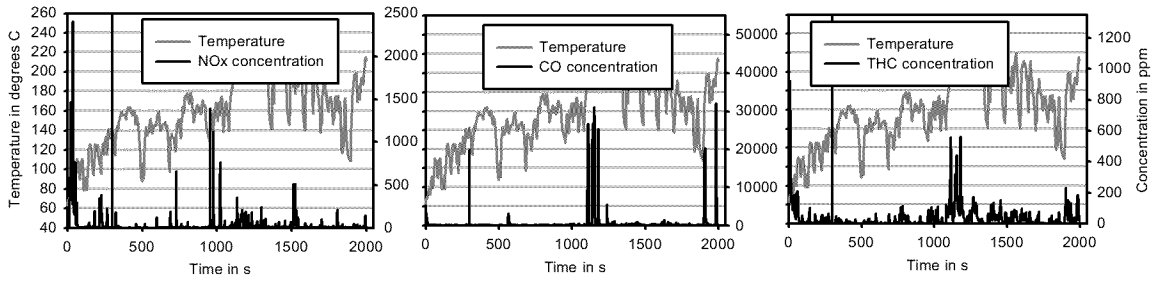
Route 1: Ispra-Milan-Ispra:



Route 2: Ispra-Varese-Ispra:



Route 2: Ispra-Sacro Monte-Ispra:



Route 4: High speed driving:

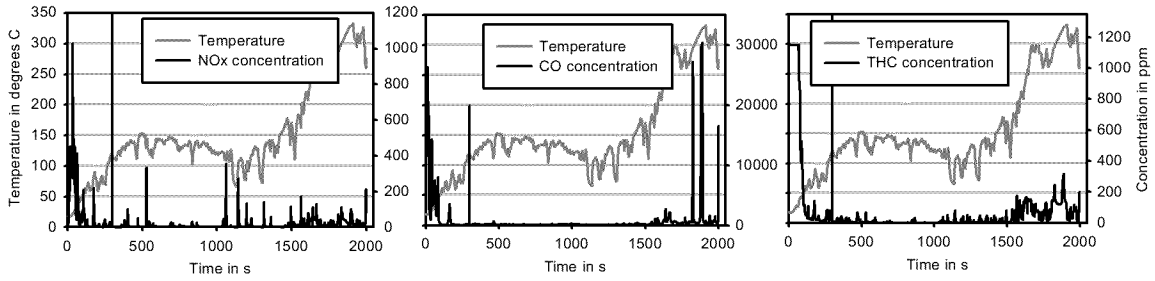


Figure 32: Cold start exhaust pollutant concentrations of Euro 5 gasoline Vehicle L

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5 Discussion

5.1 Data analysis and results

The on-road PEMS measurements indicate that in particular on-road NO_X emissions of light-duty diesel vehicles substantially exceed the Euro 3-5 emission limits, whereas on-road CO and THC emissions generally remain below the Euro 3-5 emission limits. These findings can be regarded as reliable and robust. Interpreting the deviation ratios of averaging window emissions, however, deserves special attention because this parameter differs from the so-called conformity factor that is used to characterize emissions of heavy duty vehicles (EC, 2010). First we reiterate the methodology for calculating both deviation ratios and conformity factors. Afterward, a comparison of deviation ratios and conformity factors calculated as a sample case for the averaging window emissions of one selected light-duty vehicle is presented.

Section 3.4.2 describes in detail the methodology for calculating deviation ratios. Conformity factors are calculated based on a similar method, with the exception that now engine work is used as reference quantity instead of travel distance as it is the case for deviation ratios (see Section 3.4.2). This approach is chosen to assure consistency with both the method used to define the duration of averaging windows and the definition of emission limits for heavy-duty vehicles (Bonnel and Kubelt, 2010; EC, 2009b, 2010).

To analyze the differences between the two parameters, also conformity factors for one light duty vehicle were calculated as a sample case. For this calculation, we approximate engine work by the CO_2 mass emitted. Per definition, the cumulative CO_2 mass emitted during one averaging window equals the cumulative CO_2 mass emitted during a standard NEDC test. Therefore, the conformity factor simplifies in this sensitivity analysis to the quotient of measured averaging window emissions and the respective Euro 5 emission limit (see also Equations 3-5 in Section 3.4.2):

$$CF = \frac{CF_I}{CF_C} = \frac{\frac{m}{m_{CO_2}(t_2) - m_{CO_2}(t_1)}}{\frac{m_L}{m_{CO_2;NEDC}}} = \frac{m}{m_L} \text{ ,if} \qquad \text{(Equation 7)}$$

$$m_{CO_2}(t_2) - m_{CO_2}(t_1) = m_{CO_2;NEDC} \qquad \text{(Equation 8)}$$

where:
- CF = conformity factor
- CF_I = in-use conformity factor
- CF_C = certification conformity factor
- m = mass of emissions; indices having the same meaning as in Equations 3-5

Based on this calculation, it is now possible to understand the difference between deviation ratio and conformity factor: In the case of the deviation ration, the distance driven by a vehicle on the road most likely differs from the distance of the NEDC cycle, even if the CO_2 masses on-road and during NEDC testing are identical. For example, if a vehicle is driven on the challenging uphill/downhill Route 3, it might consume more fuel, thus emit more CO_2 than under NEDC condition,

and thus travelling a shorter distance until it has emitted a CO_2 mass equivalent to the one emitted during NEDC testing. In such a case, the deviation ratio increases by the fraction of window distance to NEDC distance. Consequently, it is precisely this fraction between window distance and NEDC distance that represents the difference between deviation ratio and conformity factor. Since the measured on-road fuel consumption and the associated CO_2 emissions exceed the CO_2 emissions during NEDC testing by on average 21 ± 9% (see Section 4.1) it can be expected that the deviation ratio generally exceeds the conformity factor. Figure 33 indicates that this is indeed the case in our sample analysis for Vehicle L.

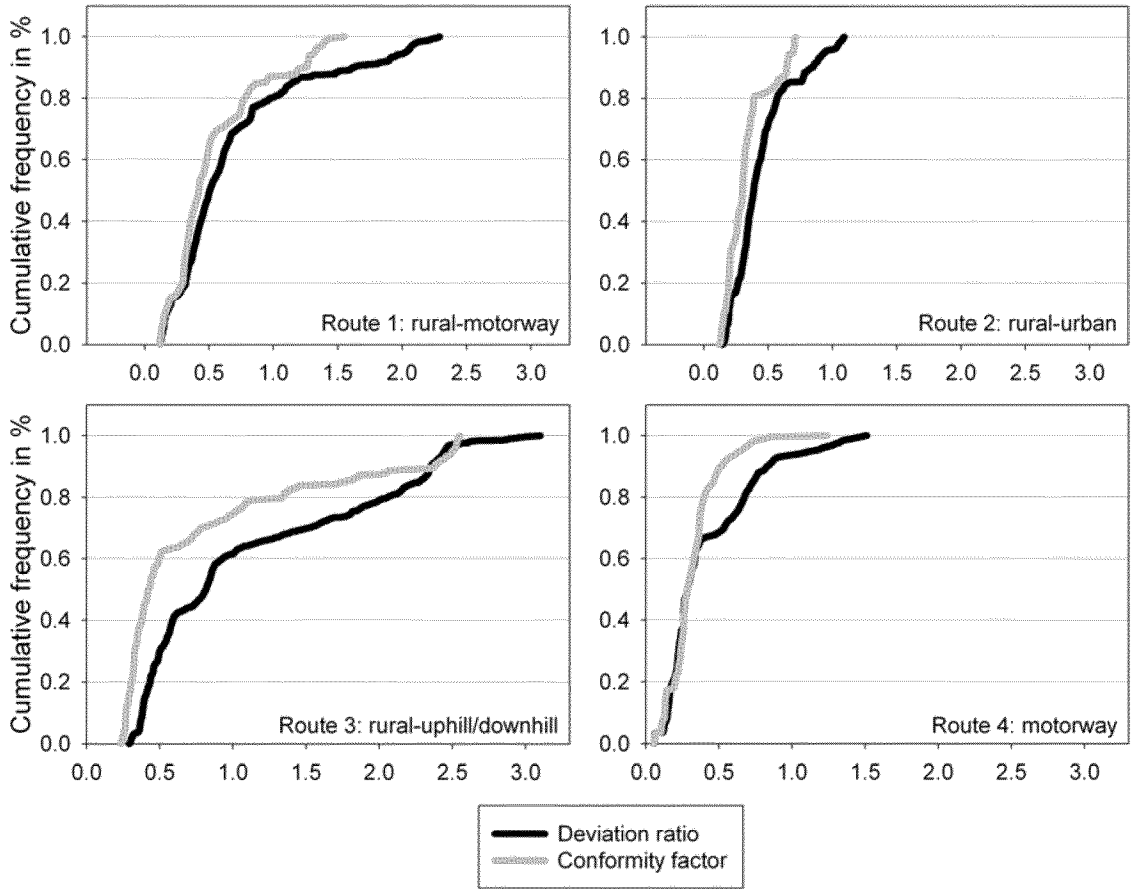

Figure 33: Cumulative frequency distribution of averaging window NO_X emissions of Vehicle L expressed as deviation ratio and conformity factor

By focusing in detail on Route 1, the data furthermore indicate that both deviation ratio and conformity factor of averaging window NO_X emissions show a positively skewed distribution (Figure 34). The peak of the frequency distribution of deviation ratios is located at 0.37, whereas the peak of the distribution of conformity factors is located at 0.28. A similar pattern can also be expected for other vehicles and pollutant emissions. This finding indicates that the majority of emissions are slightly lower than the average, while for a minority averaging windows, emissions are substantially elevated.

The distinct properties of deviation ratio and conformity factor suggest that both parameters should serve slightly different purposes:

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(i) The deviation ratio is best used to indicate the ratio of distance-specific emissions to distance-specific emission limits as specified for light-duty vehicles.

(ii) The conformity factor serves best to compare work-specific emissions with work-specific emission limits as specified for heavy-duty vehicles.

The conformity factor is independent of distance; it may therefore provide a robust evaluation of emissions during long idling periods. In the case of idling, the distance travelled during in an averaging window may decrease substantially and theoretically lead to a considerable increase in the deviation ratio. This problem links to the shortcoming of a distance-specific definition of emission limits for light-duty vehicles that does not permit to link emissions to actual engine parameters.

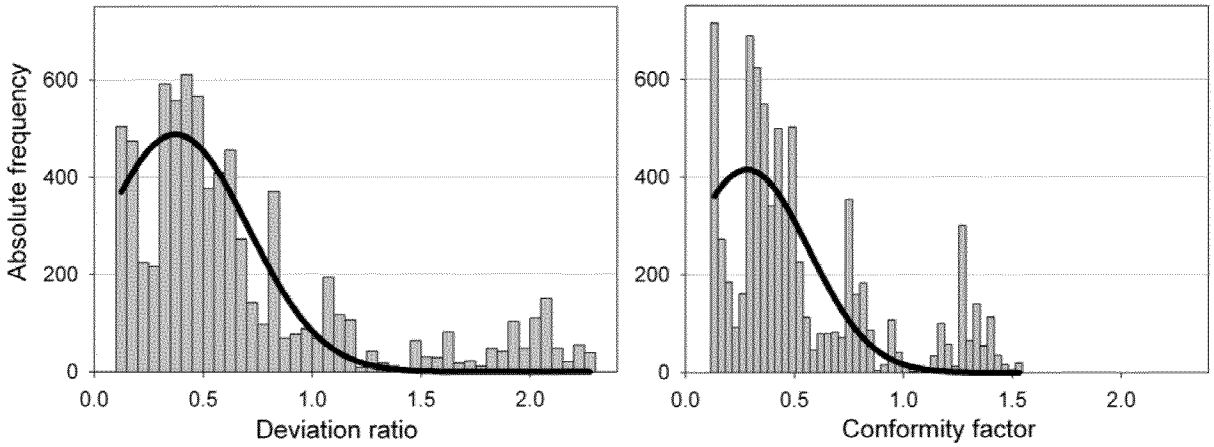

Figure 34: Cumulative frequency distribution of averaging window NO_X emissions of Vehicle L on test Route 1 expressed as deviation ration and conformity factor

On-road emissions testing with PEMS allows covering a large variety of driving conditions and is typically characterized by a high degree of randomness and limited repeatability. The variability in road, weather, and traffic conditions as well as the drivers' behaviour attribute to every on-road PEMS test quasi unique characteristics. Nevertheless, these characteristics open the possibility for limiting on-road PEMS tests to a very narrow range of normal driving conditions, e.g., with the aim of achieving extremely low emission values. Given this limitation, it is imperative:

(i) to continue using a standardized laboratory emissions test procedure that yields comparable and reproducible emission results

(ii) to supplement this procedure by test procedures that capture a wider range of potential on-road emissions

(iii) to define general criteria for conducting on-road PEMS tests

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5.2 Potentials of PEMS-based emission test procedures

The present test campaign revealed the strengths and weaknesses of PEMS. In view of developing supplementary emission test procedures for light-duty vehicles, these can be summarized as follows:

Strengths:

(i) PEMS measures real emissions from actual on-road driving.

(ii) PEMS can assure the proper design and operation of emission control technologies as well as the vehicle's energy consumption under a wide variety of normal operating conditions.

(iii) PEMS is suitable to test emissions from novel engine/after-treatment/powertrain technologies (e.g., parallel/serial (plug-in) hybrids or electric vehicles) as well as from alternative fuels.

(iv) PEMS provides measurements that can serve as basis for not-to-exceed emission limits, i.e., emission levels that should not be exceeded, regardless of driving and ambient conditions.

Weaknesses:

(i) PEMS generally allow only to a very limited extent to reproduce and compare individual test results due to the variability of on-road ambient and driving conditions.

(ii) PEMS allow only to a limited extent to reproduce cold start emissions.

(iii) The power consumption of PEMS is typically supplied by auxiliary batteries in order not to interfere with the vehicle operation. However, the weight of batteries and analytical equipment of approximately 80 kg may introduce a bias in emission measurements, especially if conducted for small vehicles equipped with small engines. Potentials for weight reductions of the equipment exist as technological improvements of the test equipment are very likely (both in terms modularity and size).

Several practical considerations might support or limit the application of PEMS:

(i) PEMS allows for relatively long test campaigns of 2 hours duration.

(ii) PEMS test procedures and equipment has been developed for testing the in-service conformity of heavy-duty vehicles and non-road machinery and has been proven to be reliable also for light-duty vehicles.

(iii) The modular composition of PEMS allows for limiting the emissions screening to an absolute minimum. For instance, the THC measurements with an FID analyser (which has high power consumption and requires a hydrogen/helium mixture) could be abolished because the correct functioning of oxidation and three-way catalysts can also be verified by analysing CO emissions only. Such an approach would reduce the weigh of the PEMS equipment substantially.

(iv) PEMS testing requires no detailed prescription of driving and ambient conditions; a prescription of key-features of test routes (e.g., percentage of driving in city, motorway, test duration, road slope, drivers' behaviour) is, nevertheless, recommended to assure that PEMS testing covers as far as possible the large spectrum of driving conditions as it occurs during normal conditions of vehicle use.

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6 Conclusions

This report analyzes the on-road emissions of twelve light-duty diesel and gasoline vehicles by using Portable Emission Measurement Systems (PEMS). The analyses were conducted for Euro 3-5 light-duty vehicles in the period between 2007 and 2010 on four test routes comprising rural, urban, uphill/downhill, and motorway driving.

The average NO_X emissions of all tested diesel vehicles over the entire test routes amount to 0.93 ± 0.39 g/km; the average NO_X emissions of the tested Euro 5 diesel vehicles reach 0.62 ± 0.19 g/km. These results indicate that NO_X emissions of light-duty diesel vehicles substantially exceed the Euro 3-5 emission limits: by a factor of 4-7 as averages over entire test routes and up to a factor of 14 for individual averaging windows. The increasing stringency of European emission limits has, thus, not resulted in an equivalent reduction of on-road NO_X emissions of light-duty diesel vehicles. By comparison, on-road NO_X emissions of gasoline vehicles as well as CO and THC emissions of diesel and gasoline vehicles generally stay within Euro 3-5 emission limits. The share of NO_2 in the total NO_X emissions reaches 60% for diesel vehicles but only 0-30% for gasoline vehicles. The tested light-duty diesel and gasoline vehicles emit on average 189 ± 51 g CO_2/km (grams of carbon dioxide per kilometre) and 162 ± 29 g CO_2/km, respectively during on-road testing, thereby exceeding the CO_2 levels as specified during NEDC testing of the respective vehicles by on average 21 ± 9%. The magnitude of all pollutant emissions varies depending on vehicle, operation mode, route characteristics, and ambient conditions. Cold-start emissions of both diesel and gasoline vehicles span over a large value range; NO_X emissions exceed Euro 3-5 emission limits by a factor 2-14, CO emissions often exceed the Euro 3-5 limits, and THC emissions are both below and above the limits.

In conclusion, the PEMS results indicate that on-road NO_X emissions of light-duty diesel vehicles differ substantially between laboratory NEDC testing and actual on-road driving. While the standardized laboratory NEDC emissions testing yields comparable and reproducible results, the procedure may fail to capture the potential range of on-road emissions. To solve this shortcoming, Regulation 715/2007 (EC, 2007a) envisages supplementing the standard laboratory emissions testing with suitable complementary test procedures. Such complementary procedures may then also address particularly polluting driving modes, which cannot be simulated in the laboratory such as (i) extreme high speed driving as it frequently occurs on the German Autobahn and (ii) vehicle operations associated with relatively low or high temperatures of the aftertreatment systems. Without covering such a wide range of normal operating conditions, a reduction of on-road emissions, and specifically NO_X emissions, may remain punctual.

The PEMS equipment is able to provide reliable and accurate on-road emission measurements for light-duty vehicles, even for vehicles that will be certified according to future emissions standards. This makes PEMS a suitable tool for identifying and updating emission factors of air pollution models. Furthermore, PEMS may be used as supplemental emission test procedure next to standardized laboratory emission tests. The strengths of PEMS include the ability to detect the proper operation of emission control technologies under a wide variety of normal operating conditions, in particular during high-speed driving at speeds above130 km/h as it frequently occurs on the German Autobahn. PEMS also allows testing emissions from novel fuel/engine/after-treatment/powertrain technologies (e.g., parallel/serial (plug-in) hybrid vehicles. Such analyses have not been conducted yet but are envisaged for the future. A major limitation of PEMS refers to its relatively high weight (PEMS unit, EFM, mounting devices, power supply), which may reach 80 kg

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(i.e., equal to 1 person). As technological improvements of the test equipment are very likely (in terms modularity and size) the weight of the equipment could be reduced substantially in the future. In conclusion, the present test campaign has resulted in the successful application of PEMS for light-duty vehicles. The results of this test campaign indicate that on-road emissions might exceed substantially emission levels as identified during type approval in the laboratory.

The applied averaging window method, which has been implemented to check emissions of heavy-duty engines (EC, 2010), offers a simple and straightforward way to average and analyze emissions data of light-duty vehicles. Based on this method, appropriate indicators could be developed to evaluate whether an averaging window (or any other data sub-set) can be classified as extreme (as opposed to normal) driving conditions. Such analysis could address specific driving situations, for instance cold start, steep road grades, or aggressive high-speed driving.

Future research should address not-to-exceed regulatory concepts and alternative metrics for defining emission limits: the current approach that expresses emission limits as distance-specific quantities is problematic because it lacks a reference to actual engine parameters and only insufficiently accounts for the large variability of on-road driving conditions that may include long idling periods in congested traffic.

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European Commission

EUR 24697 EN – Joint Research Centre – Institute for Environment and Sustainability
Title: Analyzing on-road emissions of light-duty vehicles with Portable Emission Measurement Systems (PEMS)
Author(s): Martin Weiss, Pierre Bonnel, Rudolf Hummel, Urbano Manfredi, Rinaldo Colombo, Gaston Lanappe, Philippe Lelijour, Micro Sculati
Luxembourg: Publications Office of the European Union
2011 – 55 pp. – 21 x 29.7 cm
EUR – Scientific and Technical Research series – ISSN 1018-5593
ISBN 978-92-79-19072-8
DOI 10.2788/23820

Acknowledgements
The authors are grateful to Lauretta Rubino, Juliana Stropp, Julien Gaffuri, and Alessio Provenza for their scientific contributions and comments. Sensors Inc. is acknowledged for their technical support of the PEMS emission measurements. The authors thank DG Enterprise and Industry and DG Environment for commenting earlier drafts of this report.

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LN-BA-24697-EN-C

ISBN 978-92-79-19072-8

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BRIEFING

MARCH 2015

Accelerating progress from Euro 4/IV to Euro 6/VI vehicle emissions standards

This brief presents the technical details and benefits of leapfrogging to Euro VI heavy-duty emission standards and Euro 6 light-duty emission standards rather than progressing through Euro 5/V.

INTRODUCTION

As many countries model their vehicle emission standards after those developed for the EU, the lessons learned in the European market should inform policymakers and manufacturers in other markets. This means acknowledging both the successes of these policies in leading to highly efficient control technology, and some of the failings in intermediate policy stages. Since the adoption of Euro 5/V standards across the EU, several shortcomings of the regulation have been revealed. For heavy-duty vehicles, Euro V standards have not achieved hoped-for reductions for NO_x emissions.[1] While Euro 5 standards have resulted in dramatic reductions in PM emissions from light-duty diesels, real-world diesel NO_x emissions have continued to far exceed certification limits.[2] Regulators should weigh these regulatory weaknesses when considering whether to move directly to Euro 6 and VI or to include the intermediate stages.

The type-approval process is critical in ensuring that reductions in limit values translate into reductions in real-world emissions from light- and heavy-duty vehicles. The type-approval

1 Ligterink, N., de Lange, R., Vermeulen, R., & Dekker, H. (2009). On-road NO_x emissions of Euro-V trucks. TNO Science and Industry, Delft. Retrieved from http://www.researchgate.net/publication/235961441_On-road_nox_emissions_of_Euro-V_trucks

2 Carslaw, D., Beevers, S., Tate, J., Westmoreland, E., and Williams, M. (2011) Recent evidence concerning higher NO_x emissions from passenger cars and light duty vehicles. *Atmospheric Environment*, Volume 45, Issue 39, Pages 7053-7063.

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process specified for both Euro IV and V standards does not ensure that NO_x controls operate effectively in urban driving conditions. The issue has been addressed through the move to World Harmonized Test Cycles and efforts to improve real-world conformity to NO_x limits in Euro VI.[3] For light-duty vehicles, the current type-approval procedure (New European Driving Cycle or NEDC) allows certification of vehicles with real-world NO_x emissions far above regulatory limits,[4],[5] a problem that will be partly addressed in the Real-World Driving Emissions (RDE) provision of Euro 6c and the transition from the NEDC to the World-Harmonized Light-Duty Test Procedure (WLTP).[6] While Euro 5 standards have forced use of diesel particulate filters (DPFs) for light-duty diesels, only the Euro VI standard introduces a particle number (PN) limit for heavy-duty vehicles, leading to the use of diesel particulate filters (DPFs) for all diesel vehicles. Given the regulatory improvements that Euro 6/VI standards provide, countries following emission standards modeled after European regulations should move directly from Euro 4/IV to Euro 6/VI standards.

EURO VI HEAVY-DUTY VEHICLE STANDARDS

Euro VI is a critical step in heavy-duty emission standards, resulting in significant real-world reductions for both NO_x and PM emissions. Euro VI lowers both NO_x and PM limits and introduces a limit on particle number which leads to the use of a DPF for heavy-duty diesel vehicles. The standard also overhauls the testing procedures to better represent real-world driving conditions, broadens the set of pollutants considered, and strengthens durability and OBD requirements.

In the EU, Euro VI standards were implemented for all new vehicle registrations in January 2014,[7] with some provisions to be phased in by 2017.[8] To allow early introduction of lower-emitting vehicles, Euro VI type approvals were granted starting in August 2009. EU member states used tax incentives to encourage the sale of Euro VI certified vehicles before full implementation of the standards.[9] The same technology packages being used to comply with Euro VI standards have been necessary to comply with US standards since 2010.

FILTER-BASED PM CONTROLS FOR DIESELS

Euro VI standards lower the limit on PM emissions by 67% relative to Euro IV and V,[10] and introduce a particle number limit making a diesel particulate filter (DPF) the most cost-effective solution to meet emission requirements. Due to the high efficiency of DPFs at capturing PM, this results in a 90% drop in PM emissions[11] and >99% reduction in the number of ultrafine particles.[12] DPFs have been used to meet PM standards for heavy-

3 Lowell, D. and Kamakate, F. (2012) Urban off-cycle NO_x emissions from Euro IV/V trucks and buses. The International Council on Clean Transportation. Retrieved from http://www.theicct.org/urban-cycle-nox-emissions-euro-ivv-trucks-and-buses

4 Weiss, M., Bonnel, P., Kühlwein, J., Provenza, A., Lambrecht, U., Alessandrini, S., Carriero, M., et al. (2012). Will Euro 6 reduce the NO_x emissions of new diesel cars? – Insights from on-road tests with Portable Emissions Measurement Systems (PEMS). *Atmospheric Environment*, Volume 62, December 2012, Pages 657-665

5 Franco, V., Posada Sanchez, F., German, J., and Mock, P., (2014). Real-world exhaust emissions from modern diesel cars. Part 1: Aggregated Results. The International Council on Clean Transportation. Retrieved from http://theicct.org/sites/default/files/publications/ICCT_PEMS-study_diesel-cars_20141010.pdf

6 Mock, P. (2013). World-harmonized light-duty vehicles test procedure. The International Council on Clean Transportation. Retrieved from http://theicct.org/wltp-november2013-update

7 The 2014 and 2017 dates refer to all new registrations; the implementation for new type approval was January 2013, with phase-in of additional provisions ending in 2016.

8 The provisions to be phased in by 2017 include lower OBD Threshold Limits

9 http://www.rijksoverheid.nl/nieuws/2012/05/30/subsidie-voor-schoonste-trucks-en-bussen.html

10 Regulation (EC) No. 595/2009, Annex I: Euro VI emission limits. Retrieved from http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32009R0595&from=EN

11 Based on COPERT 4 emissions model

12 May, J., Bosteels, D., Nichol, A., Andersson, J., and Such, C. (2007) The Application of Emissions Control Technologies to a Low-Emissions Engine to Evaluate the Capabilities of Future Systems for European and World-Harmonised Regulations, 16. Aachener Kolloquium Fahrzeug- und Motorentechnik, Retrieved from www.aecc.eu/content/pdf/AECC_PAPER_for_Aachen_Final_20070716.pdf.

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duty vehicles sold in the US since 2007, and have proven highly effective at reducing PM mass, ultrafine particles, and air toxics, as well as black carbon, a potent short-lived climate pollutant.[13],[14] Experiments investigating the health impacts of diesel exhaust that has passed through a DPF have found no evidence of cancer-causing effects, in contrast to unfiltered diesel exhaust.[15] By ensuring the use of DPFs, Euro VI provides much stronger air quality and health benefits than Euro V.

LIMITS ON PARTICLE NUMBER IN ADDITION TO MASS LIMITS

In addition to the more stringent limit on PM mass, Euro VI includes a limit on particle number, the measure of the number of individual particles emitted, and defines a new measurement procedure based on the work of the Particulate Measurement Programme (PMP) of the United Nations Economic Commission for Europe (UNECE).[16] The addition of the PN metric draws attention to emissions of ultrafine particles (less than 100 nanometers in diameter). Although ultrafine particles contribute little to the total PM mass, they are the dominant contributor to particle number. Because ultrafines can be inhaled more deeply into the lung, they are suspected of having greater toxicity than larger particles.[17] Wall-flow DPFs used on Euro VI engines reduce particle number emissions by >99%.[18]

REDUCED NO_x EMISSIONS

While Euro VI standards reduce the limit on NO_x emissions by 77% relative to Euro V, and by 89% relative to Euro IV, advanced test protocols that improve real-world conformity to NO_x limits result in real reductions that are closer to 95% relative to Euro V.[19] NO_x reductions are achieved with combustion improvements (high-pressure fuel injection and advanced air/fuel management), exhaust gas recirculation, and a closed-loop selective catalytic reduction (SCR) system. Euro VI vehicles are required to be certified under lower loads, lower speeds, and cold start conditions, ensuring that emission control systems are calibrated to function during the full range of driving conditions.

Real-world emissions data has shown that NO_x emissions from Euro V trucks and buses greatly exceed their certified limit values.[20],[21] Low speed driving forms a major component of vehicle use in countries such as India. Euro VI addresses the Euro V problem of under-emphasizing high NO_x emissions at the low-speed, low-load driving conditions typical of urban areas with test cycles that better represent real-world driving conditions. Euro VI standards replace the European Transient Cycle (ETC) and Stationary Cycle (ESC) with the World Harmonized Transient Cycle (WHTC) and Steady-State Cycle (WHSC). The WHTC requires both cold and hot start conditions and includes more

13 Khalek, IA, Bougher, Patrick M. Merritt & Barbara Zielinska (2011): Regulated and Unregulated Emissions from Highway Heavy-Duty Diesel Engines Complying with U.S. Environmental Protection Agency 2007 Emissions Standards, Journal of the Air & Waste Management Association, 61:4, 427-442

14 United States Environmental Protection Agency. (2012) Chapter 2: Black Carbon and Its Effects on Climate. *Report to Congress on Black Carbon*. Retrieved from http://www.epa.gov/blackcarbon/2012report/Chapter2.pdf

15 Health Effects Institute (2015). Synopsis of Research Report 184, Parts 1-4: Effects of Lifetime Exposure to Inhaled New-Technology Diesel Exhaust in Rats. Retrieved from http://pubs.healtheffects.org/getfile.php?u=1068

16 Commission Regulation (EU) No. 582/2011, Annex XV: Amendments to Regulation (EC) No 595/2009). Retrieved from http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32011R0582&from=EN

17 HEI Review Panel on Ultrafine Particles (2013). Understanding the Health Effects of Ambient Ultrafine Particles. HEI Perspectives 3. Health Effects Institute, Boston, MA. Retrieved from http://pubs.healtheffects.org/getfile.php?u=894

18 May, J., Bosteels, D., Nichol, A., Andersson, J., and Such, C. (2007) The Application of Emissions Control Technologies to a Low-Emissions Engine to Evaluate the Capabilities of Future Systems for European and World-Harmonised Regulations, 16. Aachener Kolloquium Fahrzeug- und Motorentechnik, Retrieved from www.aecc.eu/content/pdf/AECC_PAPER_for_Aachen_Final_20070716.pdf.

19 Muncrief R. (2015). Euro IV, V, VI: Real World Off-Cycle NO_x Emissions Comparison. The International Council on Clean Transportation. Retrieved from http://theicct.org/comparing-real-world-nox-euro-iv-v-vi-mar2015

20 Ligterink, N., de Lange, R., Vermeulen, R., & Dekker, H. (2009). On-road NO_x emissions of Euro-V trucks. TNO Science and Industry, Delft. Retrieved from http://www.researchgate.net/publication/235961441_On-road_nox_emissions_of_Euro-V_trucks

21 Kleinebrahm, M. et al. (2008). On-Board Measurements of EURO IV / V Trucks, Final Report, a research project of the Federal Environmental Agency (FKZ: 204 45 144). Germany: TUV NORD Mobilität.

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than twice the idling time as the ETC. Similarly, the WHSC includes an average engine load about half that of the ESC. Euro VI also introduced off-cycle emissions testing requirements that follow the not-to-exceed (NTE) limit approach used in the US. Testing of Euro IV, V, and VI certified engines on six non-regulatory, real-world duty cycles found that Euro VI certified vehicles consistently conformed to regulatory limits, unlike Euro IV and V certified vehicles which have average emissions approximately two and five times higher than their respective certification levels.[22]

The benefits of NO_X reduction for air quality include reduced formation of secondary $PM_{2.5}$ and ground-level ozone, as well as lower direct NO_2 emissions. Possible complementary provisions to Euro VI may include in the future a maximum limit for the NO_2 component of NO_X.

IN-SERVICE CONFORMITY TESTING FOR TYPE APPROVAL AND IN-SERVICE VEHICLES

In addition to the changes in laboratory testing, Euro VI importantly introduces in-service conformity (ISC) testing requirements using a Portable Emission Measurement System (PEMS).[23] Although this complements the test-cycle changes in ensuring conformity to NO_X emissions limits, it has emerged as one of the most important new aspects of the Euro VI regulation. The first ISC test must occur within 18 months of type approval, and the vehicle model must be tested at least once every two years.[24] Testing includes a mix of urban, rural, and highway driving, and tracks emissions of carbon monoxide, total hydrocarbons, CO_2, NO_X for diesel engines and methane for gas engines. In-service conformity has been enforced by previous standards, but this provision marks the first time that in-use testing is included in European vehicle emission standards, and ensures conformity to the Euro VI regulations.

NEW AMMONIA LIMIT

Euro VI introduces a new limit on ammonia (NH_3) emissions.[25] The selective catalytic reduction (SCR) systems used to control NO_X emissions in Euro IV-VI may produce excess ammonia as a byproduct (ammonia slip). The limit requires precise control of urea injection and tuning of the SCR system to prevent excess NH_3 and may also require the use of a guard catalyst installed downstream of the SCR (ammonia slip catalyst). Because ammonia emissions lead to the formation of secondary PM, controlling ammonia can improve air quality[26] as well as preventing the harmful environmental effects of ammonia deposition in water.[27] Ammonia is also harmful if inhaled directly.[28]

TIGHTER, WIDER-REACHING CONTROL ON METHANE

Euro VI tightens methane limits for CNG vehicles by 50% and imposes the same limit on LPG vehicles. Methane is a potent greenhouse gas[29] and can contribute to ground-

22 Muncrief R. (2015). Euro IV, V, VI: Real World Off-Cycle NO_X Emissions Comparison. The International Council on Clean Transportation. Retrieved from http://theicct.org/comparing-real-world-nox-euro-iv-v-vi-mar2015
23 Commission Regulation (EC) No. 582/2011, Annex II, Appendix 1.
24 Commission Regulation (EC) No. 582/2011, Article 12. Retrieved from http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:167:0001:0168:en:PDF
25 Commission Regulation (EC) No. 582/2011. Annex III, Appendix 1.
26 Kieseweter, G., and Amann, M. (2014) Urban PM2.5 levels under the EU Clean Air Policy Package. TSAP Report #12. Retrieved from http://www.iiasa.ac.at/web/home/research/researchPrograms/MitigationofAirPollutionandGreenhousegases/TSAP_12_final_v1.pdf
27 United States Environmental Protection Agency (2013). Aquatic Life Ambient Water Quality Criteria for Ammonia – Freshwater. US EPA Office of Water. Retrieved from http://water.epa.gov/scitech/swguidance/standards/criteria/aqlife/ammonia/upload/Aquatic-Life-Ambient-Water-Quality-Criteria-for-Ammonia-Freshwater-2013-Fact-Sheet-April.pdf
28 MedlinePlus. Ammonia Poisoning. Retrieved from http://www.nlm.nih.gov/medlineplus/ency/article/002759.htm
29 Methane has a warming effect 28 times that of carbon dioxide, reported in the IPCC Fifth Assessment Report, http://www.ipcc.ch/report/ar5/wg1/

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level ozone formation. Controlling emissions from alternative-fuel vehicles is increasingly important in regions where their market share is expected to grow.

EXTENDED DURABILITY REQUIREMENTS

Euro VI increases the durability distance requirement for all vehicle categories, but allows the same year period requirement as Euro IV and V. It requires durability of 160,000 km or 5 years (whichever occurs sooner) for small buses and pick-up trucks[30] compared to 100,000 km under Euro V; durability of 300,000 km or 6 years for mid-size trucks and buses[31] compared to 200,000 km under Euro V; and 700,000 km and 7 years for heavy trucks and buses[32] compared to 500,000 km under Euro V. Higher durability requirements in Euro VI ensure that emissions stay low throughout the useful life of the vehicle. Ensuring that the emissions control equipment is functioning through the most productive lifetime is especially critical for long-lived and intensively-used diesel vehicles.

IMPROVEMENTS IN OBD SYSTEMS

On-Board Diagnostic (OBD) systems for heavy-duty vehicles are increasingly important as more sophisticated in-cylinder controls and aftertreatment systems are added to vehicles. In addition to inducements to ensure proper operation, including torque limits when NO_x emissions exceed a threshold of 7.0 g/km or the system detects insufficient urea levels or quality, Euro IV standard introduced the first requirements for OBD monitoring of NO_x control systems. With Euro VI standards, OBD systems are also required to monitor the performance of the fuel injection system, exhaust gas recirculation (EGR) system, DPF, and any other emission related component.[33] They are also required to issue warnings for unexpected levels of urea consumption, and impose more severe inducements when urea level or quality is not sufficient for proper SCR performance. OBD threshold limits (OTLs), which if exceeded will signal a fault, are 82% lower for NO_x and 75% lower for PM with respect to Euro IV and Euro V OTLs. Finally, Euro VI requires improved communication procedures for OBD systems and requires improved access to OBD data for vehicle repair and maintenance.

EURO 6 LIGHT DUTY VEHICLE STANDARDS

Euro 6 standards narrow the gap between diesel and gasoline light-duty vehicle standards and strengthen OBD requirements. Some of the biggest changes to come with Euro 6, real-word driving testing and the introduction of new test cycle procedures, are almost finalized and are expected to be fully implemented within the 2017-2020 timeframe.

In the EU, Euro 6 is being introduced in three stages. Vehicles that were certified to meet Euro 6 limits ahead of the September 2015 regulatory deadline were allowed relaxed OBD requirements and no particle number limit for gasoline vehicles (the 6a stage). After September 2015,[34] all new-vehicle registrations must meet Euro 6 standards, including full Euro 6 OBD requirements but with preliminary OBD threshold limits and a relaxed PN limit for DI gasoline vehicles (the 6b stage). After three years of Euro 6 implementation,

30 N1 and M2 vehicle categories
31 N2; N3 ≤ 16 ton; and M3 Class I, Class II, Class A, and Class B ≤ 7.5 ton
32 N3 > 16 ton; M3 Class III, and Class B > 7.5 ton
33 Posada, F., and Bandivadekar, A. (2015). Global overview of on-board diagnostic (OBD) systems for heavy-duty vehicles. The International Council on Clean Transportation. Retrieved from http://www.theicct.org/global-overview-board-diagnostic-obd-systems-heavy-duty-vehicles
34 September 2015 is the implementation date for all new registrations of passenger cars (category M1) and light commercial vehicles (category N1, class I). The implementation for new type approvals occurs a year earlier, in September 2014. For heavier commercial vehicles (category N1 class II and III, category N2), Euro 6 will come into effect for new type approvals in September 2015, and apply to all new registrations in September 2016.

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or after September 2018[35] for all new registrations, the stricter PN emission limit (equal to the diesel limit introduced with Euro 5b) becomes mandatory for all gasoline vehicles, final OBD threshold limits will be enforced, and real world driving emissions (RDE) requirements will be introduced (stage Euro 6c). As a final component of Euro 6c, the Worldwide harmonized Light vehicles Test Cycles (WLTC) will be adopted in place of the current New European Driving Cycle (NEDC). The timing of the WLTC adoption is not yet determined, but it is likely to happen in 2017–2020. No change in the Euro 6c regulated pollutants limits is expected with the introduction of WLTP, only the CO_2 targets.

LIMITS ON PARTICLE NUMBER FOR ALL FUEL TYPES

Limits on particle number (PN), important for controlling ultrafine particle emissions, were introduced in Euro 5b for compression-ignition vehicles.[36] While these PN limits applied to all light-duty diesel vehicles, they did not apply to the increasingly popular gasoline direct-injection (GDI) technology, which generates more particles than traditional port-fuel gasoline engines.[37] Euro 6c requires all vehicles to meet uniform PN standards, including those with spark-ignition GDI engines.[38] It is expected that GDI vehicles will meet PN standards with relatively low-cost gasoline particulate filters, estimated to cost less than USD$100.[39]

TIGHTER LIMITS FOR DIESELS NARROWS THE GAP BETWEEN FUEL TYPES

Euro 6 tightens the diesel NO_x standard by 55% with respect to Euro 5, and tightens the HC+NO_x standard by 26%–39% depending on vehicle type.[40] This partially addresses the long-standing issue that European emission standards are not fuel-neutral. Even under the Euro 4 standards, NO_x limit values for diesel vehicles were three times the limit values for gasoline vehicles. With Euro 6, NO_x emission limits for diesel vehicles are only 25% higher than for gasoline vehicles, a smaller margin than in any previous standard. With the use of DPFs to meet Euro 5 PM and PN limits, particulate emissions from diesel cars also approach those of gasoline cars. Euro 6 limits bring overall emissions of diesel and gasoline vehicles close to parity, provided that vehicles of both fuel types conform to standards in real-world driving conditions.

REAL-WORLD DRIVING TESTING

As with the Euro VI in-service conformity standards for heavy-duty vehicles, real driving emissions (RDE) testing will be included as an additional requirement for type approval in the final stage of Euro 6. Portable Emission Measurement System (PEMS) testing of early Euro 6-certified diesel vehicles has revealed that NO_x emission control systems that are sufficient to pass laboratory-based emissions tests may not operate at certified levels in real world driving conditions, with real-driving NO_x emissions three to six times those indicated by certification testing.[41] With RDE provisions, vehicle emissions of CO, NOx, and PN will be measured on the road using PEMS testing to ensure that emissions during real-world driving stay within reasonable limits. RDE testing will begin with a pilot

35 September 2017 for new type approvals
36 Commission Regulation (EC) No. 692/2008, Annex XVII: Amendments to Regulation (EC) No. 715/2007. Retrieved from http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32008R0692&from=EN
37 Mamakos, A., Dardiotis, C., and Martini, G. (2012). Assessment of particle number limits for petrol vehicles. JRC Scientific and Policy Reports. European Commission Joint Research Centre, Institute for Energy and Transport. Retrieved from http://publications.jrc.ec.europa.eu/repository/bitstream/JRC76849/lbna25592enn.pdf
38 Commission Regulation (EU) No. 459/2012. Retrieved from http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32012R0459&from=EN
39 http://www.theicct.org/sites/default/files/publications/GFPworkingpaper2011.pdf
40 Commission Regulation (EC) No 715/2007, Annex I: Emission Limits. Retrieved from http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32007R0715&from=EN
41 http://theicct.org/sites/default/files/publications/ICCT_PEMS-study_diesel-cars_20141010.pdf

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phase from 2015 through 2017. No limits will be enforced during this monitoring phase. An initial conformity factor will be set in 2015; the Euro 6 limit values will be multiplied by this conformity factor to determine the limits for RDE testing. In 2017, RDE testing against this conformity factor will begin. Conformity factors will be defined for NO_x and PN; they may be tightened in the future.

LOWER OBD THRESHOLDS

The On-Board Diagnostic (OBD) thresholds (OTLs) for Euro 6 are 70-75% lower than Euro 5 OTLs for NO_x and PM, depending on vehicle type, and about 10% lower for carbon monoxide (CO) and non-methane hydrocarbons (NMHC).[42] This means the OBD system is sensitive to more minor malfunctions in the emission control system, leading to earlier detection and corrections of such problems.

PLANNED MOVE TO A HARMONIZED TEST CYCLE

With full implementation of Euro 6, the World Harmonized Light Vehicles Test Procedure (WLTP) will replace the current test procedure. Under the new protocol, the World Harmonized Light-duty Vehicle Test Cycle (WLTC) will replace the New European Drive Cycle (NEDC), and a variety of test parameters will be adjusted to close loopholes and address shortcomings of the NEDC procedure.[43] The WLTC is more representative of real-world driving conditions than the NEDC[44], and will be complemented by the RDE testing efforts to ensure better conformity to standards in real driving conditions. The WLTP has other benefits for vehicle efficiency testing, and the use of a harmonized test will save auto manufacturers in development and certification costs.

CONCLUSION

Given the availability of ultra-low sulfur fuel (sulfur content less than 10 ppm), greater air-quality benefits can be gained from a leap from Euro 4/IV to Euro 6/VI than a path that includes the intermediate Euro5/V stage. For countries that are at prior standards for heavy-duty vehicles, skipping Euro IV and V altogether may also be an attractive option. Accelerating the adoption of heavy-duty vehicle Euro VI standards has two-fold benefits for air quality: the use of DPFs to comply with new PM and PN leads to a 90% or greater reduction of $PM_{2.5}$ emissions, and the new test cycle and in-service conformity requirements provide real-world reductions in NO_x emissions of 95% or greater, providing emission control even in urban driving conditions that remained a problem in Euro V. Light-duty Euro 6 standards promise a similar reduction in real-world NO_x emissions from diesel cars, through tighter emissions limits, a future move to the WLTP, and the inclusion of PEMS testing in the type approval process to ensure conformity to standards in actual driving conditions. Countries like India are poised to take full advantage of the mature, effective control technologies now available by skipping Euro 5/V and moving directly to Euro 6/VI.

42 Commission Regulation (EC) No 692/2008, Annex XI: On-Board Diagnostics (OBD) for Motor Vehicles. Retrieved from http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32008R0692&from=EN

43 Mock, P., Kühlwein, J., Tietge, U., Franco, V., Bandivadekar, A., and German, J. (2014) The WLTP: How a new test procedure for cars will affect fuel consumption values in the EU. The International Council on Clean Transportation. Retrieved from http://theicct.org/sites/default/files/publications/ICCT_WLTP_EffectEU_20141029.pdf

44 Mock, P. (2013). World-harmonized light-duty vehicles test procedure. The International Council on Clean Transportation. Retrieved from http://theicct.org/wltp-november2013-update

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To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: Jon Jacobs
Sent: Mon 9/28/2015 7:44:33 PM
Subject: Invitation to Speak at a December Webinar
removed.txt

Hi Phil-

I trust you and your family are doing well and enjoyed a wonderful summer!

I've been asked to put together a panel for a webinar entitled "Environmental Regulatory Compliance: What to Expect". The tentative presentation date is 12/9/2015 from 2-3 pm Eastern. The webinar will be a 45-minute presentation with slides followed by a 15-minute Q&A. The audience generally will be environmental managers from domestic companies as well as international companies with U.S. facilities or transactions. The panel will consist of three experts on criminal enforcement, civil enforcement, and compliance, respectively. I hope each panelist will speak for no more than 15 minutes.

With OCE, as always, a vital part of EPA's enforcement program, I'd greatly appreciate if you could discuss recent litigation and highlight why the case is particularly important. VW is certainly has everyone's attention at this point! In addition, we hope you can discuss FY 2016-2017 enforcement initiatives and priorities as well as key rulemakings. A lot to ask for in less than 20 minutes.

I look forward to hearing from you. Please call me if you have any questions.

With best regards,

Jon

JACOBS STOTSKY PLLC

Jon D. Jacobs | Member

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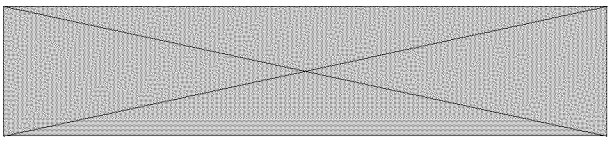

From: Bunker, Byron

Ex. 7

Ex. 7

Location: N12 in AA Conference Call Non-Responsive
Importance: High
Subject: Canceled: CARB/EPA VW & Diesel Testing Coordination
Start Date/Time: Tue 9/29/2015 5:00:00 PM
End Date/Time: Tue 9/29/2015 5:30:00 PM
Untitled
Untitled
Untitled

Ex. 5

Every Tuesday from 10 - 10:30 PDT (1-1:30 EDT)

Every Friday from 10 - 10:30 PDT (1-1:30 EDT)

Ex. 5

To: Bunker, Byron[bunker.byron@epa.gov]; Ex. 7

Ex. 7

Subject: Canceled: CARB/EPA VW & Diesel Testing Coordination

Ex. 5

Every Tuesday from 10 - 10:30 PDT (1-1:30 EDT)

Every Friday from 10 - 10:30 PDT (1-1:30 EDT)

Ex. 5

To: Kaul, Meetu[Kaul.Meetu@epa.gov]
From: Zaremski, Sara
Sent: Mon 9/28/2015 8:05:18 PM
Subject: Automatic reply: VW - Attorney Work Product

I am out of the office on travel returning October 2, 2015. I will be periodically checking my email and responding. For immediate assistance, please contact the following:

Holly Pugliese (pugliese.holly@epa.gov)

Sara Zaremski

Center Director, Data Analysis and Information Center

To: Snyder, Jim[Snyder.Jim@epa.gov]; Mazaitis, Vincent[mazaitis.vincent@epa.gov]
Cc: Allen, Gregory (EEO)[Gregory.Allen@vw.com]; Rodgers, William (EEO)[William.Rodgers@vw.com]; Horton, Garett (VWGoA Imp)[garett.horton@volkswagen.de]
From: Giles, Michael (EEO)
Sent: Mon 9/28/2015 8:13:19 PM
Subject: VW Group: e-Tron prep / timing

Hi Jim / Vince,

Just wondering if there is a set time for the e-tron prep tomorrow. If we do not hear from you we will send someone there at 7:00

My understanding is you are planning at least a fuel change, and overnight charge for the CD test on Wednesday. What I am not sure of is, will there also be a UDDS cycle on the dyno?

Thanks,

Mike

Michael Giles

Certification Engineer

Engineering & Environmental Office (EEO)

Volkswagen Group of America, Inc.

3800 Hamlin Road

Auburn Hills, MI 48326

Phone: 248 754 4229

Fax: 248 754 4207

mailto: Michael.Giles@VW.com

To: Ex. 7
Cc: Kaul, Meetu[Kaul.Meetu@epa.gov]
From: Orehowsky, Gregory
Sent: Mon 9/28/2015 8:23:13 PM
Subject: RE: VW expert meeting

I get in at 8:30. Let me know what works for everyone.

Greg Orehowsky

U.S. EPA

Office of Civil Enforcement

Air Enforcement Division

Phone 202-343-9292

From: Ex. 7
Sent: Monday, September 28, 2015 4:20 PM
To: Kaul, Meetu; Orehowsky, Gregory
Cc: Ex. 7
Subject: VW expert meeting

Ex. 7

Ex. 7

Trial Attorney

Environmental Enforcement Section

United States Department of Justice

PO Box 7611, Ben Franklin Station

Washington, DC 20044-7611

Ex. 7

202.616.2427 (fax)

Overnight Deliveries

601 D Street NW, Room 6915

Washington, DC 20004

To: Grundler, Christopher[grundler.christopher@epa.gov]; Blubaugh, Jim[Blubaugh.Jim@epa.gov]; Kelley, Rosemarie[Kelley.Rosemarie@epa.gov]; Belser, Evan[Belser.Evan@epa.gov]; Senn, John[Senn.John@epa.gov]; Kasman, Mark[Kasman.Mark@epa.gov]
From: Phillips, Anna
Sent: Mon 9/28/2015 8:29:28 PM
Subject: AIR POLLUTION: Ex-Volkswagen CEO facing criminal probe

AN E&E PUBLISHING SERVICE

AIR POLLUTION:

Ex-Volkswagen CEO facing criminal probe

Sean Reilly, E&E reporter

Published: Monday, September 28, 2015

German prosecutors have opened a preliminary investigation into any role that Martin Winterkorn, former chief executive officer of Volkswagen AG, may have had in an emissions cheating scheme affecting millions of diesel-powered vehicles.

The inquiry will focus on who bears responsibility for rigging the cars to evade testing requirements, according to a **news release** today from the prosecutor's office in the central German city of Braunschweig, not far from Volkswagen AG's corporate headquarters in Wolfsburg.

While VW's board had said last week that it was voluntarily requesting an investigation, Julia Meyer, a spokeswoman for the prosecutor's office, told the Associated Press that about a dozen complaints had been received in all. She would not predict how long the probe might last.

Winterkorn resigned Wednesday, five days after U.S. EPA and California state regulators accused the automaker of installing software on almost a half-million VW and Audi cars that applied full emissions controls when the vehicles were being tested but otherwise left them free to spew nitrogen oxides at up to 40 times the allowable levels.

In his resignation statement, Winterkorn, who had headed the Volkswagen Group since 2007, said he knew of no wrongdoing on his part but accepted responsibility for the "irregularities" (***Greenwire***, Sept. 23).

The company, which on Friday named Matthias Mueller, chairman of its Porsche unit, as Winterkorn's replacement, had no immediate comment today on the news of the investigation.

Worldwide, the scam affects some 11 million vehicles, the company has said. In the United States alone, VW could face up to $18 billion in fines. In a sign that the fallout is spreading throughout the industry, EPA managers Friday warned all automakers that their cars could be tested under real-world driving conditions for the "defeat devices" (***Greenwire***, Sept. 25).

But the episode is also giving fresh wind to EPA critics who see the existing testing framework as overly deferential to car and truck manufactures. Volkswagen's deception, which has been going on for years, was uncovered by West Virginia University researchers working for the International Council on

Clean Transportation, an independent nonprofit.

In a news release today, Public Employees for Environmental Responsibility (PEER), a watchdog organization, accused EPA of failing to use actual "on the road" emissions data collected from diesel vehicles to monitor either emissions or fuel efficiency.

Currently, testing is conducted "by putting the vehicle on a dynamometer -- essentially a big treadmill," PEER said in the release. When heavy-duty diesel engine manufacturers in the late 1990s were found to have resorted to the same type of manipulation used by Volkswagen, they instead agreed to "in-use" testing to show compliance, the group said.

But EPA has refused to make the data from that testing program public on the grounds that it is "confidential business information," the group said, and has also invested $50 million in a new chassis dynamometer for light-duty vehicles to be rolled out next month.

The Volkswagen scandal shows that dynamometer technology "is a dinosaur, yet EPA [keeps] pouring money into it," Jeff Ruch, PEER's executive director, said in the release. "The fact that the VW cheating was revealed by outsiders indicates the clubby and closed manner in which this arm of EPA operates."

In an emailed response, EPA spokesman Nick Conger called many of PEER's points "simply wrong." The agency uses a wide range of tools besides dynamometers "that are all critical to the ... overall compliance program," Conger said. They include on-road testing, audits of industry emissions testing labs and "selective enforcement" reviews where vehicles and engines are pulled at random from an assembly line and tested. EPA also "continually updates its oversight strategies, and adapts when we learn of ways that manufacturers can game the system," Conger said. "That is part of any oversight effort."

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To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Automotive News
Sent: Mon 9/28/2015 8:29:54 PM
Subject: DAILY: UAW-FCA deal -- a bridge too short | FCA pact rejected in early UAW voting | Winterkorn faces fraud probe | Alcoa, eyeing automakers, will split in 2 | Car-sharing: The challenges and promises

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September 28, 2015

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NEWS ANALYSIS

The UAW-FCA deal: A bridge too short

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Audi says 2.1 million cars affected by diesel emissions scandal

Audi said 2.1 million of its diesel-powered cars, including best-sellers such as the A4 sedan and Q5 sport utility vehicle, are equipped with software implicated in an emissions-testing scandal that has engulfed parent company Volkswagen Group.

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Volkswagen CEO Winterkorn resigns amid diesel emissions scandal

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Ex-VW CEO Winterkorn faces fraud probe in Germany

Porsche brands, report says

Prosecutors in Germany have opened a criminal probe into former Volkswagen Group CEO Martin Winterkorn after the automaker admitted it cheated emissions tests in some of its diesel cars.

VW Group has suspended Audi development chief Ulrich Hackenberg, VW brand r&d boss Heinz-Jakob Neusser and Porsche development head Wolfgang Hatz, Reuters reported.

Mueller will push strategy shift to foster change

Aluminum supplier Alcoa to split into 2 companies

NHTSA considers expanding Takata airbag recalls

Fifth Third to pay $18 million to settle U.S. charges over bias in auto lending

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VW puts U.S. ads on hold amid emissions scandal

Insider named to head VW shows Germany Inc. insularity

'More questions than answers' on used-VW prices

In Boston, dealer Herb Chambers builds an empire (and attracts suitors)

Suzuki sells 1.5% VW stake to Porsche holding company

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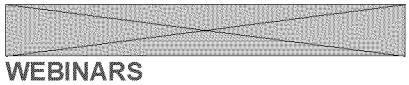

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From: Automotive News
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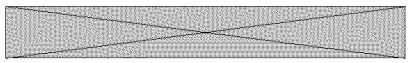

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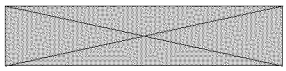

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Cc: Allen, Gregory (EEO)[Gregory.Allen@vw.com]; Rodgers, William (EEO)[William.Rodgers@vw.com]; Horton, Garett (VWGoA Imp)[garett.horton@volkswagen.de]
From: Snyder, Jim
Sent: Mon 9/28/2015 9:22:50 PM
Subject: RE: VW Group: e-Tron prep / timing

They plan to precon it first thing so they'll probably start around 8:00.

From: Giles, Michael (EEO) [mailto:michael.giles@vw.com]
Sent: Monday, September 28, 2015 4:13 PM
To: Snyder, Jim; Mazaitis, Vincent
Cc: Allen, Gregory (EEO); Rodgers, William (EEO); Horton, Garett (VWGoA Imp)
Subject: VW Group: e-Tron prep / timing

Hi Jim / Vince,

Just wondering if there is a set time for the e-tron prep tomorrow. If we do not hear from you we will send someone there at 7:00

My understanding is you are planning at least a fuel change, and overnight charge for the CD test on Wednesday. What I am not sure of is, will there also be a UDDS cycle on the dyno?

Thanks,

Mike

Michael Giles

Certification Engineer

Engineering & Environmental Office (EEO)

Volkswagen Group of America, Inc.

3800 Hamlin Road

Auburn Hills, MI 48326

Phone: 248 754 4229

Fax: 248 754 4207

mailto: Michael.Giles@VW.com

To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: EnergyGuardian
Sent: Mon 9/28/2015 9:30:16 PM
Subject: Alaska Republicans pin Shell's Arctic withdrawal on Obama

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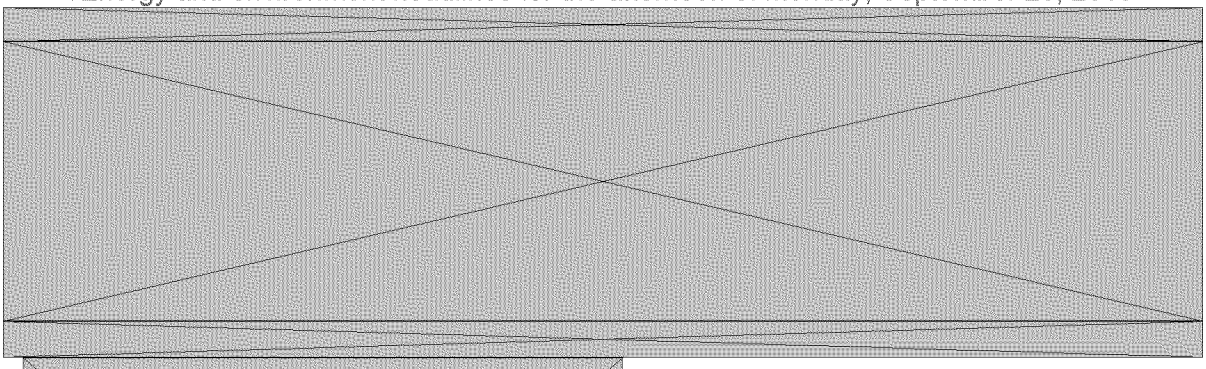
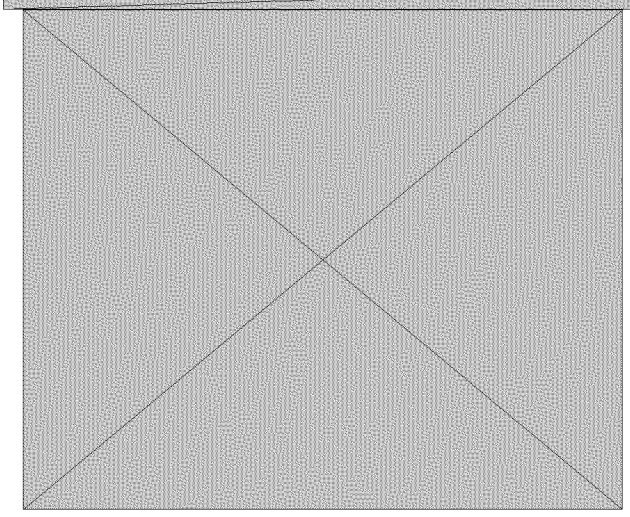
Energy and environment headlines for the afternoon of Monday, September 28, 2015





Alaska Republicans pin Shell's Arctic withdrawal on Obama

By Kevin Rogers

Alaska's Republican senators on Monday blamed the Obama administration for creating a "burdensome and often contradictory regulatory environment" that drove Royal Dutch Shell to abandon its oil and gas exploration off the coast of Alaska.

Shell, citing a "clearly disappointing exploration outcome" and a "challenging and unpredictable federal regulatory environment," said Monday it would cease its operations in

the Chukchi Sea "for the foreseeable future" after an investment of seven years and $7 billion.

Shell's announcement came as oil continued to hover below $50 a barrel, significantly lower than when the company decided to explore for oil in the forbidding waters off Alaska.

Energy and Natural Resources Committee Chairman Sen. Lisa Murkowski, R-Alaska, and Sen. Dan Sullivan, R-Alaska, said that the administration had doomed the project from the start, and called on the Interior Department to develop a "legitimate plan" for Alaskan energy development.

"Interior placed significant limits on this season's activities, which resulted in a drilling rig sitting idle, and is widely expected to issue additional regulations in the coming weeks that will make it even harder to drill," Murkowski said in a statement. "Add this all up, and it is clear that the federal regulatory environment – uncertain, ever changing, and continuing to deteriorate – was a significant factor in Shell's decision."

Shell's efforts in the Arctic have been plagued with difficulty. Its previous drilling season, in 2012, ended with one of its drill ships, the Kulluk, running aground off the coast of Alaska during a storm. The National Transportation Safety Board, in a report in May, knocked the company for underestimating the weather's potential risks on towing operations.

The Interior Department has proposed Arctic-specific rules for drilling that would require companies to have backup relief rigs in place and require operation and oil spill response plans tailored to the region. Still in the proposal stage, those rules didn't apply to Shell's program.

Sullivan lamented Shell's decision as a "sad day for Alaska."

"From the beginning, through unprecedented regulatory hurdles and delays, the Obama administration and its environmental allies have created the conditions for Shell to abandon its Arctic drilling program. And they succeeded," he said.

Brad Townsend, the associate director for energy innovation at the Bipartisan Policy Center, said the current low-price environment for oil likely played a significant factor in Shell's decision.

"Drilling in the Arctic is already an expensive proposition," he said. "It's not surprising that they've pulled back, given the current prices."

The senators warned that allowing U.S. drilling efforts to decline would open the door for Russia, China and other competitors, who would offer fewer environmental protections.

"I personally believe that America should lead the way," Murkowski said.

Interior Press Secretary Jessica Kershaw wouldn't comment on the lawmakers' remarks, but

defended the department's strong safety standards for Shell's program.

"The Department of the Interior has focused on making sure that Shell's exploration activities are performed as safely as possible," she said. "To that end, Interior has set the highest safety standards on offshore drilling off the Alaska coast – with requirements tailored specifically to the conditions and risks of drilling in this area."

Shell first obtained a lease to drill in the Chukchi's Burger Prospect in 2008, though its progress toward exploration was slowed by legal challenges to the leasing process. The Obama administration affirmed that sale in March and granted Shell its final permit in August.

Alaska Gov. Bill Walker, an independent, called Shell's decision to cease operations "a really big disappointment," but he said it highlighted the need for Alaska to take a more proactive role in development of existing resources.

"This was a tough day. A very tough day for Shell and a very tough day for Alaska," he told reporters on a call. "I try to turn these difficult days into opportunities, and that's exactly what we're going to do in this situation."

Walker said he would meet with Interior Secretary Sally Jewell on the issue "as soon as possible." He also said he has asked the White House for a meeting on offshore and onshore development.

While Shell will retain the rights to its Chukchi Sea acreage, it will now move to seal the well and remove its equipment from the region.

Environmentalists and allies in Congress hailed Monday's developments. They had slammed the Obama administration's decision to allow Shell's program to advance, and now they were urging the president to block future Arctic development.

"Today, President Obama can also make history by canceling any future drilling and declaring the U.S. Arctic Ocean off limits to oil companies," Greenpeace USA Executive Director Annie Leonard said in a statement.

Sen. Ed Markey, D-Mass., said he would continue to press Congress to block Arctic drilling.

"At a time when the oil industry is warehousing tens of millions of acres of leases on public land that it already holds and is arguing that we need to allow American oil to be exported overseas, there is no justification for continuing to push to drill offshore in Alaska," he said in a statement.

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SolarCity chief calls California utility rate proposals 'catastrophic'

Energy from train brakes powering London subway stations

Upcoming Events

EPA rules will strengthen pesticide safety on farms

By Mary Clare Jalonick

WASHINGTON (AP) — The Environmental Protection Agency is strengthening 20-year-old rules designed to protect farmworkers from toxic pesticides.

New rules announced by the EPA on Monday will bar almost anyone under 18 from handling pesticides and require buffer zones around fields to protect workers from drift and fumes. Farm owners and their immediate families would be exempt from the rules.

Under the new standards, workers would have to be trained annually on pesticide risk. Currently they only have to be trained every five years. Farms would also be required to post no-entry signs when the most toxic pesticides are applied.

EPA Administrator Gina McCarthy said the rules are "a long time coming" and would affect millions of agricultural workers across the country.

More

German prosecutors investigate former VW boss

By Geir Moulson and David Rising

BERLIN (AP) — German prosecutors on Monday opened an investigation against former Volkswagen CEO Martin Winterkorn to establish what his role was in the emissions-rigging scandal that has shaken the world's largest automaker.

The investigation will concentrate on the suspicion of fraud committed through the sale of vehicles with manipulated emissions data, and aims to determine who was responsible, prosecutors in Braunschweig said in a statement.

In the German system, anyone can file a criminal complaint with prosecutors, who are then obliged to examine it and decide whether there is enough evidence to open a formal investigation.

In this case, following the revelations about the rigged tests, prosecutors in Braunschweig, near VW's headquarters in Wolfsburg, received about a dozen complaints, including one from Volkswagen itself, said spokeswoman Julia Meyer.

More

Republican megadonor urges talk on climate change solutions

By Julie Bykowicz

WASHINGTON (AP) — Republican businessman Jay Faison says his party should stop fighting science and start talking solutions to climate change. He has $175 million in potential political donations to help inspire them. And if that's not enough, he's commissioned a survey, released Monday, that he says shows voters agree.

"I'm pretty frustrated about the political divide," Faison said. "This is too important to leave to the Democrats."

Faison made his fortune in 2013 with the sale of his majority stake in his audio-visual equipment company, based in Charlotte, North Carolina. He sank much of his profit into the ClearPath Foundation and a separate politically active policy group; both are devoted to moving Republicans beyond saying that the climate is not changing — or, if it is, that humans have nothing to do with it.

Instead, GOP leaders should be talking about solutions, such as clean energy, Faison said.

More

Despite pledges, climate action seen falling short

By Karl Ritter

STOCKHOLM (AP) — The emissions pledges that countries have made ahead of a landmark conference in Paris have been a major boost to the slow-moving U.N. effort to fight climate change.

Less so for the climate itself.

With pledges to cut or curb greenhouse gas pollution on the table from all major countries except India, researchers say the world is on track for more than 2 degrees C (4 F) of warming this century.

That's a level that scientists say could result in profound and irreversible impacts on the climate system, including flooding of coastal cities and island nations, disruptions to agriculture and drinking water, and the spread of diseases and the extinction of species.

More

Study: Sea level rise increasing major storms off New Jersey

By Wayne Parry

MANTOLOKING, N.J. (AP) — A new study looking back over 1,000 years finds the flooding risk along the New York and New Jersey coasts increased greatly after industrialization, and major storms that once might have occurred every 500 years could soon happen every 25 years or so.

The study by Penn State, Rutgers, Princeton, and Tufts universities, and Massachusetts Institute of Technology, finds that flood heights have risen nearly 4 feet since the year 850, largely because of a sea level rise. The study advocates better risk management strategies to cope with storms.

It was released a month before the third anniversary of Superstorm Sandy, which devastated the coasts of New York and New Jersey.

"A storm that occurred once in seven generations is now occurring twice in a generation," said Benjamin Horton of Rutgers, one of six lead researchers involved in the study. "What we do know is that as sea level rise accelerates into the future, we are going to have more frequent flooding."

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A message from the American Petroleum Institute

America is now the world's #1 natural gas producer and will soon be #1 in oil. Now more than ever, abundant energy means abundant prosperity, opportunity and security for all Americans.

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U.S. drilling states guided on handling quakes

By Julie Carr Smyth

COLUMBUS, Ohio (AP) — A group of U.S. drilling states, seismologists, academics and industry experts issued guidance Monday in a frank new report on handling human-induced earthquakes caused by hydraulic fracturing or the disposal of fracking wastewater.

The 150-page report, produced by the StatesFirst initiative, represents perhaps the most candid discussion on the topic since tremors across the mid-continent — including in Oklahoma, Texas, Colorado and Ohio — began being linked to fracking and deep-injection wastewater disposal around 2009.

It includes descriptions of how states handled various seismic incidents around the country, including their public relations strategies, and matter-of-factly references links between

fracking or deep-injection wastewater disposal and earthquakes. Previously, public admissions had been fuzzy in some cases.

The group stopped short of suggesting model regulations, however.

More

Nature foundation unveils $3.3M in monarch butterfly grants

By Jim Suhr

KANSAS CITY, Mo. (AP) — A national wildlife group awarded $3.3 million in grants Monday in its initial push to stem the worrisome decline of monarch butterflies, hoping the effort helps restore as much as 33,000 acres of habitat for the black-and-orange insect.

The 22 grants announced by the National Fish and Wildlife Foundation will be matched by more than $6.7 million from the recipients, who are in more than a dozen states and among 115 applicants for funds in the conservation effort launched earlier this year.

"We were delighted to have drawn such a large number of excellent proposals," said Lila Helms, the foundation's executive vice president of external affairs. The grants "will fund on-the-ground projects that will quickly contribute to a healthier, more sustainable monarch population."

Many of Monday's biggest grants — roughly $250,000 apiece — went to efforts to bolster grasslands and other habitat in key monarch butterfly migration corridors. One project looks to restore more than 1,000 acres of monarch habitat in the Dakotas, while another includes the Iowa Natural Heritage Foundation's quest to create or improve 7,000 habitat acres along two of the butterfly's major north-south migration routes.

More

Alcoa splitting into 2 companies

By The Associated Press

NEW YORK (AP) — Alcoa will split into two independent companies, separating its bauxite, aluminum and casting operations from its engineering, transportation and global rolled products businesses.

The century-plus-old metals maker has been dealing with a downturn in its smelting business because of lower aluminum prices. The split will create one company focusing on upstream products, including aluminum. The other company will focus on engineered products, which

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includes the automotive and aerospace segments.

The split is part of a wider movement by companies to spin off units in a bid to boost shareholder value. Often, the strategy helps free the stronger part of a company's business from a weaker segment.

The aluminum and upstream products company will retain the Alcoa name. The name of the engineered products company has yet to be determined.

More

Feds to release final bull trout recovery plan for 5 states

By Keith Ridler

BOISE, Idaho (AP) — Federal officials say they'll release their final plan Wednesday to recover struggling bull trout in five Western states with the goal of lifting Endangered Species Act protections.

The U.S. Fish and Wildlife Service says the Bull Trout Recovery Plan outlines conservation actions needed to boost populations in six recovery units spread over Idaho, Oregon, Washington, California and a tiny portion of northern Nevada.

Steve Duke, bull trout recovery planning coordinator for the agency, said the plan can be used by the U.S. Forest Service, U.S. Bureau of Land Management, Bonneville Power Administration, U.S. Bureau of Reclamation as well as other entities to guide conservation efforts.

"Beginning Wednesday, they'll know what the roadmap is for achieving recovery and fixing what's going on in their areas of recovery," Duke said. "I feel really good about what we've put out."

More

Kuwaiti oil minister rejects OPEC meeting nonmember nations

By The Associated Press

KUWAIT CITY (AP) — Kuwait's oil minister is rejecting the idea of a meeting between OPEC members and nonmember states as requested by financially struggling Venezuela.

Oil Minister Ali al-Omair made the comments Monday in remarks carried by the official

Kuwait News Agency. Al-Omair says since nonmember nations have no obligation to drop their production, an OPEC meeting with them wouldn't make any sense.

He says that "even after OPEC states commit to decreasing production, other states increase their production. This makes us lose market share and opportunities that are hard to compensate."

In Venezuela, where crude oil accounts for 95 percent of all exports, President Nicolas Maduro has urged OPEC to take action to stop oil's declining price, including meeting with nonmembers. But Saudi Arabia and other countries have kept up their production.

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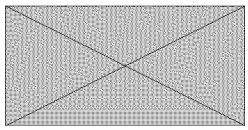

Week in Review – Pope Urges U.S. to Address Climate Change

Hillary Clinton Shares View on Keystone Pipeline.

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'Clean coal' group shedding staff, tightening belt

The American Coalition for Clean Coal Electricity is cutting its management positions, including chief of staff, and taking steps to save on office space expenses, as the industry it represents is struggling, Politico reports.

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Rougher going for energy measure because of Boehner departure?

The impending departure of Speaker John Boehner may open the floodgates to a much more aggressive amendment process surrounding major energy legislation moving through the House, E&E reports.

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Energy Transfer gets Williams at a discount

Williams Cos. rejected a takeover offer from Energy Transfer Equity LP for $48 billion in June, but with oil and gas prices continuing to slide, the firm finally agreed on the move—which will create a huge natural gas pipeline network—for $32.6 billion, The Wall Street Journal reports.

More

Oil down as stocks slump, Chinese data discourages

Tumbling stock market prices and falling profits for Chinese industrial companies sent oil prices sliding Monday, despite estimates of a drawdown in crude stocks at Cushing. West Texas Intermediate crude lost $1.27, or 2.8 percent, to settle at $44.43 a barrel on the Nymex, while in London, Brent fell $1.26 to $47.34, Reuters reports.

More

Halliburton, Baker Hughes offer more sell-offs to placate regulators

Trying to head off antitrust concerns from regulators regarding their proposed merger, oil field services companies Halliburton and Baker Hughes have announced they'll put more businesses up for sale, The Wall Street Journal reports.

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Deep Gulf delivering more oil to Freeport-McMoRan

The Horn Mountain Deep Field could be generating as much as 30,000 barrels of oil equivalent a day for Freeport-McMoRan Oil & Gas, starting to come on line in early 2017, FuelFix reports.

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Sanchez raises cash with asset sale

An affiliate will pay Sanchez Energy Corp. $345 million for midstream assets, including pipelines, in the Eagle Ford Shale, and the company says it will use the money to buy assets and ramp up drilling, FuelFix reports.

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Wal-Mart buying Texas wind power

More than half the output of the new 200-megawatt Logan's Gap wind facility operated by Pattern Energy Group will be purchased by Wal-Mart, in what a company executive is calling "a significant leap forward on our renewable energy journey," Fortune reports.

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SolarCity chief calls California utility rate proposals 'catastrophic'

SolarCity CEO Lyndon Rive says proposals before the California Public Utilities Commission that would increase costs for customers with rooftop solar systems would be "catastrophic" for the industry, the Los Angeles Times reports.

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Energy from train brakes powering London subway stations

A program to recycle energy from train brakes and use it to power stations on the London Underground system has been successfully tested, officials said, hailing its "huge potential," Yahoo News reports.

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Upcoming Events

- Sep. 28, New York City: President Barack Obama to deliver remarks before the United Nations General Assembly. 10:00 am , United Nations.
- Sep. 29, Washington: The House Energy and Commerce Committee to hold a markup session for the North American Energy Security and Infrastructure Act. 4:00 pm , 2123 Rayburn.
- Sep. 29, Washington: The Senate Environment and Public Works Subcommittee on Fisheries, Water and Wildlife to hold a briefing on improvements to the Endangered Species Act. Fish and Wildlife Service Director Dan Ashe, Montana Gov. Steve Bullock and Wyoming Gov. Matt Mead to speak. 2:00 pm , 406 Dirksen.
- Sep. 29, : The Diesel Technology Forum to hold a webinar to provide updates on state plans to maintain grid reliability during sever winter weather. Maryland Energy Administration Program Analyst Mike Jones and Jeff Pillon, director for energy assurance at the National Association of State Energy Officials, to speak. 12:00 pm
- Sep. 29, Washington: The House Natural Resources Subcommittee on Federal Lands to hold a hearing on federal forest management policy. 10:30 am , 1334 Longworth.
- Sep. 29, Washington: The Senate Environment and Public Works Committee to hold an oversight hearing into the economic impact of the Environmental Protection Agency's air quality regulations. Assistant Administrator for Air and Radiation Janet McCabe to testify. 10:00 am , 406 Dirksen.
- Sep. 29, Washington: The House Natural Resources Subcommittee on Water, Power and Oceans to hold a hearing on the economic impact of marine national monument designations. 10:00 am , 1324 Longworth.
- Sep. 29, Washington: The Hill newspaper to hold a forum on federal efforts to limit methane emissions from oil and natural gas operations. Joe Goffman, associate assistant administrator and senior counsel for the Environmental Protection Agency's Office of Air and Radiation, among scheduled speakers. 8:30 am , The Newseum
- Sep. 29, Baltimore: The American Wind Energy Association to hold its Offshore WINDPOWER 2015 Conference and Exhibition. Bureau of Ocean Energy Management Director Abigail Ross Hopper to give keynote address. Conference continues through Wednesday. 8:00 am , Baltimore Convention Center.

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To: Senn, John[Senn.John@epa.gov]; Kelley, Rosemarie[Kelley.Rosemarie@epa.gov]; Conger, Nick[Conger.Nick@epa.gov]; Brooks, Phillip[Brooks.Phillip@epa.gov]; Werner, Jacqueline[Werner.Jacqueline@epa.gov]; Belser, Evan[Belser.Evan@epa.gov]; Kaul, Meetu[Kaul.Meetu@epa.gov]; Orlin, David[Orlin.David@epa.gov]; Kataoka, Mark[Kataoka.Mark@epa.gov]; Valentine, Julia[Valentine.Julia@epa.gov]; Gong, Kristiene[Gong.Kristiene@epa.gov]; Davis, Jay[Davis.Jay@epa.gov]; Abrams, Dan[Abrams.Dan@epa.gov]; Allen, Laura[Allen.Laura@epa.gov]; Lewis, Josh[Lewis.Josh@epa.gov]; Haman, Patricia[Haman.Patricia@epa.gov]; Emmerson, Caroline[Emmerson.Caroline@epa.gov]; Levine, Carolyn[Levine.Carolyn@epa.gov]
From: Stewart, Lori
Sent: Mon 9/28/2015 9:49:48 PM
Subject: FW: OAR Shout Out

All, I am forwarding this to you on behalf of Janet McCabe. Wanted to be sure you had seen it, given that you are acknowledged in her shout out. Sorry for the delay.

Lori Stewart (Janet's Chief of Staff)

From: McCabe, Janet
Sent: Friday, September 25, 2015 1:17 PM
To: OAR-WIDE-EVERYONE; Air Division Directors and Deputies; Giles-AA, Cynthia; Reynolds, Thomas; Vaught, Laura; Schmidt, Lorie
Subject: OAR Shout Out

Dear Colleagues,

By now I'm sure that many of you have seen the news about Volkswagen. This Shout Out goes to the teams in OTAQ, OECA, OGC, OCIR, OPA and our partners at the California Air Resources Board (CARB) who uncovered the problem and worked quickly to bring it to light. Together they showed the world that the United States takes our standards to protect public health very seriously.

Here's a quick summary of what happened. Late last week, the agency issued a "notice of violation" (NOV) of the Clean Air Act to Volkswagen. The NOV alleges that several four-cylinder Volkswagen and Audi diesel cars from model years 2009-2015 are equipped with software that disables the vehicles' emission controls, causing them to emit smog- and soot-forming nitrogen oxides (NOx) at up to 40 times higher than the amount EPA standards allow. The software is smart enough to run the pollution controls during an emissions test, but to shut them off under normal driving conditions. This is what the Clean Air Act calls a "defeat device," and it's illegal.

Tipped off by an independent study from last year, OTAQ and CARB dug deeper, conducted further testing, and started asking the company some important questions. Not until early this

month, after EPA and CARB demanded an explanation for the identified emission problems, did VW admit that the cars in question contained defeat devices.

After this admission, the OTAQ, OECA and CARB teams worked quickly to bring the facts as we knew them to public attention. This led up to last Friday's joint announcement by EPA and CARB.

Less than a week after that announcement, VW had divulged that the defeat device was installed in 11 million of its vehicles sold worldwide, the company's CEO had stepped down, and Germany's president called for an investigation and steps to ensure that this would never happen again.

I want to make clear that these cars are safe and legal to drive. OTAQ is providing information to motorists and will be working with Volkswagen to ensure the company implements a plan to fix these vehicles.

I also want to make clear that the headlines are not why we took action. As OTAQ Director Chris Grundler said to his team and OECA – "we showed, again, that EPA keeps its promises – that we are serious about securing the benefits we predict and promise the public will result from our standards." I couldn't say it any better.

And rest assured, our OTAQ compliance team is already taking steps to enhance our vehicle certification protocol to detect any future attempts at deploying this defeat device. So with that, this Shout Out goes to these folks across EPA and CARB (and we know additional staff will become involved in this over the coming months) - **OTAQ**: Byron Bunker, Janet Cohen, Linc Wehrly, Joel Ball, Jim Snyder, Holly Pugliese, Lee Cook, Ben Hengst, Erin Birgfeld, Tia Sutton, Jennifer France, Trish Suarez, Lisa Sun, David Levin, and Gwen Dietrich; **OECA**: John Senn, Rosemarie Kelley, Nick Conger, Phillip Brooks, Jacqueline Werner, Evan Belser, and Meetu Kaul; **OGC**: David Orlin and Mark Kataoka; **OPA**: Julia Valentine, Kristiene Gong, Jay Davis, Dan Abrams, and Laura Allen; and **OCIR:** Josh Lewis, Pat Haman, Caroline Emmerson, and Carolyn Levine.

See more information on the VW case on our website:
http://www3.epa.gov/otaq/cert/violations.htm.

Have a nice weekend everyone.

Janet

Dealers, Owners Feel Frustr...
File Edit View Favorites Tools Help
ADP Tracker Suggested Sites Free Hotmail RealPlayer
abc NEWS
U.S. World Politics Entertainment Health Tech
Video Live Shows Log In
EXPECT MORE. PAY LESS.
Dealers, Owners Feel Frustrated and Betrayed by VW Scandal
By GILLIAN FLACCUS AND TOM KRISHER, ASSOCIATED PRESS
LOS ANGELES — Sep 24, 2015, 8:38 AM ET
18 SHARES
Bob Rand bought his Volkswagen Passat last year for its clean emissions and high gas mileage. He liked the car so much he convinced his son and a friend to buy one, too.
Now, as Volkswagen comes clean about rigging diesel emissions to pass U.S. tests, Rand is desperately trying to sell the fully loaded model with white leather seats for $10,000 below what he paid. His sole bite has been from a man who offered $7,500 on speculation that he could resell it in Mexico.
"Volkswagen was somebody that you could rely on for cutting-edge products and quality and all those things and now you find out that they're not above lying just flat out," said Rand, who plans to join a class-action lawsuit against VW. "That's probably about as bad a thing as a company can do is lie to your face when you're buying a $35,000 car."
Rand's anger at the world's top-selling car company was echoed Wednesday by private dealers, auto wholesalers and owners across the U.S. as fallout from the smog test trickery mounted.
The U.S. Environmental Protection Agency first disclosed Friday that stealth software makes VW's 2009-2015 model cars powered by 2.0-liter diesel engines run cleaner during emissions tests than in actual driving. On Wednesday, Volkswagen CEO Martin Winterkorn resigned and took responsibility for the "irregularities" found by U.S. inspectors — a scandal that has wiped out billions in the company's market value and raised the possibility of
Dealers, Owners Feel Frustrated and Betrayed by VW Scandal
The New York Times
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Limited time offer
Get 8 Weeks Free
SEE MY OPTIONS
At Least 4 Dead in Seattle Duck Boat Crash
Pope Francis Lands in New York for 2nd Leg of US Trip
The Surprising Act a Mom Did for 2 Women Who Insulted Her
Exclusive: Hear O.J. Talk About Nicole Brown Simpson in Forgotten Tape

From: MSN.com - Hotmail, Outlook, Skype, Bing, Latest News, Photos & Videos
Sent: Mon 9/28/2015 10:04:20 PM
Subject: VW's diesel tax breaks could be a focus for U.S. prosecutors
MAIL_CONVERSATION_TOPIC: VW's diesel tax breaks could be a focus for U.S. prosecutors
Created: Fri 3/18/2016 6:18:07 PM

Volkswagen's (VOWG_p.DE) push to secure tax breaks that kick-started a market for its new diesel cars could now help U.S. investigators build a case against the automaker for deceiving the government about their emissions, lawyers said.

View article...

To: Grundler, Christopher[grundler.christopher@epa.gov]
Cc: Mark Barteau[barteau@umich.edu]; Susan Fancy[sfancy@umich.edu]; John DeCicco[decicco@umich.edu]; Amy Mast[amymast@umich.edu]
From: Thomas Lyon
Sent: Mon 9/28/2015 10:12:39 PM
Subject: Re: Regrets

Until I read some of these stories I did not realize that the VW scandal was really EPA's fault for being "asleep at the switch," as Senator Bill Nelson (D-FL) put it.
Best wishes, Chris!

Tom

On Mon, Sep 28, 2015 at 1:55 PM, Grundler, Christopher <grundler.christopher@epa.gov> wrote:

> I'm not hard to find.....its been 24-7 with no signs of subsiding. My sister lives in Germany and keeps seeing her brothers name in German media.
>
> Christopher Grundler, Director
> Office of Transportation and Air Quality
> U.S. EPA
> 202-564-1682 (DC)
> 734-214-4207 (Ann Arbor)
>
> On Sep 28, 2015, at 10:43 AM, Thomas Lyon <tplyon@umich.edu> wrote:
>
>> Hi Chris,
>> We'll be looking for your name in all the media outlets! Good luck with this process.
>>
>> At UMEI we've been kicking around the idea of hosting a workshop on compliance with EPA regs and what is required to make it work. Maybe something we can discuss after you weather the current storm.
>>
>> Best,
>>
>> Tom
>>
>> On Mon, Sep 28, 2015 at 10:30 AM, Mark Barteau <barteau@umich.edu> wrote:
>>
>>> Chris, I certainly understand! Best of luck navigating the storm. I think the press has missed an important angle - this isn't a matter of fooling the government (which some people may even look favorably upon) but consumer fraud on a massive scale. Hope to have a chance to chat when you come up for air.
>>>
>>> Mark

On 9/28/2015 10:23 AM, Grundler, Christopher wrote:

> Dear Mark
>
> You may have noticed the reporting lately concerning VW. I am in the eye of the this storm and regret that I will be unable to attend our advisory board meeting or the battery event this week. I have been really looking forward to them. I hope to catch up with you both soon.
>
> Chris
>
> Christopher Grundler, Director
> Office of Transportation and Air Quality
> U.S. EPA
> 202-564-1682 (DC)
> 734-214-4207 (Ann Arbor)

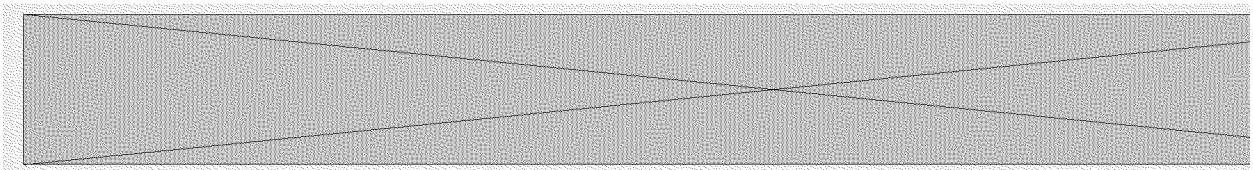
--
Thomas P. Lyon

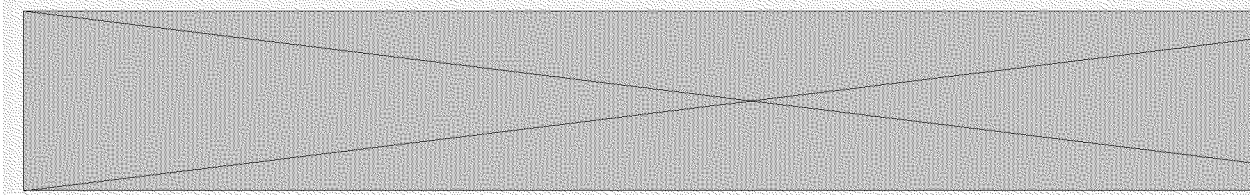
Dow Chair of Sustainable Science, Technology and Policy
Ross School of Business
School of Natural Resources and Environment
University of Michigan
701 Tappan St., Room 6368
Ann Arbor, MI 48409
734-615-1639

--
Thomas P. Lyon

Dow Chair of Sustainable Science, Technology and Policy
Ross School of Business
School of Natural Resources and Environment
University of Michigan
701 Tappan St., Room 6368
Ann Arbor, MI 48409
734-615-1639

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: The Hill
Sent: Mon 9/28/2015 10:36:01 PM
Subject: Overnight Energy & Environment: Shell abandons the Arctic





'SHELL NO,' INDEED: Royal Dutch Shell has abandoned plans to drill for oil in the Arctic Ocean "for the foreseeable future."

Cutting oil & gas methane makes cents. It creates quality manufacturing and service jobs, boosts America's small businesses and saves $1.2 billion in energy waste. Learn more www.EDF.org/methane

SPONSOR-GENERATED CONTENT

Green groups cheered the oil giant's decision on Monday, which came after more than a month of oil exploration in the Chukchi Sea. The company said it found some oil in its exploration well, but not enough to justify the deep costs associated with setting up further drilling operations there.

"Shell continues to see important exploration potential in the basin, and the area is likely to ultimately be of strategic importance to Alaska and the U.S.," Shell Upstream Americas Director Marvin Odum said in a statement.

"However, this is a clearly disappointing exploration outcome for this part of the basin."

Environmentalists, who had slammed Shell for pushing forward with the drilling expedition -- and the Obama administration for green-lighting it -- were pleased with the decision on Monday.

"While this is a victory for everyone who hoped to avoid a catastrophic spill -- or catastrophic climate change -- from Shell's plans, it's also proof positive that drilling in the Arctic is too costly to be effective and a bad bet for other energy companies," said Annie Leonard, the executive director of Greenpeace USA, which led protests against Shell this summer.

Shell and Republicans, though, blamed federal government regulations as among the reasons for abandoning the project.

"It is clear that the federal regulatory environment -- uncertain, ever-changing, and continuing to deteriorate -- was a significant factor in Shell's decision," Sen. Lisa Murkowski (R-Alaska) said.

Read more here and here.

ON TAP TUESDAY I: EPA Acting Assistant Administrator Janet McCabe will testify before the Senate Environment and Public Works Committee on EPA clean air regulations. Committee members, especially Republicans, are expected to push her on forthcoming ozone rules and the Clean Power Plan rule for power plants.

ON TAP TUESDAY II: The Hill hosts an event on methane regulations from the Obama administration. Joe Goffman, the associate assistant administrator and senior counsel at the EPA's Office of Air and Radiation, will be among those speaking. Register here or follow along at @TheHillEvents on Twitter.

Rest of Tuesday's agenda:

A Senate Commerce, Science and Transportation subcommittee will hold a hearing on pipeline safety. Christopher Hart, the chairman of the National Transportation Safety Board, will testify.

Dan Ashe, the director of the Fish and Wildlife Service, and Govs. Matt Mead (R-Wyo.) and Steve Bullock (D-Mont.) will testify at a Senate Environment and Public Works panel hearing on the Endangered Species Act.

A House Natural Resources Committee panel will hold a hearing on forest management.

EPA's Goffman will speak at an Environmental and Energy Study Institute event on state compliance with the Clean Power Plan.

AROUND THE WEB:

The Alaska Daily News reports on the impact Shell's Arctic drilling decision will have on the state's economy.

The United Kingdom will spend $8.8 billion on climate change mitigation efforts in poor countries, the Guardian reports.

Walmart, which is looking to get 100 percent of its energy from renewable sources, will buy 58 percent of the energy produced by a new wind power fleet in Texas, Fortune reports.

IN CASE YOU MISSED IT:

Check out Monday's stories ...

-Obama climate official predicts 'monumental undertaking' at UN
-EPA rolls out pesticide protections for farm workers
-Dems want 'strong' action against Volkswagen
-Alaska senator blames regulations for pushing Shell out of Arctic
-NFWF announces $3.3M in grants to save monarch butterfly
-German prosecutors investigating former Volkswagen CEO
-Brazil announces greenhouse gas emissions goals
-Shell to abandon Arctic drilling efforts
-Week ahead: EPA set to release ozone rule

Please send tips and comments to Timothy Cama, tcama@thehill.com; and Devin Henry, dhenry@thehill.com. Follow us on Twitter: @Timothy_Cama, @dhenry, @thehill

Powering the Economy: A Discussion on Natural Gas, Methane Policy & American Business: On Tuesday, September 29, The Hill hosts a policy discussion on the EPA's recently released methane rule. Administration officials and industry experts discuss how these regulations can be implemented at manageable cost to industry, the role of technology in reducing emissions from natural gas production, and the impact of regulations on the broader economy. Register to attend here: http://thehill.com/event/251988-powering-the-economy-a-discussion-on-natural-gas-methane-policy-american-business

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To: Kaul, Meetu[Kaul.Meetu@epa.gov]
From: Charlie Garlow
Sent: Tue 9/29/2015 1:29:32 AM
Subject: Re: Hello!

Thanks, Meetu,
Who knows what other snakes you may find under those other rocks !

Rock 'em, sock 'em !!
Charlie

On Mon, Sep 28, 2015 at 3:31 PM, Kaul, Meetu <Kaul.Meetu@epa.gov> wrote:

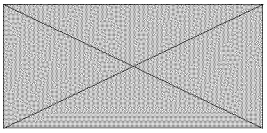
> Hi Charlie! Nice to hear from you!
>
> Thanks for your message but really the credit goes to CARB and WVU and ICCT so far!
>
> Here is the link.
>
> http://www3.epa.gov/otaq/cert/violations.htm
>
> If you scroll down, there is a little "new" indicator by the letter.
>
> ---
>
> Ms.Meetu Kaul, Attorney-Advisor
>
> Air Enforcement Division
> United States Environmental Protection Agency
> Direct: 202-564-5472
> Email: kaul.meetu@epa.gov

To: Grundler, Christopher[grundler.christopher@epa.gov]; Birgfeld, Erin[Birgfeld.Erin@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]
From: Simon, Karl
Sent: Tue 9/29/2015 3:44:29 AM
Subject: Economist story on VW

Just read the story. Pretty good. Highlights potential financial impacts on VW financing arm as well.

Driving Innovation in Clean Transportation

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Environmental Law360
Sent: Tue 9/29/2015 7:33:54 AM
Subject: Shell Pulls Plug On Arctic Drilling After Poor Results



ENVIRONMENTAL

Tuesday, September 29, 2015

TOP NEWS

Shell Pulls Plug On Arctic Drilling After Poor Results

Royal Dutch Shell PLC said Monday that it is abandoning its controversial plans to drill in the Arctic Ocean after striking out on an exploratory well in the Chukchi Sea, handing a win to environmentalists who have fought the energy giant tooth and nail over its Arctic plans.

Pa. Court Denies Reconsideration Bid In EPA Septic-Tank Row

A Pennsylvania federal judge said Friday he will not revive a lawsuit accusing the U.S. Environmental Protection Agency of failing to regulate sewage in waterways because the Clean Water Act does not force the EPA to review any revised or new water quality standard.

Audi Says 2.1M Vehicles Affected By VW Emissions Scandal

Approximately 2.1 million Audi vehicles worldwide were fitted with software designed to cheat federal emissions tests in diesel engines, a company spokesman confirmed Monday, though less than 14,000 are affected in the United States.

NRC Asks DC Circ. Not To Restart Diablo Canyon Permit Suit

The U.S. Nuclear Regulatory Commission asked the D.C. Circuit on Friday not to reactivate an environmental group's suit challenging purported operating license changes for Pacific Gas & Electric Co.'s Diablo Canyon Nuclear Power Plant in California, saying administrative remedies are still pending.

Supreme Court Asked To Decide Sediment Pollution Row

A group of California landowners has asked the U.S. Supreme Court to overturn a state appeals court decision holding that water pollution agencies may consider sediment contamination levels when establishing the total maximum daily load of pollutants allowed in a water body.

LITIGATION

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High Court Urged To Hear Water Districts' Fish Habitat Suit

Several California cities and water agencies have urged the U.S. Supreme Court to take up a dispute rooted in a rule that doubled the size of the habitat of the Santa Ana sucker, a threatened fish unique to a Southern California river.

Feds Say Suit Over Tribal Land Project Targets Proper Parties

The federal government on Friday defended its suit accusing several wind farm developers of infringing the Osage Nation's mineral excavation rights, telling an Oklahoma federal court that it's targeted the proper companies and that its claims have merit.

Teck Calls Tribes' $9.1M Bid For Pollution Suit Costs Improper

A Canadian mining company urged a Washington federal judge Friday to deny the Confederated Tribes of the Colville Reservation's bid for $9.1 million in costs in a dispute over metal waste pollution in the Columbia River, arguing that the tribes cannot reclassify litigation expenses as cleanup-related.

Water District Not Needed In Corps Dispute, 11th Circ. Told

The U.S. Army Corps of Engineers and several environmental groups have asked the Eleventh Circuit not to grant a Florida water district's bid to toss the conservationists' appeal over the Corps' operation of water control structures, saying the case has nothing to do with the district's rights.

DEALS

JinkoSolar To Provide 50MW Of Solar Tech For Mexico Plant

Chinese solar manufacturer JinkoSolar Holding Co. Ltd. said Monday that it has partnered with Mexican conglomerate TSK Group to supply 49.8 megawatts of photovoltaic solar modules for what it says is the largest solar plant in Mexico.

EXPERT ANALYSIS

The Clean Power Plan Will Survive: Part 1

While opponents of the U.S. Environmental Protection Agency have issued several challenges to the Clean Power Plan, each will fail. For example, there is no merit to the argument that the EPA lacks authority under Section 111(d) of the Clean Air Act to regulate carbon emissions from power plants, says Patrick Parenteau, a professor at Vermont Law School.

10 Marketing Tips From A Young Partner Perspective

No one ever told you in law school that once you received the highly coveted associate job in a big firm, that to really succeed at that job and climb the ranks quickly you need to take on a

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Cohen Milstei

Cooley LLP

DLA Piper

Dentor

second job — marketing, says Richard Segal of Kluger Kaplan Silverman Katzen & Levine PL.

LEGAL INDUSTRY

Law360 Ranks The Busiest Patent Practices

There's been no shortage of work for patent lawyers in 2015, with a surge of new complaints hitting courts around the country. Here, Law360 ranks the law firms that picked up the lion's share of patent litigation work in the first half of 2015.

The Firms GCs Turn To When Hit With Patent Suits

With patent litigation on the rise, the companies most targeted by lawsuits have their patent counsel on speed dial. Here are the law firms the 10 most frequently sued companies have called on to defend them in 2015.

The Firms Filing The Most Trademark Cases

Highly specialized boutique law firms led the charge in filing new trademark cases in the first half of 2015, often on behalf of a few top fashion brands like Chanel and Coach. Here, Law360 looks at the firms that have been tapped to handle the suits filed by the most litigious companies in the world of trademarks.

Porn Studio Keeps Law Firms Busy

Critics say porn company Malibu Media is a "copyright troll" that uses mass litigation to extract settlements from Internet users, but the company is showing no signs of stopping. A Law360 report says the litigious studio and a handful of small firms have already filed more than 1,000 suits this year, putting Malibu on track to once again be the most prolific copyright plaintiff in the country.

Law360 Ranks Busiest Bankruptcy Practice Groups

BigLaw behemoths were bested by a group of small but well-located firms that were most often hired to handle major bankruptcy cases in the first half of 2015, according to a new Law360 report.

4 Firms Make $5 Billion Bankruptcy Club

Only four law firms were responsible for more than $5 billion each in debtor's assets for cases filed in the first half of 2015, earning a spot in Law360's first-ever $5 billion bankruptcy club.

The Firms Scoring The Most Ch. 15 Work

A number of big-ticket Chapter 15 petitions were filed in U.S. bankruptcy courts in the first six months of 2015 as foreign companies looked to restructure billions of dollars in debt. Here, Law360 looks at the law firms that managed some of the biggest of these petitions.

Law360 Ranks Busiest Antitrust Plaintiffs Firms

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DLA Piper

Dentor

Five law firms led the pack in launching antitrust litigation in the first half of 2015, filing a spate of follow-on suits over alleged benchmark manipulation and auto parts price-fixing, as well as new cases that include accusations of a group boycott against construction equipment giants. Read on to find out which antitrust plaintiffs firms have been the busiest.

Trial Ace: Weil Gotshal's Diane Sullivan

Many lawyers fresh off a $1 billion win may not be described as "down-to-earth," but colleagues, clients and adversaries of Weil Gotshal & Manges LLP partner Diane P. Sullivan say her lack of an air is the very thing that allows her to dominate in the courtroom.

Most Feared Plaintiffs Firm: Beasley Allen

When bargaining for its $2 billion chunk of this year's proposed $18.7 billion settlement with BP over the Deepwater Horizon oil spill, Alabama got help from Beasley Allen Crow Methvin Portis & Miles PC, a product liability and consumer protection powerhouse that calls the state home.

Hughes Hubbard Lays Off Attys In Kansas City

New York-based Hughes Hubbard & Reed LLP is shrinking its Kansas City, Missouri, office amid a work slowdown, a firm spokesperson confirmed Monday.

Baker & McKenzie Stays On Top Of BigLaw Brands

Baker & McKenzie LLP remains the most widely recognized law firm brand in the world, according to a survey released Monday, with DLA Piper LLP and Clifford Chance LLP also standing out as firms with strong international brands.

Dewey Jury Note Reveals Uncertainty, Dissent

Jurors in the Dewey & LeBoeuf LLP accounting fraud trial sent a note on Monday expressing confusion over their basic duties and hinting at a possible split as deliberations entered an eighth day in New York state court.

Mintz Levin Atty Fired After Divorce Judge's Rebuke

A former Mintz Levin Cohn Ferris Glovsky & Popeo PC patent attorney confirmed Monday that the firm terminated his employment after news broke he'd been sanctioned $10,000 in his own divorce for ethical violations a New York judge said call into question his ability to practice law.

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Redwi & Sherril

Reid & Hellye

Reid Collins

Richar Layton

Rutan & Tucker

Schee & Stone

Sedgw LLP

Shook Hardy

Short Cressr

Simps Thach

Somac Simmc

Spang Law

Stepto & Johnsc PLLC

Tadloc Law Firm

Weil

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White & Case

Wiley Rein

Wilmer

Young Conaw

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Altegri Inc.

Altria Group Inc.

Amazo Inc.

Americ Autom Associ

Apple Inc.

BP p.l.c.

BTI Consu Group Inc.

Barcla PLC

Blue Cross and Blue Shield Associ

Caesa
Enterta

Caesa
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Operat
Co.
Inc.

Caterp
Inc.

Center
for
Biologi
Diversi
Inc.

Chevro
Corpor

China
Develo
Bank

DISH
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Riverk
Netwo

ESPN
Inc.

Enel
SpA

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Gucci
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Diagnc
Labora
Inc.

Hewlet
Packa
Co.

Honey
Interna
Inc.

Huron
Consu
Group
Inc.

JinkoS
Holdin
Co.,
Ltd.

Komat
Ltd.

LG
Electrc
Inc.

LM
Ericss
Teleph
Compa

Linked
Corp.

Mazda
Motor
Corp.

Merck
& Co
Inc.

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Kors
Holdin
Ltd.

Molycc
Inc.

Mount Sinai Hospit

Mylan NV

Natura Resou Defens Counc

New Horizo Capita

PG&E Corpor

Patriot Coal Corp.

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Reyno Americ Inc.

Royal Dutch Shell PLC

Samsu Electro

Sierra Club

SolarC Corp.

Takeda Pharm

The

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Clifford Chance

Cohen Milstein

Cooley LLP

Dentons

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Findlay Craft

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Goodwin Procter

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Kluger Kaplan

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Linklaters

Lipscomb Eisenberg

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Maynard Cooper

McGuireWoods

Mintz Levin

Morris Nichols

Morvillo Abramowitz

Norman Wohlgemuth

Norton Rose Fulbright

Pachulski Stang

Pillsbury Winthrop

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Royal Dutch Shell PLC

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SolarCity Corp.

Takeda Pharmaceutical

The Wet Seal Inc.

United Continental Holdings Inc.

Volvo AB

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U.S. Supreme Court

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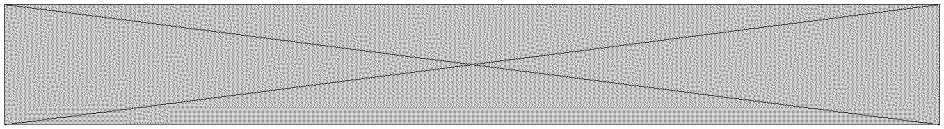
To: Grundler, Christopher[grundler.christopher@epa.gov]
From: NGT News
Sent: Tue 9/29/2015 9:21:16 AM
Subject: CARB Revamps Clean Fuel Standard

To ensure delivery directly to your inbox, please add headlines@ngtnews.com to your address book today.



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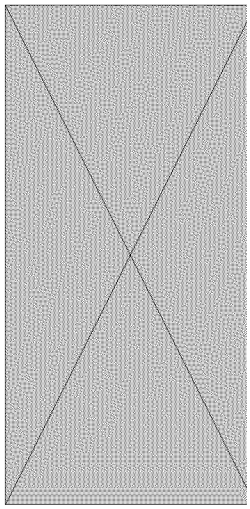
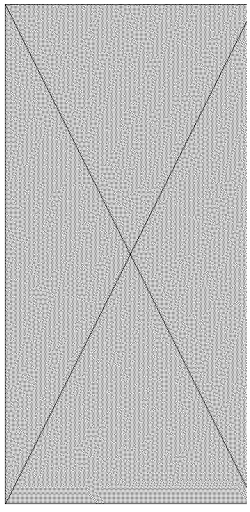
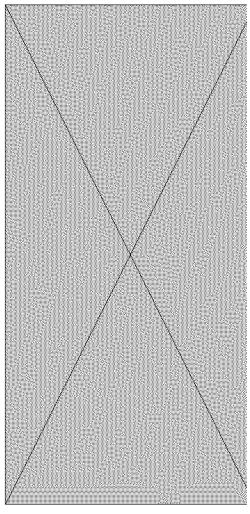
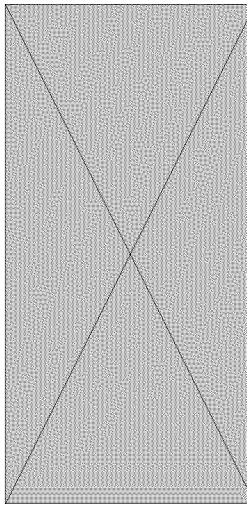
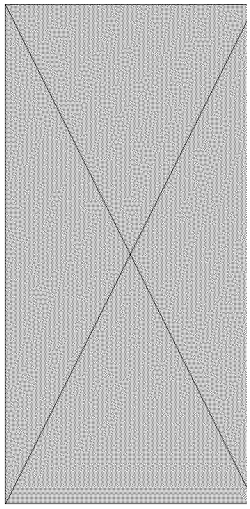










CARB Revamps Clean Fuel Standard

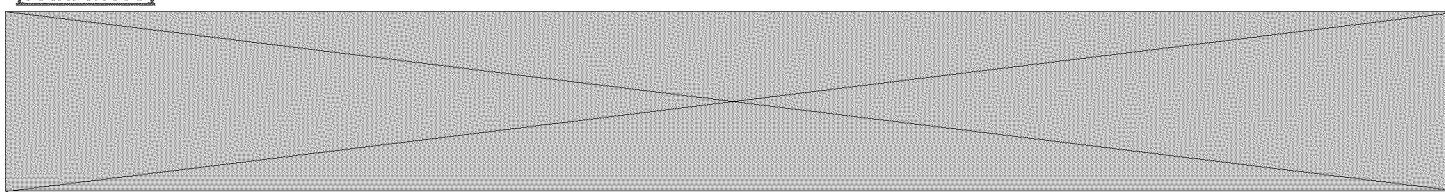
on 28 Sep 2015 by NGTNews

The California Air Resources Board (CARB) has unanimously voted to push forward with the state's controversial Low Carbon Fuel Standard (LCFS), which requires a 10% reduction by 2020 in the carbon intensity of transportation fuels in California. Furthermore, the agency also adopted a regulation governing alternative diesel fuels (ADFs). Established in 2007 by an executive order [read more]

Coalition Urges NCWM to Reconsider LNG Standard

on 25 Sep 2015 by NGTNews

A coalition including the American Public Gas Association (APGA), NGVAmerica and the American Trucking Association, among other groups, has signed a joint letter to the National Conference on Weights and Measures (NCWM), urging the organization to establish a national diesel gallon equivalent (DGE) standard for the dispensing of liquefied natural gas (LNG) as a transportation fuel. [read more]



FTA Offering More Grants for Alt-Fuel Transit Buses

on 28 Sep 2015 by NGTNews

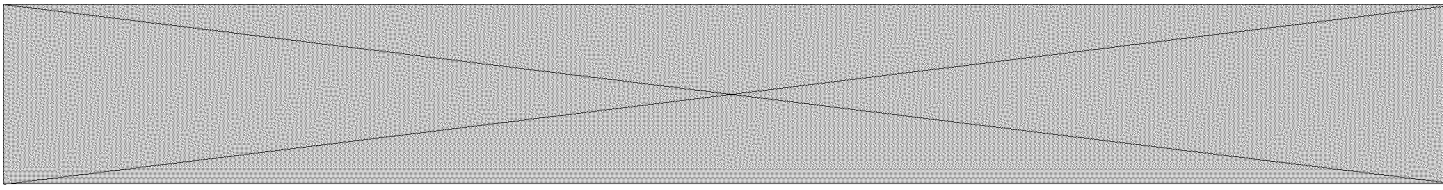
The U.S. Department of Transportation's Federal Transit Administration (FTA) has announced the latest round of funding under its Low or No Emission Vehicle Deployment Program (LoNo). The agency is making $22.5 million in new grants available to help deploy transit buses powered by

Raven Transport Rises to the Challenge with LNG Fleet

Plug Power's fuel cell business to the Hydrogen Fuel electric and hybrid engines. [read more]

on 28 Sep 2015 by NGTNews

In a new post on its website, natural gas refueling station developer Clean Energy Fuels Corp. highlights customer Raven Transport's big switch to liquefied natural gas (LNG). According to Clean Energy, Florida-based Raven Transport has a fleet of more than 500 trucks, 180 of which are powered by LNG. The carrier began its transition with 30 [read more]



Cenergy Opens ANG Test Center, Provides Tech Updates

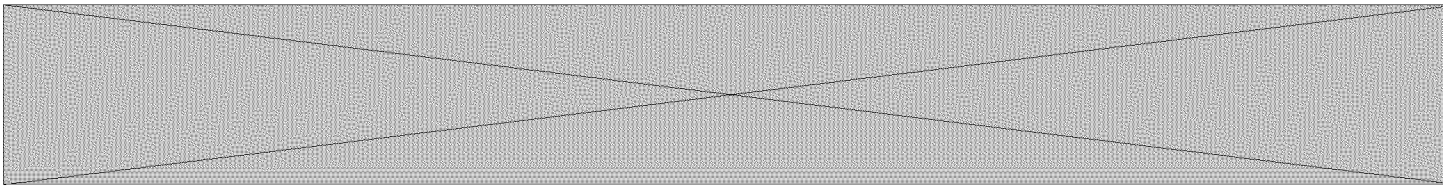
on 28 Sep 2015 by NGTNews

Nevada-based Cenergy Solutions has opened a new adsorbent natural gas (ANG) testing center in Fremont, Calif. The company says the technology developed and commercialized at the facility will enable consumers and businesses to transition gasoline and diesel vehicles to use natural gas and refuel at their homes and offices. Cenergy Solutions is also having its Generation [read more]

U.S. Gain and Questar Fueling Partner in Kansas City

on 28 Sep 2015 by NGTNews

U.S. Gain has partnered with Questar Fueling Co., a subsidiary of Utah-based Questar Corp., to add the GAIN Clean Fuel compressed natural gas (CNG) brand to an existing Questar Fueling CNG station in Kansas City, Kan. Questar Fueling opened the public-access station, located at 6580 Kansas Ave., last year. The facility offers six high-speed fueling lanes [read more]



CarterEnergy Opens Its First Public CNG Station

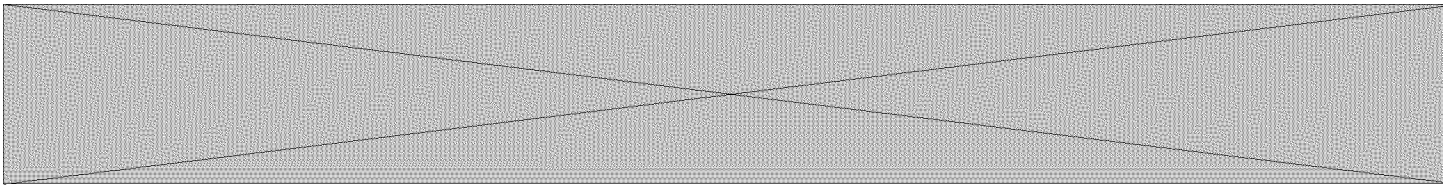
on 28 Sep 2015 by NGTNews

CarterEnergy, a division of World Fuel Services Corp., recently celebrated the grand opening of its first public-access compressed natural gas (CNG) station, located at 401 Kindleberger Rd., Kansas City, Kan. The station was built just north of CarterEnergy's new product distribution center in the Fairfax district and will provide a resource for area fleets to fuel [read more]

New CNG Shuttle Fleet for Burbank Bob Hope Airport

on 25 Sep 2015 by NGTNews

The Burbank-Glendale-Pasadena Airport Authority has awarded a $11.97 million, five-year contract to MV Transportation Inc. to provide courtesy shuttle services with a new fleet of compressed natural gas (CNG)-powered vehicles at the Burbank Bob Hope Airport in California. MV Transportation, which currently operates BurbankBus and the Glendale Beeline, will provide the airport with a model-year 2016 [read more]



N.J. Utility and Waste Management Open Public CNG Station

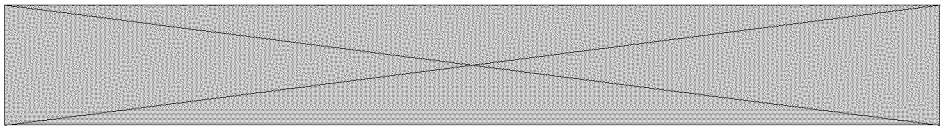
on 24 Sep 2015 by NGTNews

Under a pilot program, New Jersey Natural Gas (NJNG) has opened the first public-access compressed natural gas (CNG) fueling station to be located in Ocean County, N.J. The station is sited at a Waste Management Inc. facility in Toms River. "Throughout our history, New Jersey Natural Gas has celebrated many milestones, but to be part of [read more]

SoCalGas and City of Monterey Park Cut Ribbon on CNG Station

on 24 Sep 2015 by NGTNews

Southern California Gas Co. (SoCalGas) has completed a public-access compressed natural gas (CNG) fueling station for the City of Monterey Park, Calif. The facility, located at 751 S. Alhambra Ave., will support the operation of the city's Spirit bus fleet and other natural gas vehicles (NGVs). SoCalGas says the station is designed to meet the needs [read more]



Ricardo Participates in EU Heavy-Duty NGV Research

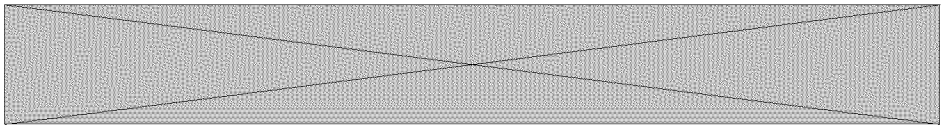
on 24 Sep 2015 by NGTNews

Ricardo has announced it is one of 19 collaborating commercial and academic partners participating in the European Commission's Horizon 2020 Green Vehicle Initiative project called HDGAS. According to Ricardo, HDGAS aims to develop, demonstrate and optimize advanced powertrain concepts for dual-fuel and dedicated natural gas heavy-duty vehicles. The primary objectives of HDGAS are to develop technologies [read more]

Nonprofit Defends Clean Diesel Vehicles in Wake of VW Scandal

on 24 Sep 2015 by NGTNews

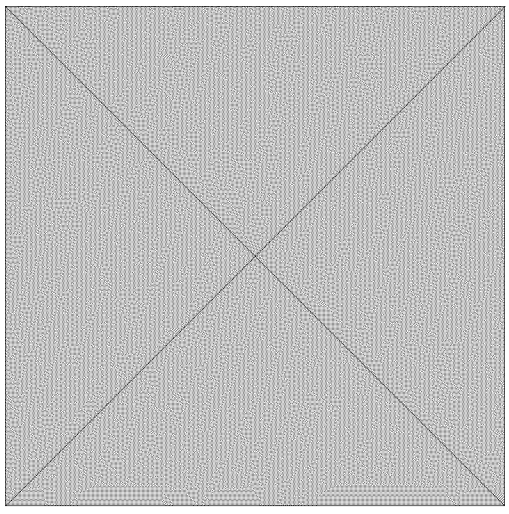
As the Volkswagen diesel car emissions scandal continues to make headlines around the world, nonprofit organization the Diesel Technology Forum has issued a statement regarding clean diesel vehicles in the U.S. Although the group notes it "does not comment on specific cases or circumstances involving individual companies and enforcement actions by the government," the organization says, [read more]

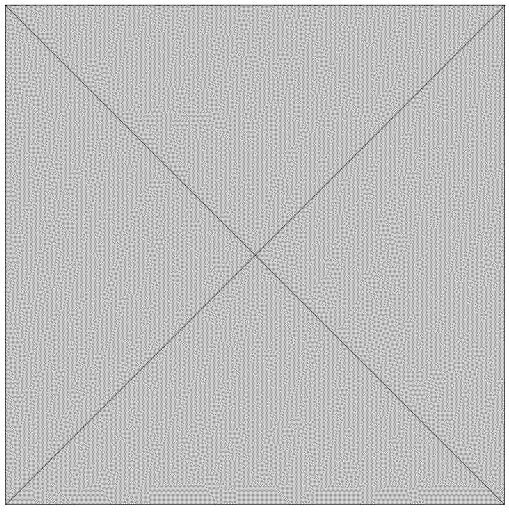


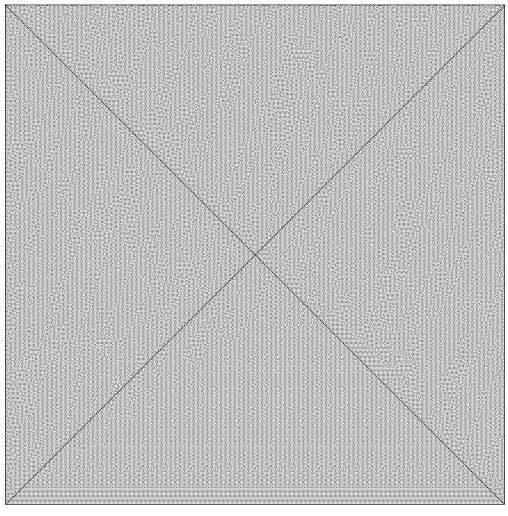
American Natural Gas Hires New VP for Business Development

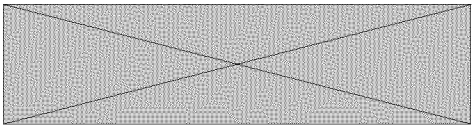
on 24 Sep 2015 by NGTNews

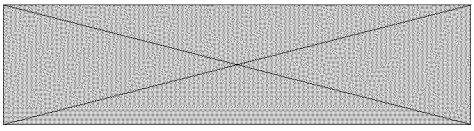
American Natural Gas (ANG), a New York-based company focused on providing natural gas refueling solutions, has hired James Norris as vice president of business and strategic development. Before joining ANG, Norris was a business development manager in the Mid-Atlantic region for Clean Energy Fuels Corp., where he was the recipient of the Boone Pickens Award for [read more]

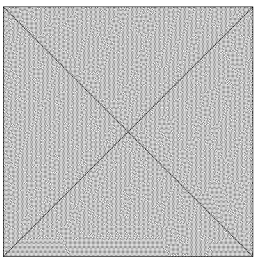


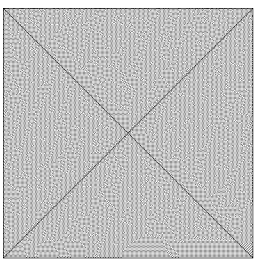


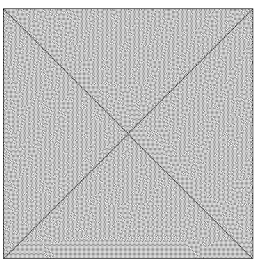


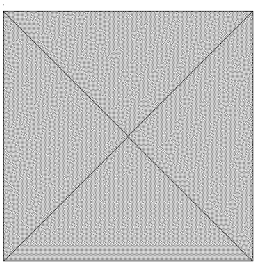


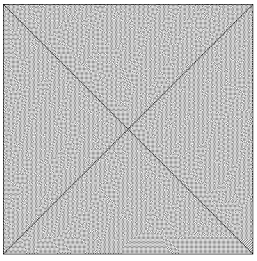


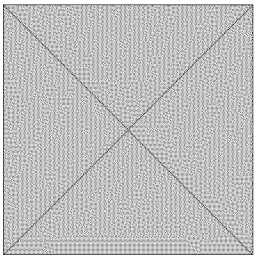


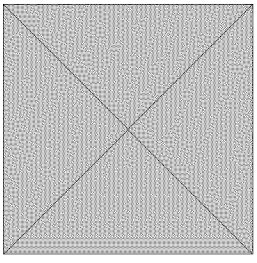


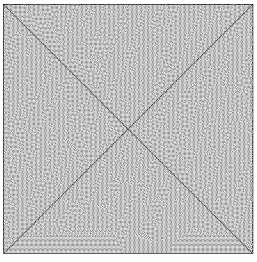


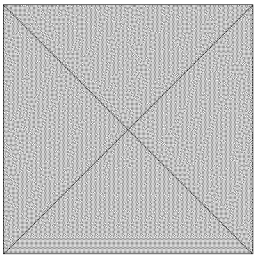


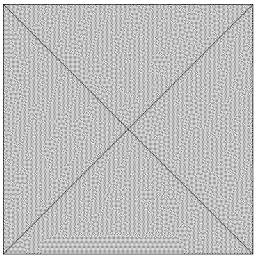


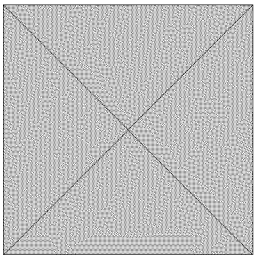


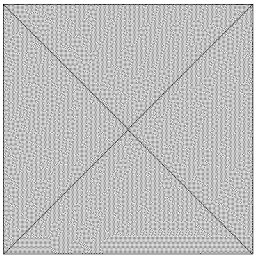


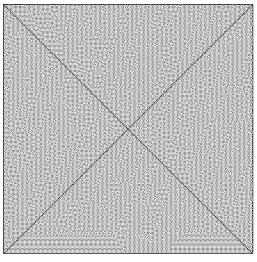


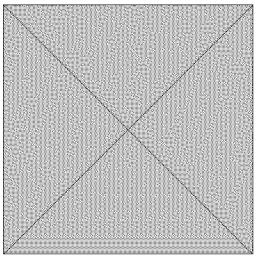












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To: Grundler, Christopher[grundler.christopher@epa.gov]
Cc: Charmley, William[charmley.william@epa.gov]
From: Hengst, Benjamin
Sent: Tue 9/29/2015 11:29:37 AM
Subject: Re: HEC

What I heard yesterday is that the VW hearing is likely on the 8th (Thursday).

Chris undid you get an email on this from Janet yet?

> On Sep 28, 2015, at 10:54 PM, Grundler, Christopher <grundler.christopher@epa.gov> wrote:
>
> I need to make a call tomorrow whether I will bail on the MTE meeting at Honda scheduled for Oct 7 in Ohio. Let's confer tomorrow
>
> Christopher Grundler, Director
> Office of Transportation and Air Quality
> U.S. EPA
> 202-564-1682 (DC)
> 734-214-4207 (Ann Arbor)

Ex. 5

> On Sep 29, 2015, at 7:29 AM, Hengst, Benjamin <Hengst.Benjamin@epa.gov> wrote:
>
> What I heard yesterday is that the VW hearing is likely on the 8th (Thursday).
>

Ex. 5

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: E&E Publishing
Sent: Tue 9/29/2015 11:36:35 AM
Subject: September 29 -- E&E Daily is ready

Read today's E&E Daily on the web

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E&E DAILY — Tue., September 29, 2015

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Highway, Ex-Im bills may resurface before Boehner leaves

The upcoming departure of Speaker John Boehner (R-Ohio) may breathe new life into efforts to move a long-term highway bill and extension of the Export-Import Bank of the United States, lawmakers said yesterday.

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McCarthy shoring up support in speaker's race

3.POLITICS:

Industry dollars flow to aspiring House leaders

4.ENDANGERED SPECIES:

92 House Dems ask Obama to veto bills with anti-ESA riders

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5.APPROPRIATIONS:

Stopgap funding clears Senate hurdle

6.AIR POLLUTION:

Senators urge DOJ to strongly penalize Volkswagen

7.NATURAL GAS:

Industry pushes back in face of possible pipeline safety bill

ADVOCACY

8.COAL:

Advocacy group to slash staff in market downturn

E&ETV'S ONPOINT

9.INTERNATIONAL:

Maldives' foreign secretary discusses outlook for island nations ahead of Paris meeting

UPCOMING HEARINGS AND MARKUPS

10.CALENDAR:

Activity for September 28 - October 4, 2015

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Sent: Tue 9/29/2015 11:41:39 AM
Subject: Grundler, Christopher Calendar
Grundler Christopher Calendar.ics

CHRISTOPHER GRUNDLER

TUESDAY, SEPTEMBER 29, 2015

CALENDAR

DC OFFICE

9:00 AM – 10:00 AMVOLVO GROUP

Location: RM. 6520 DC/RM. C-174 DOD AA

10:00 AM – 10:30 AM Meeting with Volvo Group North America

Location: ALM Conference Room

11:00 AM – 12:00 PM Monthly Ports Update

Location: RM. 6520 DC/RM. C-174 DOD AA

12:00 PM – 1:00 PM MANAGEMENT TIME

1:00 PM – 2:00 PM WEEKLY PRE-BRIEF FOR JANET RFS MEETINGS

Location: RM. 6520 DC/RM. C-174 DOD AA

2:00 PM – 2:30 PM Call with Bill Ross

By Telephone: Bill Ross will initiate call on:

202 564-1682

2:30 PM – 3:00 PM Pre-Brief: NACAA

Location: RM. 6520 DC/RM. C-174 DOD AA

3:00 PM – 3:45 PM DMCA Waiver and VW

Location: RM. 6520 DC/RM. C-174 DOD AA

4:00 PM – 5:00 PM Pre-Brief: HONDA

Location: RM. 6520 DC/RM. C-174 DOD AA

By Telephone: 866 299-3188

Access Code: **Non-Responsive**

Gwen Stewart

Office of Transportation and Air Quality

202 564-1682 – Telephone

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Stewart.gwen@epa.gov

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NEWS UPDATE September 29, 2015

Omaha Fuel Tests Indicate High Level of Toxics in Base Gasoline

By Nebraska Ethanol Board • • Posted September 29, 2015

Does Omaha have bad gas? According to recent fuel tests, it does—at least in terms of the levels of toxic substances, which approached 30 percent by volume in base gasoline. But adding ethanol to gasoline significantly lowers the health threat of the fuel we put in our vehicles. In early July, four fuel samples were pulled from the Magellan fuel terminal in Omaha. The samples were independently tested by Midwest Laboratories in Omaha. [read more …]

Ex-Volkswagen CEO facing criminal probe

Sean Reilly, E&E reporter • • Posted September 29, 2015

German prosecutors have opened a preliminary investigation into any role that Martin Winterkorn, former chief executive officer of Volkswagen AG, may have had in an emissions cheating scheme affecting millions of diesel-powered vehicles. The inquiry will focus on who bears responsibility for rigging the cars to evade testing requirements, according to a news release today from the prosecutor's office in the central German city of Braunschweig, not far from Volkswagen AG's corporate headquarters in Wolfsburg. [read more …]

North Dakota getting more ethanol blender pumps

By JESSICA HOLDMAN – Associated Press • • Posted September 29, 2015

2007, Petro Serve USA has installed 80 ethanol blender pumps at its 24 North Dakota locations – some with the help of grants, others purchased outright. "Those pumps have

worked spectacularly for us," said CEO Kent Satrang.
[read more …]

N.D.'s boom-time governor confronts the oil bust

Mike Lee, E&E reporter • • Posted September 29, 2015

Minutes after Gov. Jack Dalrymple got through presiding over a vote to change the state's rules on natural gas flaring, he got an earful from a constituent. Technically, the audience isn't allowed to speak during meetings of the Industrial Commission, which oversees oil and gas regulation. The Republican governor chairs the three-member commission, which had just approved a compromise giving the industry relief from an interim goal to capture natural gas in the oil field, in exchange for further cuts over the long term. Case closed [read more …]

US ethanol production falls 2% to annualized rate of 14.59 billion gallons

By Biofuels Digest • • Posted September 29, 2015

According to EIA data as analyzed by the Renewable Fuels Association, ethanol production averaged 938,000 barrels per day (b/d)—or 39.40 million gallons daily. That is down 23,000 b/d from the week before. The four-week average for ethanol production stood at 952,000 b/d for an annualized rate of 14.59 billion gallons. Stocks of ethanol stood at 18.9 million barrels. That is a 3.3% increase from last week. Imports of ethanol were 44,000 b/d for the week. [read more …]

Panel to take second shot at sweeping bill this week

Hannah Northey, E&E reporter • • Posted September 29, 2015

The House Energy and Commerce Committee this week will try its hand once again at marking up a voluminous and contentious energy package after punting the job earlier this month. Democrats and Republicans will likely air their differing views about how energy legislation should tackle the issues of climate change, market reform and the nation's energy mix when opening statements are heard beginning tomorrow.
[read more …]

Note: News clips provided do not necessarily reflect the views of coalition or its member governors.
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By Colleen Leahy

Today's Washington Brief

- Republican presidential candidate Jeb Bush's energy policy would lift the ban on U.S. oil exports and restrictions on natural gas exports, peel back the Obama administration's Clean Power Plan and approve the Keystone XL pipeline. (Reuters)

- The House Energy and Commerce Committee today will consider comprehensive energy legislation that could be on the House floor in the next couple of weeks. The bill covers issues such as energy efficiency and infrastructure but leaves out more controversial matters like the Keystone XL pipeline. (Morning Consult)

- The Washington-based American Coalition for Clean Coal Electricity will cut half of its employees, including its chief of staff. (Politico)

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- Natural gas transportation company Energy Transfer Equity is acquiring pipeline operator Williams Cos. for approximately $32.61 billion. The combined businesses will be one of the five largest energy companies in the world. (CNBC)

- Oilfield-services companies Halliburton Co. and Baker Hughes Inc. are shedding a handful of businesses, which they said brought in $5.2 billion in 2013, as they seek regulatory approval for their $35 billion merger. (The Wall Street Journal)

Today's Chart Review

Climate Scoreboard
Climate Interactive

Mark Your Calendars (All Times Eastern)

Tuesday
AWEA Offshore WINDPOWER conference @ 8 a.m.
Wilson Center talk on decarbonizing China's power sector @ 9 a.m.
Senate EPW hearing on Obama's air agenda and the economy @ 10 a.m.
House E&C comprehensive energy legislation H.R. 8 markup @ 10 a.m.
House Natural Resources oversight hearing on federal forest management @ 10:30 a.m.
Carnegie Endowment discussion of problems with Japan's plutonium production @ 12:30 p.m.
EESI briefing on state compliance with the Clean Power Plan @ 1 p.m.
NRC meeting with Dominion Virginia Power to discuss North Anna Power Station Part 72 license renewal @ 1 p.m.
Senate EPW Fisheries, Water and Wildlife Subcommittee briefing on the Endangered Species Act @ 2 p.m.
House Natural Resources Indian, Insular and Alaska Native Affairs Subcommittee legislative hearing on federal recognition extension @ 2 p.m.
Brookings forum on natural resource management @ 2 p.m.
Sen. Commerce hearing on pipeline safety @ 2:30 p.m.
ICF webinar on PJM's capacity auction @ 2:30 p.m.
Atlantic Council discussion on nuclear energy in China @ 3:30 p.m.
FERC scoping meeting for Northeast Energy Direct Project in Rindge, N.H. @ 6 p.m.

Wednesday
AWEA Offshore WINDPOWER conference @ 8 a.m.
NRC teleconference on the Watts Bar Nuclear Plant with TN Valley Authority @ 9 a.m.
Washington Ideas Forum @ 9 a.m.
Senate EPW oversight of Army Corps of Engineers' involvement in redefining Waters of the U.S. rule @ 10 a.m.
House Natural Resources oversight hearing on state authority over resource management and energy development @ 10 a.m.
House E&C comprehensive energy legislation H.R. 8 markup @ 10 a.m.
Columbia Center on Global Energy Policy Women in Energy lunch @ 12 p.m.
Wilson Center workshop on visual media for environmental nonprofits @ 12 p.m.
Greater Houston Partnership presentation on the crude oil ban @ 12:30 p.m.
Clean Energy States Alliance webinar on the energy storage market @ 1 p.m.
AWEA webinar on blade design technology @ 2 p.m.
Wilson Center discussion on algae and climate change @ 3 p.m.
FERC scoping meeting for Southeast Market Pipelines Project in Valdosta, Ga. @ 6

p.m.

Thursday
WRI discussion of climate change and the global economy @ 8:30 a.m.
NRC overview of low-level waste, spent fuel storage and transportation business lines @ 9 a.m.
Washington Ideas Forum @ 9 a.m.
Politico conversation: America's Energy Agenda: What's Next? @ 9 a.m.
Senate Small Business hearing on the Gold King Mine spill's effects on small businesses @ 10 a.m.
FERC hearing for Guttman Energy Inc. and PBF Holding Com @ 10 a.m.
USEA presentation of Shale Gas Innovation Contest winners' work @ 10 a.m.
Bipartisan Policy Center talk with Southern Co. CEO Tom Fanning on energy innovation @ 10:30 a.m.
Environmental Law Institute public seminar on the pope's position on climate change and economic disparities @ 12 p.m.
Columbia Center on Global Energy Policy conversation with Zhang Guobao on China's energy future @ 5 p.m.

Friday
FERC hearing for Guttman Energy Inc. and PBF Holding Com @ 10 a.m.

General

Jeb Bush energy plan emphasizes jobs, lower prices
Steve Holland, Reuters

Republican U.S. presidential candidate Jeb Bush will lay out energy policy proposals on Tuesday that seek to spur job growth and take aim at President Barack Obama's plan to limit carbon emissions from power plants. In details of his plan released by his campaign, Bush will call for lifting a U.S. ban on crude oil exports and lift restrictions on natural gas exports that have made it harder to export energy to countries like Japan, China and the European Union.

As governor, Bush sided with campaign contributor on delaying Everglades pollution cleanup
Craig Pittman, Tampa Bay Times

During Bush's eight years as governor, he left a distinctive mark on several environmental programs. By far his most ambitious project was the Comprehensive Everglades Restoration Program. A crucial ally in getting the legislation passed was the sugar industry.

House Energy Bill Slated for Full Committee Vote
Deirdra O'Regan, Morning Consult

The House Energy and Commerce Committee will vote Wednesday on a multi-faceted energy bill with broad bipartisan support. The committee will begin consideration Tuesday at a meeting that is likely to be dominated by the other item on the agenda — legislation that would take federal money away from Planned Parenthood.

Obama: Trade would hold back the 'ravages' of climate change
John Siciliano, Washington Examiner

President Obama said Monday that breaking down trade barriers would protect future generations from the "ravages" of climate change. "We can roll back the pollution that we put in our skies and help economies lift people out of poverty without condemning our children to the ravages of an ever-warming climate," Obama told the United Nations General Assembly in New York.

Morgan Stanley Has Given Up on Energy Stocks
Luke Kawa, Bloomberg News

Towards the beginning of 2015, with crude oil prices in free-fall, Morgan Stanley's equity strategy team made a bold call, upgrading the energy sector to overweight. Now, in a display of candor that's rare on Wall Street, chief U.S. equity strategist Adam Parker is waving the white flag.

Assessing the Human Toll of Volkswagen's Diesel Deception
Margot Sanger-Katz andJohn Schwartz, The New York Times

Unlike the ignition defect in General Motors vehicles that caused at least 124 people to die in car crashes, Volkswagen pollution is harder to link to individual deaths. But it is clear to public health researchers that the air pollutants the cars illegally emitted damage health, and they have formulas to calculate the lives lost from excess pollution. After consulting with several experts in modeling the health effects of air pollutants, we calculated a death toll in the United States that, at its upper range, isn't far off from that caused by the G.M. defect.

Senate advances bill to prevent shutdown
Jordain Carney, The Hill

A short-term bill to fund the government through Dec. 11 overcame a key procedural hurdle in the Senate on Monday, just days before the deadline to avoid a shutdown. Senators voted 77-19 to end debate on the continuing resolution (CR) to fund the government. The move paves the way for final passage before the Oct. 1 deadline.

U.S. Index Futures Rebound as Investors Pause After Selloff
Alan Soughley and Camila Russo, Bloomberg News

U.S. stock-index futures rose, as investors kept faith in the world's biggest economy, betting that the selloff that sent equities to a one-month low was overdone. Standard & Poor's 500 Index E-mini contracts expiring in December rose 0.5 percent to 1,881.75 at 7:22 a.m. in New York, reversing an earlier drop of as much as 0.6 percent. Stocks slid on Monday as global equities tumbled amid a rout in commodity and biotechnology shares. Futures on the Dow Jones Industrial Average increased 60 points, or 0.4 percent, to 15,969, today.

Oil & Natural Gas

Oil rises as tighter U.S. market offsets Asia woes
Christopher Johnson, Reuters

Oil prices rose on Tuesday after evidence of tightening supplies in the United States, the world's biggest oil consumer, outweighed concerns over the health of the Chinese economy. China's giant manufacturing sector is shrinking, economists say, as domestic demand falters, fanning concern that the economy may be slowing more sharply than feared.

Energy Transfer Equity buying Williams Cos. for $32.61B
The Associated Press

Energy Transfer Equity is buying pipeline operator The Williams Cos. for approximately $32.61 billion. The companies said Monday that the combination creates one of the five biggest energy companies in the world.

Murkowski calls Shell pull-out a 'kick in the gut'
Liz Ruskin, Alaska Public Radio Network

Murkowski says dry holes are a fact of oil exploration, but she blames the federal government for curtailing Shell, and for frustrating Alaskan efforts to portray itself as open for business. "You've got a very, very difficult federal regulatory environment that can chase that business away," she said. "And we saw that over the course of seven years and $7 billion of commitment from Shell."

Halliburton, Baker Hughes to Sell More Businesses
Chelsea Dulaney, The Wall Street Journal

Halliburton Co. and Baker Hughes Inc. said Monday that they plan to unload a handful of other businesses as they continue to seek regulatory approval for their $35 billion merger. The companies said they plan to sell Halliburton's expandable liner hangers business; Baker Hughes's core completions business, which includes its packers, flow control tools and subsurface safety systems; Baker Hughes's sand control business in the Gulf of Mexico; and Baker Hughes's offshore cementing businesses in Australia, Brazil, the Gulf of Mexico, Norway and the United Kingdom.

Oil Traders May Look to the Sea for Profit Amid Price Collapse
Ben Sharples and Naomi Christie, Bloomberg News

While traders are already cashing in on the surplus by housing oil in onshore tanks across the globe — including on the tiny Caribbean island of St. Lucia — expanding the storage to tankers at sea may near a point where it becomes profitable, according to Citigroup Inc., Goldman Sachs Group Inc. and IHS Maritime & Trade. A structure called contango, when the price of a commodity to be delivered in the future is higher than if it was sold today, has been moving in the right direction.

Utilities & Infrastructure

Exelon asks DC regulators to reconsider vote on merger with Pepco
Thomas Heath, The Washington Post

Exelon on Monday filed a request with the D.C. Public Service Commission to resurrect its proposed $6.4 billion merger with Pepco, arguing the regulator erred in blocking the deal one month ago. At the same time, D.C. Mayor Muriel E. Bowser (D) signaled that her administration is in talks with the utilities to reach a settlement that could save the deal.

Size often matters for water utilities
Adam Wagner, Star News Online

Brunswick is emblematic of a national trend of consolidation among water and sewer utilities, one that experts and government officials alike say often occurs when smaller systems begin to show their age and need improvements that they either can't afford or don't want to pass along to a tiny customer base in the form of possibly steep rate hikes.

Renewables

Feds to Lease Land for NJ Offshore Wind
Carl Weinschenk, Energy Manager Today

The federal government is lending a hand to the struggling wind energy sector by leasing almost 350 acres of the ocean floor off the New Jersey coast for turbines. The plan is to auction two leases between Nov. 9-13.

APS withdraws controversial solar grid fee request
Krysti Shallenberger, Utility Dive

Arizona Public Service filed a request last Friday to withdraw its its proposed $21 grid

access fee if the state's utility regulators continue hearings on cost-of-service analysis for distributed solar. APS's move follows complaints from two former commissioners and solar advocates earlier this month that alleged bias against rooftop solar from three sitting commissioners on the Arizona Corporation Commission.

Vermont's updated energy plan reaffirms 90% renewable goal
Robert Walton, Utility Dive

On the road to 90% renewables, the plan sets interim goals of 25% by 2025 and 40% by 2035. And by 2025, the state wants to see at least 10% of transportation powered by clean energy, 30% of building energy demands met with it, and 67% renewable electric power.

Coal

'Clean coal' group downsizing amid industry struggles
Darren Samuelsohn, Politico

A leading "clean coal" lobbying shop is cutting half its staff and reorganizing to reflect the U.S. coal industry's market losses and the industry's continued financial struggles. The 22-year-old American Coalition for Clean Coal Electricity will lay off its chief of staff and also plans to eliminate several middle-management positions.

Nuclear

Entergy Seals Deal With New Hampshire Over Yankee Emergency Zone
Howard Weiss-Tisman, Vermont Public Radio

Entergy Vermont Yankee has reached an agreement with the state of New Hampshire over the company's request to reduce the emergency planning zone, or EPZ, around the closed nuclear power plant in Vernon. Entergy says the 10-mile EPZ should be eliminated after April 2016 as the plant undergoes decommissioning and the risk of a nuclear emergency is reduced.

Climate

Big Banks Call For 'Strong' Climate Deal
Ben Walsh, Huffington Post

Six big U.S. banks called for a "strong global climate agreement" in a statement Monday, with Bank of America, Citi, JPMorgan Chase, Goldman Sachs, Morgan Stanley and Wells Fargo arguing in a joint release that government action, in addition

to private business investment, is needed to address climate change.

Many Conservative Republicans Believe Climate Change Is a Real Threat
Coral Davenport, The New York Times

A majority of Republicans — including 54 percent of self-described conservative Republicans — believe the world's climate is changing and that mankind plays some role in the change, according to a new survey conducted by three prominent Republican pollsters. The results echo a number of other recent surveys concluding that despite the talk of many of the party's candidates, a significant number of Republicans and independent voters are inclined to support candidates who would back some form of climate action.

With cap and trade plan, China adopts emissions policy that couldn't get through U.S. Congress
Steven Mufson, The Washington Post

China may be the world's largest greenhouse gas producer, but Chinese President Xi Jinping is likely to make his new commitment to introduce a nationwide cap and trade program to limit greenhouse gas emissions a centerpiece of his speech at the United Nations General Assembly. But far from the television lights of New York, the effectiveness of an emissions trading system, now being used by seven Chinese cities, will hinge on how the system is designed and implemented.

Opinions, Editorials & Perspectives

Why the Pope is wrong about climate
Michael Grunwald, Politico

I figured I ought to read what His Holiness actually wrote his 184-page encyclical known as *Laudato Si*. And, it's, um, well…how to put this delicately…unusual?

Why Shell Has Gone Cold on the Arctic
Helen Thomas, The Wall Street Journal

Investors and activists both had something to celebrate Monday after Royal Dutch Shell ended its controversial program of exploration in the Arctic. Backing away from the Arctic is a step in the right direction.

Here's What Will Happen with the EPA Ozone Rule
Gretchen Goldman, Union of Concerned Scientists

Some sources are reporting that the agency is likely to go with 70 parts per billion (ppb) as the new standard. Other sources suggest that the White House is pushing the agency to instead go with a 68-ppb standard. What's the difference in those two

ppb? Both science and politics.

Congress must hold EPA responsible for its own environmental disaster
Steve Forbes, Fox News

The EPA's response to its own environmental disaster has been anything but honest, transparent or thorough. Many Colorado families, including members of the Navajo Nation and residents of nearby Silverton, are wondering if the EPA will ever hold anyone accountable. I'm not holding my breath.

Need Energy? Look to the sun
Mark Buchanan, Bloomberg View

When world leaders assemble in Paris next month for the United Nations Climate Conference, they will have to consider a difficult issue: Where humans will get enough energy to meet their needs without destroying the planet. From a purely scientific perspective, solar is the only solution.

Start Teaching Medical Professionals to Get Ready for Climate Change
Kathleen Potempa, The Wall Street Journal

Heat-related illnesses present a variety of symptoms and can exacerbate existing chronic conditions. We who are responsible for educating future clinicians must ensure they will have the skills to meet the changing health needs of their patients and communities.

Research Reports, Issue Briefs & Case Studies

Economic impacts of carbon dioxide and methane released from thawing permafrost
Chris Hope and Kevin Schaefer, Nature Climate Change

The Arctic is warming roughly twice as fast as the global average. If greenhouse gas emissions continue to increase at current rates, this warming will lead to the widespread thawing of permafrost and the release of hundreds of billions of tonnes of CO_2 and billions of tonnes of CH_4 into the atmosphere.

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AN E&E PUBLISHING SERVICE

AIR POLLUTION:
Senators urge DOJ to strongly penalize Volkswagen

Sean Reilly, E&E reporter

Published: Tuesday, September 29, 2015

The Justice Department should pursue "strong civil and criminal actions" against Volkswagen for any laws broken in the course of a long-running emissions-testing scam, two Democratic lawmakers said in a **letter** to Attorney General Loretta Lynch released yesterday.

"Such a blatant violation of the Clean Air Act must be met with an appropriately strong response," Sens. Amy Klobuchar (D-Minn.) and Richard Blumenthal (D-Conn.) wrote. "Officials at Volkswagen should be granted no get out of jail free card," they said, adding that DOJ should forgo any plea agreement with the German automaker that does not ensure that "all information regarding criminal acts by high level officials is provided to the Department."

Wyn Hornbuckle, a DOJ spokesman, declined to comment directly on the letter but said in an email that the department is working closely with U.S. EPA in investigating the allegations. "We take these allegations, and their potential implications for public health and air pollution in the United States, very seriously," Hornbuckle said.

Volkswagen has admitted to rigging almost a half-million diesel-powered passenger cars sold in the United States since 2008 with software to get them through emissions tests, even though the vehicles otherwise spew up to 40 times the allowable limits of nitrogen oxides.

Volkswagen's stock price has plunged more than 40 percent since EPA and the California Air Resources Board revealed the scheme Sept. 18. It has also cost Martin Winterkorn his job as chief of Volkswagen AG, the automaker's corporate parent. In stepping down last Wednesday, Winterkorn said he was unaware of any wrongdoing on his part, but was leaving to give Volkswagen a fresh start. German prosecutors said yesterday, however, that they are opening an investigation in part to determine whether he bears any responsibility.

Klobuchar and Blumenthal serve both on the Senate Judiciary Committee and the Senate Commerce, Science and Transportation Committee. The latter panel has responsibility for consumer protection policy; last week, its top Democrat, Sen. Bill Nelson of Florida, asked the Federal Trade Commission to seek redress for U.S. customers who bought Volkswagen and Audi cars on the assumption that they were getting "clean diesel" vehicles (***Greenwire***, Sept. 23). As of late yesterday, Nelson had not received a reply, according to a spokesman.

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AWEA Offshore WINDPOWER conference @ 8 a.m.
Wilson Center talk on decarbonizing China's power sector @ 9 a.m.
Senate EPW hearing on Obama's air agenda and the economy @ 10 a.m.
House E&C comprehensive energy legislation H.R. 8 markup @ 10 a.m.
House Natural Resources oversight hearing on federal forest management @ 10:30 a.m.
Carnegie Endowment discussion of problems with Japan's plutonium production @ 12:30 p.m.
EESI briefing on state compliance with the Clean Power Plan @ 1 p.m.
NRC meeting with Dominion Virginia Power to discuss North Anna Power Station Part 72 license renewal @ 1 p.m.
Senate EPW Fisheries, Water and Wildlife Subcommittee briefing on the Endangered Species Act @ 2 p.m.
House Natural Resources Indian, Insular and Alaska Native Affairs Subcommittee legislative hearing on federal recognition extension @ 2 p.m.
Brookings forum on natural resource management @ 2 p.m.
Sen. Commerce hearing on pipeline safety @ 2:30 p.m.
ICF webinar on PJM's capacity auction @ 2:30 p.m.
Atlantic Council discussion on nuclear energy in China @ 3:30 p.m.
FERC scoping meeting for Northeast Energy Direct Project in Rindge, N.H. @ 6 p.m.

Wednesday
AWEA Offshore WINDPOWER conference @ 8 a.m.
NRC teleconference on the Watts Bar Nuclear Plant with TN Valley Authority @ 9 a.m.
Washington Ideas Forum @ 9 a.m.
Senate EPW oversight of Army Corps of Engineers' involvement in redefining Waters of the U.S. rule @ 10 a.m.
House Natural Resources oversight hearing on state authority over resource management and energy development @ 10 a.m.
House E&C comprehensive energy legislation H.R. 8 markup @ 10 a.m.
Columbia Center on Global Energy Policy Women in Energy lunch @ 12 p.m.
Wilson Center workshop on visual media for environmental nonprofits @ 12 p.m.
Greater Houston Partnership presentation on the crude oil ban @ 12:30 p.m.
Clean Energy States Alliance webinar on the energy storage market @ 1 p.m.
AWEA webinar on blade design technology @ 2 p.m.
Wilson Center discussion on algae and climate change @ 3 p.m.
FERC scoping meeting for Southeast Market Pipelines Project in Valdosta, Ga. @ 6

p.m.

Thursday
WRI discussion of climate change and the global economy @ 8:30 a.m.
NRC overview of low-level waste, spent fuel storage and transportation business lines @ 9 a.m.
Washington Ideas Forum @ 9 a.m.
Politico conversation: America's Energy Agenda: What's Next? @ 9 a.m.
Senate Small Business hearing on the Gold King Mine spill's effects on small businesses @ 10 a.m.
FERC hearing for Guttman Energy Inc. and PBF Holding Com @ 10 a.m.
USEA presentation of Shale Gas Innovation Contest winners' work @ 10 a.m.
Bipartisan Policy Center talk with Southern Co. CEO Tom Fanning on energy innovation @ 10:30 a.m.
Environmental Law Institute public seminar on the pope's position on climate change and economic disparities @ 12 p.m.
Columbia Center on Global Energy Policy conversation with Zhang Guobao on China's energy future @ 5 p.m.

Friday
FERC hearing for Guttman Energy Inc. and PBF Holding Com @ 10 a.m.

General

Jeb Bush energy plan emphasizes jobs, lower prices
Steve Holland, Reuters

Republican U.S. presidential candidate Jeb Bush will lay out energy policy proposals on Tuesday that seek to spur job growth and take aim at President Barack Obama's plan to limit carbon emissions from power plants. In details of his plan released by his campaign, Bush will call for lifting a U.S. ban on crude oil exports and lift restrictions on natural gas exports that have made it harder to export energy to countries like Japan, China and the European Union.

As governor, Bush sided with campaign contributor on delaying Everglades pollution cleanup
Craig Pittman, Tampa Bay Times

During Bush's eight years as governor, he left a distinctive mark on several environmental programs. By far his most ambitious project was the Comprehensive Everglades Restoration Program. A crucial ally in getting the legislation passed was the sugar industry.

House Energy Bill Slated for Full Committee Vote
Deirdra O'Regan, Morning Consult

The House Energy and Commerce Committee will vote Wednesday on a multi-faceted energy bill with broad bipartisan support. The committee will begin consideration Tuesday at a meeting that is likely to be dominated by the other item on the agenda — legislation that would take federal money away from Planned Parenthood.

Obama: Trade would hold back the 'ravages' of climate change
John Siciliano, Washington Examiner

President Obama said Monday that breaking down trade barriers would protect future generations from the "ravages" of climate change. "We can roll back the pollution that we put in our skies and help economies lift people out of poverty without condemning our children to the ravages of an ever-warming climate," Obama told the United Nations General Assembly in New York.

Morgan Stanley Has Given Up on Energy Stocks
Luke Kawa, Bloomberg News

Towards the beginning of 2015, with crude oil prices in free-fall, Morgan Stanley's equity strategy team made a bold call, upgrading the energy sector to overweight. Now, in a display of candor that's rare on Wall Street, chief U.S. equity strategist Adam Parker is waving the white flag.

Assessing the Human Toll of Volkswagen's Diesel Deception
Margot Sanger-Katz andJohn Schwartz, The New York Times

Unlike the ignition defect in General Motors vehicles that caused at least 124 people to die in car crashes, Volkswagen pollution is harder to link to individual deaths. But it is clear to public health researchers that the air pollutants the cars illegally emitted damage health, and they have formulas to calculate the lives lost from excess pollution. After consulting with several experts in modeling the health effects of air pollutants, we calculated a death toll in the United States that, at its upper range, isn't far off from that caused by the G.M. defect.

Senate advances bill to prevent shutdown
Jordain Carney, The Hill

A short-term bill to fund the government through Dec. 11 overcame a key procedural hurdle in the Senate on Monday, just days before the deadline to avoid a shutdown. Senators voted 77-19 to end debate on the continuing resolution (CR) to fund the government. The move paves the way for final passage before the Oct. 1 deadline.

U.S. Index Futures Rebound as Investors Pause After Selloff
Alan Soughley and Camila Russo, Bloomberg News

U.S. stock-index futures rose, as investors kept faith in the world's biggest economy, betting that the selloff that sent equities to a one-month low was overdone. Standard & Poor's 500 Index E-mini contracts expiring in December rose 0.5 percent to 1,881.75 at 7:22 a.m. in New York, reversing an earlier drop of as much as 0.6 percent. Stocks slid on Monday as global equities tumbled amid a rout in commodity and biotechnology shares. Futures on the Dow Jones Industrial Average increased 60 points, or 0.4 percent, to 15,969, today.

Oil & Natural Gas

Oil rises as tighter U.S. market offsets Asia woes
Christopher Johnson, Reuters

Oil prices rose on Tuesday after evidence of tightening supplies in the United States, the world's biggest oil consumer, outweighed concerns over the health of the Chinese economy. China's giant manufacturing sector is shrinking, economists say, as domestic demand falters, fanning concern that the economy may be slowing more sharply than feared.

Energy Transfer Equity buying Williams Cos. for $32.61B
The Associated Press

Energy Transfer Equity is buying pipeline operator The Williams Cos. for approximately $32.61 billion. The companies said Monday that the combination creates one of the five biggest energy companies in the world.

Murkowski calls Shell pull-out a 'kick in the gut'
Liz Ruskin, Alaska Public Radio Network

Murkowski says dry holes are a fact of oil exploration, but she blames the federal government for curtailing Shell, and for frustrating Alaskan efforts to portray itself as open for business. "You've got a very, very difficult federal regulatory environment that can chase that business away," she said. "And we saw that over the course of seven years and $7 billion of commitment from Shell."

Halliburton, Baker Hughes to Sell More Businesses
Chelsea Dulaney, The Wall Street Journal

Halliburton Co. and Baker Hughes Inc. said Monday that they plan to unload a handful of other businesses as they continue to seek regulatory approval for their $35 billion merger. The companies said they plan to sell Halliburton's expandable liner hangers business; Baker Hughes's core completions business, which includes its packers, flow control tools and subsurface safety systems; Baker Hughes's sand control business in the Gulf of Mexico; and Baker Hughes's offshore cementing businesses in Australia, Brazil, the Gulf of Mexico, Norway and the United Kingdom.

Oil Traders May Look to the Sea for Profit Amid Price Collapse
Ben Sharples and Naomi Christie, Bloomberg News

While traders are already cashing in on the surplus by housing oil in onshore tanks across the globe — including on the tiny Caribbean island of St. Lucia — expanding the storage to tankers at sea may near a point where it becomes profitable, according to Citigroup Inc., Goldman Sachs Group Inc. and IHS Maritime & Trade. A structure called contango, when the price of a commodity to be delivered in the future is higher than if it was sold today, has been moving in the right direction.

Utilities & Infrastructure

Exelon asks DC regulators to reconsider vote on merger with Pepco
Thomas Heath, The Washington Post

Exelon on Monday filed a request with the D.C. Public Service Commission to resurrect its proposed $6.4 billion merger with Pepco, arguing the regulator erred in blocking the deal one month ago. At the same time, D.C. Mayor Muriel E. Bowser (D) signaled that her administration is in talks with the utilities to reach a settlement that could save the deal.

Size often matters for water utilities
Adam Wagner, Star News Online

Brunswick is emblematic of a national trend of consolidation among water and sewer utilities, one that experts and government officials alike say often occurs when smaller systems begin to show their age and need improvements that they either can't afford or don't want to pass along to a tiny customer base in the form of possibly steep rate hikes.

Renewables

Feds to Lease Land for NJ Offshore Wind
Carl Weinschenk, Energy Manager Today

The federal government is lending a hand to the struggling wind energy sector by leasing almost 350 acres of the ocean floor off the New Jersey coast for turbines. The plan is to auction two leases between Nov. 9-13.

APS withdraws controversial solar grid fee request
Krysti Shallenberger, Utility Dive

Arizona Public Service filed a request last Friday to withdraw its its proposed $21 grid

access fee if the state's utility regulators continue hearings on cost-of-service analysis for distributed solar. APS's move follows complaints from two former commissioners and solar advocates earlier this month that alleged bias against rooftop solar from three sitting commissioners on the Arizona Corporation Commission.

Vermont's updated energy plan reaffirms 90% renewable goal
Robert Walton, Utility Dive

On the road to 90% renewables, the plan sets interim goals of 25% by 2025 and 40% by 2035. And by 2025, the state wants to see at least 10% of transportation powered by clean energy, 30% of building energy demands met with it, and 67% renewable electric power.

Coal

'Clean coal' group downsizing amid industry struggles
Darren Samuelsohn, Politico

A leading "clean coal" lobbying shop is cutting half its staff and reorganizing to reflect the U.S. coal industry's market losses and the industry's continued financial struggles. The 22-year-old American Coalition for Clean Coal Electricity will lay off its chief of staff and also plans to eliminate several middle-management positions.

Nuclear

Entergy Seals Deal With New Hampshire Over Yankee Emergency Zone
Howard Weiss-Tisman, Vermont Public Radio

Entergy Vermont Yankee has reached an agreement with the state of New Hampshire over the company's request to reduce the emergency planning zone, or EPZ, around the closed nuclear power plant in Vernon. Entergy says the 10-mile EPZ should be eliminated after April 2016 as the plant undergoes decommissioning and the risk of a nuclear emergency is reduced.

Climate

Big Banks Call For 'Strong' Climate Deal
Ben Walsh, Huffington Post

Six big U.S. banks called for a "strong global climate agreement" in a statement Monday, with Bank of America, Citi, JPMorgan Chase, Goldman Sachs, Morgan Stanley and Wells Fargo arguing in a joint release that government action, in addition

to private business investment, is needed to address climate change.

Many Conservative Republicans Believe Climate Change Is a Real Threat
Coral Davenport, The New York Times

A majority of Republicans — including 54 percent of self-described conservative Republicans — believe the world's climate is changing and that mankind plays some role in the change, according to a new survey conducted by three prominent Republican pollsters. The results echo a number of other recent surveys concluding that despite the talk of many of the party's candidates, a significant number of Republicans and independent voters are inclined to support candidates who would back some form of climate action.

With cap and trade plan, China adopts emissions policy that couldn't get through U.S. Congress
Steven Mufson, The Washington Post

China may be the world's largest greenhouse gas producer, but Chinese President Xi Jinping is likely to make his new commitment to introduce a nationwide cap and trade program to limit greenhouse gas emissions a centerpiece of his speech at the United Nations General Assembly. But far from the television lights of New York, the effectiveness of an emissions trading system, now being used by seven Chinese cities, will hinge on how the system is designed and implemented.

Opinions, Editorials & Perspectives

Why the Pope is wrong about climate
Michael Grunwald, Politico

I figured I ought to read what His Holiness actually wrote his 184-page encyclical known as *Laudato Si*. And, it's, um, well…how to put this delicately…unusual?

Why Shell Has Gone Cold on the Arctic
Helen Thomas, The Wall Street Journal

Investors and activists both had something to celebrate Monday after Royal Dutch Shell ended its controversial program of exploration in the Arctic. Backing away from the Arctic is a step in the right direction.

Here's What Will Happen with the EPA Ozone Rule
Gretchen Goldman, Union of Concerned Scientists

Some sources are reporting that the agency is likely to go with 70 parts per billion (ppb) as the new standard. Other sources suggest that the White House is pushing the agency to instead go with a 68-ppb standard. What's the difference in those two

ppb? Both science and politics.

Congress must hold EPA responsible for its own environmental disaster
Steve Forbes, Fox News

The EPA's response to its own environmental disaster has been anything but honest, transparent or thorough. Many Colorado families, including members of the Navajo Nation and residents of nearby Silverton, are wondering if the EPA will ever hold anyone accountable. I'm not holding my breath.

Need Energy? Look to the sun
Mark Buchanan, Bloomberg View

When world leaders assemble in Paris next month for the United Nations Climate Conference, they will have to consider a difficult issue: Where humans will get enough energy to meet their needs without destroying the planet. From a purely scientific perspective, solar is the only solution.

Start Teaching Medical Professionals to Get Ready for Climate Change
Kathleen Potempa, The Wall Street Journal

Heat-related illnesses present a variety of symptoms and can exacerbate existing chronic conditions. We who are responsible for educating future clinicians must ensure they will have the skills to meet the changing health needs of their patients and communities.

Research Reports, Issue Briefs & Case Studies

Economic impacts of carbon dioxide and methane released from thawing permafrost
Chris Hope and Kevin Schaefer, Nature Climate Change

The Arctic is warming roughly twice as fast as the global average. If greenhouse gas emissions continue to increase at current rates, this warming will lead to the widespread thawing of permafrost and the release of hundreds of billions of tonnes of CO2 and billions of tonnes of CH4 into the atmosphere.

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To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Automotive News
Sent: Tue 9/29/2015 12:38:52 PM
Subject: A.M. NEWSCAST: Volkswagen's diesel refit plan | GM diesel-powered pickups to be delayed? | Yes vote from big UAW-FCA local | Barra's tech blitz | Ram to put its stamp on deliveries

September 29, 2015

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Cc: Joe Schultz[joe@theicct.org]; Anup Bandivadekar[anup@theicct.org]
To: Bunker, Byron[bunker.byron@epa.gov]; Mike McCarthy[michael.mccarthy@arb.ca.gov]
From: John German
Sent: Tue 9/29/2015 1:02:10 PM
Subject: Fwd: [bucket] Product of the day

Byron/Mike,
Not sure if you are the right people for this, but I thought you should at least be aware that this company is selling a product to allow individuals to remove their particulate traps. The say it is "for off-road use only", but it is hard to imaging any legitimate off-road use of a Jetta or Passat diesel. Diesel engines aren't even any good for club-level racing.

John

Begin forwarded message:

From: Chris Malins <chris@theicct.org>
Subject: [bucket] Product of the day
Date: September 29, 2015 7:14:34 AM EDT
To: ICCT staff <bucket@theicct.org>
Reply-To: Chris Malins <chris@theicct.org>

A device to allow you to bypass the VW controls that prevent you from disabling the emissions control systems that VW has separately disabled anyway…? Link courtesy of the good people of Twitter.

Malone ECM Upgrade - VW Jetta

TDI (2014) DPF & EGR Delete

Rawtek

$499.00 USD

Tune
Pick a Tune
Econo
Stage 0.5
Stage 1
Stage 2
Express Overnight Shipping
Pick a Express Overnight Shipping
1 Way - Return w/ Parts (+$50)
2 Way - Roundtrip (+$100)
None - I'll ship it myself

Econo / 1 Way - Return w/ Parts (+$50) - $549.00 USD

Econo / 2 Way - Roundtrip (+$100) - $599.00 USD

Econo / None - I'll ship it myself - $499.00 USD

Stage 0.5 / 1 Way - Return w/ Parts (+$50) - $549.00 USD

Stage 0.5 / 2 Way - Roundtrip (+$100) - $599.00 USD

Stage 0.5 / None - I'll ship it myself - $499.00 USD

Stage 1 / 1 Way - Return w/ Parts (+$50) - $574.00 USD

Stage 1 / 2 Way - Roundtrip (+$100) - $624.00 USD

Stage 1 / None - I'll ship it myself - $524.00 USD

Stage 2 / 1 Way - Return w/ Parts (+$50) - $599.00 USD

Stage 2 / 2 Way - Roundtrip (+$100) - $649.00 USD

Stage 2 / None - I'll ship it myself - $549.00 USD

Quantity

Description

A Malone Tuning ECM upgrade is required for your VW Jetta TDI DPF delete kit. The stock DPF emissions system from VW is a complex system that is closely monitored and controlled by your vehicles ECM (engine control module). Your ECM expects to see certain readings from the various sensors in the emissions system. When the DPF and other emissions components are deleted, your ECM will receive abnormal readings from the various sensors. As a result, diagnostic warning lights will go on, and the vehicle will no longer function properly. A Malone Tuning ECM upgrade will recalibrate the ECM to function at peak efficiency with the DPF deleted. The problematic EGR system will be completely disabled and the vehicle will no longer go into regeneration mode (this is when the engine dumps unburnt diesel into the exhaust to clean the DPF). In addition, the new ECM settings will take full advantage of the free flow exhaust and allow your engine to produce more power and burn less fuel. This is all done within the safety limits of the stock turbo.

How to get tuned:

Thanks to Audi & VW's increased efforts to prevent tuning, they have merely made our lives more difficult. The new ECMs from 2009+ must be removed from the vehicle and reprogrammed on the tuning bench. You can remove the ECM yourself however the reprogramming must be done by a trained professional with the proper equipment. Rawtek is an authorized Malone Tuning dealer and can do this for you.

Tuning Schedule and Turn Around Time:

Malone Tuning services are available through Rawtek on the following weekdays:

- Mondays (8am – 4pm EST)
- No Tuning on Tuesdays (if we receive your ECM on Tuesday, it will only be tuned the following day)
- Wednesday (8am – 4pm EST)
- Thursday (8am – 4pm EST)
- Friday (8am – 2pm EST)
- Saturday (Closed – No Tuning)
- Sunday (Closed – No Tuning)

ECM's are usually tuned and shipped back out the same day we get them. If we receive your ECM late in the day, or on a Tuesday, it will be shipped back out the next business day. Please note that if we receive your ECM late on Friday, it will not ship until Monday. So if you are in a rush to get your ECM tuned please try to avoid having us receive it on Tuesday or Friday.

What you need to do:

1. Select your Tune.
2. Select one of the 3 Express Overnight Shipping options:
   - ○ No - I'll ship it myself (if you want to ship your ECM to us your own way)
   - ○ 1 Way - Return w/ Parts (+$50) (We will hold the rest of your order here until we receive your ECM. Then we will return your ECM in the box with your parts. Saves money but takes longer)
   - ○ 2 Way - Roundtrip (We will ship out the rest of your order right away. Then you can send us your ECM when you are ready and we will send it back to you within 1 business day. Minimize vehicle downtime.)
3. Pay for your order
4. Remove the ECM from your vehicle (see ECM Removal Guides bellow)
5. If you purchased prepaid shipping we will email you the shipping label and customs documents (if international). You will print 3 copies of everything. Then you can drop off the package at UPS with all of the paperwork provided.
6. Once we get your ECM, we will tune it and ship it back out within 1 business day.
7. Re-install your ECM and you are good to go!

Stage 2 Performance details: (most popular)

- Up to 176(stage 2) wheel horsepower*
- Up to 330(stage 2) wheel torque*
- Up to 20% better fuel economy (+10 mpg)
- Increased reliability, lower maintenance costs
- Requires DSG tuning (if equipped with DSG transmission)

*with Performance Exhaust Kit

Stage 1 Tune details:

- Improved power and torque but less aggressive than Stage 2
- Up to 20% better fuel economy (+10 mpg)
- Increased reliability, lower maintenance costs
- Requires DSG tuning (if equipped with DSG transmission)

Econo & Stage 0.5 Tune details:

- Stock power and torque (econo)
- Stock torque and + 21 hp (stage 0.5)
- Up to 20% better fuel economy (+10 mpg)
- Increased reliability, lower maintenance costs
- Does NOT require DSG tuning (if equipped with DSG transmission)

Application:

North America Spec Vehicles Only

- VW Jetta TDI with 2.0L CR engine (2014)

Requirements:

- Rawtek TDI DPF delete exhaust kit
- Warning: Running this DPF delete software with your stock exhaust WILL clog your diesel particulate filter, which may ultimately cause damage to your turbo and other engine components.

Dr Chris Malins | Fuels Program Lead
Tel: +44 (0)7905 051 671 | Skype: chris.malins | Email: chris@theicct.org | Web: www.theicct.org | Twitter: @TheICCT_Fuels

11 Belgrave Road, London, SW1V 1RB

To: Dalton, Joel[Dalton.Joel@epa.gov]
From: Schrodt, Thomas
Sent: Tue 9/29/2015 2:46:16 PM
Subject: FW: Off cycle emissions
WVU_LDDV_in-use_ICCT_Report_Final_may2014.pdf
2011_pems_jrc_62639_en.pdf
ICCT_EuroVI_briefing_20150304.pdf

Start typing in "Joel" and hit the return key. Meant to send this to you.

From: Schrodt, Thomas
Sent: Monday, September 28, 2015 3:31 PM
To: Ball, Joel
Subject: Off cycle emissions

Hi Joel,

I attached a couple of documents that you might be interested in if you haven't already seen them. Here's a link to an article in the Guardian referring to John German, along with a link to his Bio. That page has several related publications too.

http://www.theguardian.com/business/2015/sep/26/volkswagen-scandal-emissions-tests-john-german-research

Tom

Thomas Schrodt

National Vehicle and Fuel Emissions Laboratory

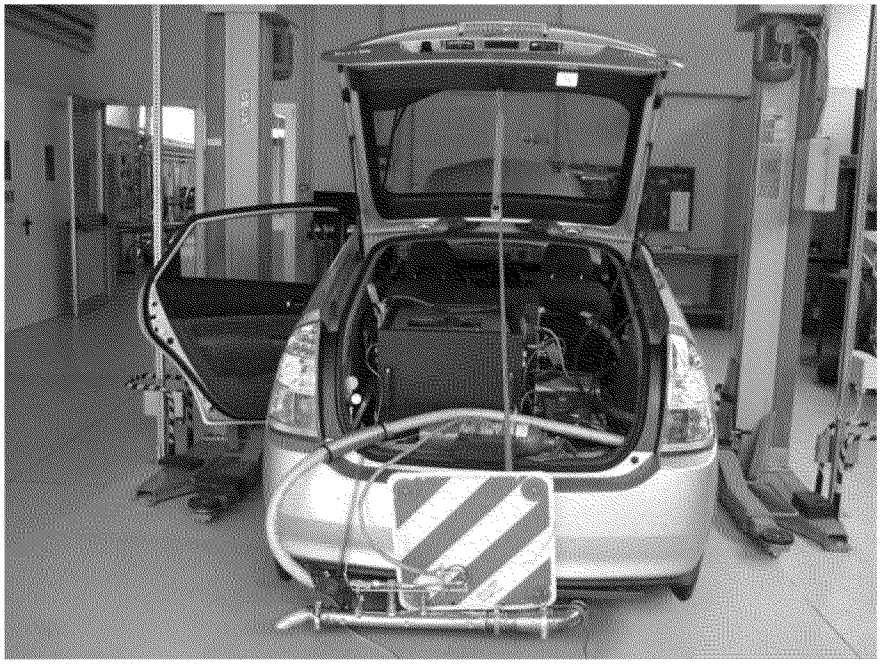
Ann Arbor, Michigan

734-214-4216

JRC Scientific and Technical Reports

Analyzing on-road emissions of light-duty vehicles with Portable Emission Measurement Systems (PEMS)

Martin Weiss, Pierre Bonnel, Rudolf Hummel, Urbano Manfredi, Rinaldo Colombo, Gaston Lanappe, Philippe Le Lijour, Mirco Sculati



EUR 24697 EN - 2011

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VW FOIA, EPA 06/20/2017 2017-FFP_027302

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JRC 62639

EUR 24697 EN
ISBN 978-92-79-19072-8
ISSN 1018-5593
DOI 10.2788/23820

Luxembourg: Publications Office of the European Union

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Printed on recycling paper in Italy

Executive summary

Emissions testing in the laboratory forms an essential part of the European type approval procedure for light-duty vehicles. The approach yields reproducible and comparable emissions data and provides clear design criteria for vehicles that have to comply with applicable emission limits. Although emission limits have become increasingly stringent in the past decade, road transport remains the most important source of urban air pollution in Europe with respect to NO_X (nitrogen oxides) and CO (carbon monoxide). Several studies have indicated that in particular on-road NO_X emissions of light-duty diesel vehicles might substantially exceed emission levels as identified during emissions testing in the laboratory. Still, a comprehensive analysis of on-road emissions of light-duty diesel and gasoline vehicles is unavailable to date.

This report addresses the existing knowledge gaps by using Portable Emission Measurement Systems (PEMS) to analyze the on-road emissions of 12 light-duty diesel and gasoline vehicles that comply with Euro 3-5 emission limits and comprise small and midsize passenger cars, two transporters, and a minivan. The selected vehicles where tested on four test routes, representing rural, urban, uphill/downhill, and motorway driving.

The PEMS results indicate that average NO_X emissions of diesel vehicles (0.93 ± 0.39 g/km), including Euro 5 diesel vehicles (0.62 ± 0.19 g/km), substantially exceed respective Euro 3-5 emission limits. The observed deviations range from a factor of 2-4 for average NO_X emissions over entire test routes up to a factor of 14 for average NO_X emissions of individual averaging windows. By comparison, on-road NO_X emissions of gasoline vehicles as well as CO and THC (total hydrocarbon) emissions of both diesel and gasoline vehicles generally stay within Euro 3-5 emission limits. The share of NO_2 (nitrogen dioxide) in the total NO_X emissions reaches 60% for diesel vehicles but is substantially lower for gasoline vehicles (0-30%). The tested light-duty diesel and gasoline vehicles emit during on-road testing on average 189 ± 51 g CO_2/km (grams carbon dioxide per kilometre) and 162 ± 29 g CO_2/km, respectively, thereby exceeding the CO_2 emissions as specified during laboratory testing by on average 21 ± 9%. The magnitude of on-road emissions varies depending on vehicle type, operation mode, route characteristics, and ambient conditions. Cold-start emissions of both diesel and gasoline vehicles span over a wide value range; NO_X emissions exceed Euro 3-5 emission limits by a factor 2-14, CO emissions often exceed emission limits, and THC emissions are both below and above Euro 3-5 emission limits.

The PEMS equipment is reliable and provides accurate emission measurements. PEMS are able to verify the proper operation of emission control technologies under a wide variety of normal operating conditions and suitable for testing emissions of novel fuel/engine/after-treatment/powertrain technologies (e.g., parallel/serial (plug-in) hybrid vehicles. PEMS analyses, including the presented results, may also be useful for updating current transport emission models and inventories. The PEMS procedure for light-duty vehicles is, however, relatively new and requires further refinement before being applied at large scale. Future PEMS applications may particularly focus on polluting driving modes such as cold start at very low temperatures and driving at very high speed as it occurs on the German Autobahn.

The findings of this report indicate that the current laboratory emissions testing fails to capture the wide range of potential on-road emissions. A promising remedy for this problem may be attained by supplementing laboratory emissions testing with complementary test procedures such as PEMS on-road emissions testing. This report provides a first step into that direction, thereby contributing to a more comprehensive EU policy that assures compliance of light-duty vehicles with emission limits under normal conditions of use.

VW FOIA, EPA 06/20/2017 2017-FFP_027304

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List of abbreviations and units

ARTEMIS	-	Assessment and Reliability of Transport Emission Models and Inventory Systems
^{o}C	-	Degree Celsius
CLA	-	Chemi-luminescence Analyser
CO	-	Carbon monoxide
CO_2	-	Carbon dioxide
CVS	-	Constant Volume Sampler
DG ENTR	-	Directorate General Enterprise and Industry
DPF	-	Diesel Particle Filter
ECE	-	United Nations Economic Commission for Europe
ECU	-	Engine Control Unit
EFM	-	Exhaust Flow Meter
e.g.	-	Exempli gratia, example given
EU	-	European Union
EUDC	-	Extra Urban Driving Cycle
FTP	-	Federal Test Procedure
g	-	Gram
GPS	-	Global Positioning System
HFID	-	Heated Flame Ionization Detector
i.e.	-	Id est, that is
JRC	-	Joint Research Centre
JTC	-	Japanese Test Cycle
Kg	-	Kilogram
km	-	Kilometre
kW	-	Kilowatt
m	-	Metre
min	-	Minute
MVEG	-	Motor Vehicle Emissions Group
NDIR	-	Non-Dispersive Infrared
NDUV	-	Non-Dispersive Ultraviolet
NEDC	-	New European Driving Cycle
Nm	-	Newton meter
NMHC	-	Non-methane hydrocarbons
No.	-	Number
NO	-	Nitrogen monoxide
NO_X	-	Nitrogen oxides
NTE	-	Mot-to-exceed
OCE	-	Off-cycle emissions
PEMS	-	Portable Emission Measurement Systems
PM	-	Particulate matter
PM_{10}	-	Particulate matter with an aerodynamic diameter of 10 micrometers or less
ppm	-	Parts per million
ppt	-	Parts per thousand

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RPA	-	Relative Positive Acceleration
rpm	-	Repetitions per minute
s	-	Second
THC	-	Total hydrocarbons
USA	-	United States of America

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1 Introduction

Emissions testing in the laboratory forms an essential part of the type approval procedure for light-duty vehicles within the European Union. Emissions testing follows a predefined procedure that consists of a specified driving cycle as well as prescribed test conditions at which vehicles are tested on a chassis dynamometer (EC, 2007a,2008). This approach yields verifiable and comparable data on emissions and fuel consumption and provides clear design criteria for light-duty vehicles, which have to comply with currently applicable emission limits.

Although emission limits have become increasingly stringent in the past decade, road transport remains the most important source of NO_X (nitrogen oxides) and CO (carbon monoxide) emissions by 2008, contributing 41% and 34%, respectively to the total emissions of these pollutants within the European Union (EEA, 2010). In particular, urban air pollution continues to persist at high levels, with 16% and 26% of EU's urban population being exposed to higher NO_2 (nitrogen dioxide) and PM_{10} (particulate matter of 10 micrometers or less) concentrations than specified by applicable air quality standards (EEA, 2009). Persisting air quality problems have triggered several policy responses that are targeted at emissions of light-duty vehicles:

(i) The introduction of more stringent emission limits for light-duty vehicles with Euro 5b in 2011 and Euro 6 in 2014 (EC, 2007a,2008).

(ii) The replacement of the currently applied New European Driving Cycle (NEDC) by a world-wide harmonized driving cycle in 2014 (EC, 2009a).

(iii) Potentially, the implementation of supplementary measures for verifying vehicles' emissions outside of the emissions testing with a single standardized driving cycle in 2014.

Particular concerns arise because emissions testing with the NEDC under laboratory conditions might not represent the actual on-road emissions of light-duty vehicles with sufficient accuracy. Several studies have indicated that specifically on-road NO_X emissions of light-duty diesel vehicles might substantially exceed Euro 2-4 emission limits (Pelkmans and Debal, 2006; Hausberger and Blassnegger, 2006; Vojtisek-Lom, 2009). Yet, comprehensive analysis of on-road emissions of light-duty diesel and gasoline vehicles that comply with Euro 3-5 is still unavailable.

This report addresses the existing knowledge gaps by using Portable Emission Measurement Systems (PEMS) to analyze the on-road emissions of 12 light-duty diesel and gasoline vehicles. The selected vehicles include small and midsize passenger cars as well as transporters and a minivan. The analysis contributes further to a knowledge base on real-world driving patterns within the European Union.

The results might assist the design of a road map for developing a suitable on-road emissions test procedure that could supplement the world-wide harmonized driving cycle in the European type approval of Euro 6 vehicles by 2014 (EC, 2007a). The report thereby contributes to a comprehensive EU environmental and industrial policy that assures compliance of light-duty vehicles with emission limits under normal conditions of use.

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This report continues by presenting principal background information on the European emissions legislation as well as on laboratory emissions testing and PEMS (Section 2). Afterwards, Section 3 presents the research methodology and Section 4 provides the results of the PEMS analyses. The report finishes with a discussion (Section 5) and conclusions (Section 6).

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2 Background

This section sets the stage for the later analyses by presenting information on (i) the status of emission legislation within the European Union with respect to light-duty vehicles, (ii) the official procedure to test emissions of light-duty vehicles, and (iii) the current developments in the on-road emissions testing with PEMS.

2.1 The current status of European light-duty vehicle emissions legislation

Emissions testing as part of the type approval procedure for light-duty vehicles is regulated within the European Union by the Co-decision regulation No. 715/2007 of 20 June 2007 (EC, 2007a) and the Comitology regulation No. 692/2008 of 18 July 2008 (EC, 2008). These regulations refer to vehicles of:

(i) categories M1 and M2 - passenger vehicles comprising no more than eight seats in addition to the driver's seat and having a maximum mass not exceeding 5 tonnes

(ii) categories N1 and N2 - vehicles used for the carriage of goods and having a maximum mass not exceeding 12 tonnes

Vehicles of these categories currently have to comply, with the exception of a few vehicle types used for special purposes, with Euro 5 emission limits of the following pollutants (Table 1):

(i) total hydro carbons (THC)

(ii) non-methane hydro carbons (NMHC)

(iii) nitrogen oxides (NO_X)

(iv) carbon monoxide (CO)

(v) particulate matter (PM) in the case of diesel engines and gasoline direct injection engines

The European emission legislation includes additional provisions, such as requirements for low temperature emission tests at -7°C for gasoline vehicles, which have to comply with limits of 15 g/km for CO and 1.8 g/km for HC, measured over the urban part of the NEDC (EC, 2001). Carbon dioxide emissions are currently unrestricted at the level of individual vehicles. The European Commission, however, defines a target for the fleet-average CO_2 emissions of new passenger cars of 130 g CO_2/km for a reverence car mass of 1372 kg (EC, 2009a).

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Table 1: Currently applicable Euro 5 emission limits for light-duty vehicles of category M1 (EC, 2007a)

Pollutant	Emission limits for vehicles with spark ignition engines in mg/km	Emission limits for vehicles with compression ignition engines in mg/km
THC	100	-
NMHC	68	-
NO_X	60	180
$HC+NO_X$	-	230
CO	1000	500
PM	5.0/4.5[1]	5.0/4.5[1]

- not regulated

[1] The emission limit of 5.0 mg/km refers to Euro 5a, which is relevant for category M1 vehicles since September 2009. The emission limit of 4.5 mg/km refers to Euro 5b, which will be relevant for category M1 vehicles from January 2011 onwards.

In view of the introduction of more stringent Euro 6 emission limits in 2014, Regulation 715/2007 (EC, 2007a) contains provisions that should assure compliance of vehicles with applicable emission limits during both type approval and on-road driving under normal conditions of use[1]:

(i) Recital (15) requests the Commission to investigate the use of PEMS and so-called *not-to-exceed* regulatory concepts in the context of the revision of the NEDC.

(ii) Article 4(2) requires that manufacturer ensure an effective limitation of emissions pursuant to this Regulation, throughout the normal life of the vehicles under normal conditions of use.

(iii) Article 5(2) in conjunction with the definition in Article 3(10) prohibits the use of defeat devices under conditions that are likely to occur during normal vehicle operation, if these conditions are not substantially included in the test procedures for verifying emissions[2].

(iv) Article 14(3) requires the European Commission to keep reviewing procedures, tests, and requirements used to measure emissions. If reviews identify that provisions are no longer adequate or, in particular, do not reflect on-road emissions from real-world driving, the provisions should be adapted accordingly through the Comitology procedure.

The compliance of light-duty vehicles with applicable emission limits is verified by emissions testing on the chassis dynamometer in the laboratory. The next section describes in greater detail the key characteristics of the driving cycle, i.e., the NEDC that is currently used for standard laboratory emission tests within the European Union.

[1] Normal conditions of use might also include particularly polluting driving pattern such as driving at very high speeds, as it is frequently observed on the German autobahn, engine cold start at very low temperatures, or idling in congested traffic that may cause a cool down of after-treatment devices.

[2] Defeat devices are elements of design that sensor certain ambient and vehicle parameters for the purpose of influencing the operation of any part of the emission control systems, resulting in a reduced effectiveness of emission control technologies.

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2.2 The test procedure for light-duty vehicle emissions within the EU

Emissions testing as part of the type-approval process for light-duty vehicles has to balance two criteria:

(i) quantifying as far as possible vehicle emissions under real-world driving conditions
(ii) assuring reproducibility and comparability of emission measurements

The testing of emissions and fuel consumption of light-duty vehicles takes place in the laboratory on chassis dynamometers. The details of the test procedure are described by Directive 98/69/EC (EC, 1998) and its further amendments.

Before the emissions test, vehicles have to soak for at least 6 hours at a test temperature of 20-30°C. Emissions are then measured while vehicles follow the speed profile of the New European Driving Cycle (NEDC). The entire NEDC consists of four repeated ECE-15 driving cycles of 195s duration each and one extra-urban driving cycle (EUDC) of 400s duration (Figure 1).

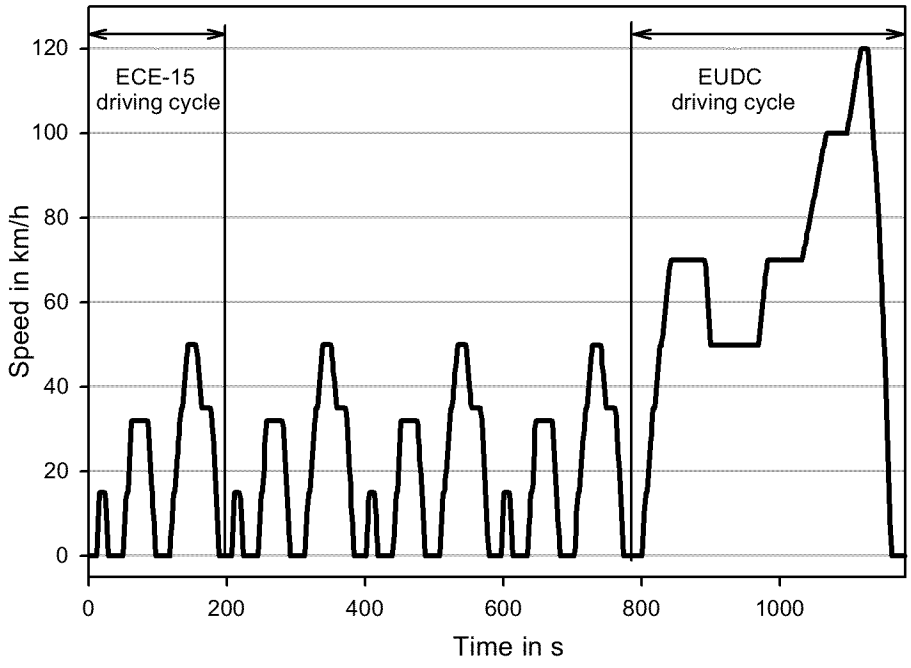

Figure 1: Speed profile of the New European Driving Cycle (NEDC)

The four ECE-15 cycles represent urban driving conditions that are characterized by low vehicle speed, low engine load, and low exhaust gas temperature. By contrast, the EUDC in the second part of the NEDC accounts for extra-urban and high speed driving modes up to a maximum speed of 120 km/h. The entire NEDC covers a distance of 11,007 m in a time period of 1180 s and at an average speed of 34 km/h. An initial idling period has been eliminated in the NEDC, thus emissions sampling begins with the start of the engine. Emissions are typically sampled with a Constant Volume Sampler (CVS) and expressed as averages over the entire test cycle in grams per kilometre [g/km] for each of the regulated pollutants (see Table 1).

The main characteristics of the NEDC in comparison to other certification cycles, i.e., the US FTP-75 driving cycle and the Japanese JTC cycle as well as the ARTEMIS urban driving cycle are provided in Table 2. The NEDC was developed to assure comparability and reproducibility of vehicle emissions that have been tested at standard conditions. Such an approach to emissions testing

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comes inevitable with limitations regarding the ability to reproduce actual on-road emissions. Criticism of the NEDC refers in particular to its smooth acceleration profile (André and Pronello, 1997) that requires only a very narrow range of possible engine operation points (Kageson, 1998).

Table 2: Comparison the key characteristics of selected driving cycles

	NEDC	ECE-15	US FTP-75	JTC 10-15 mode
Region	EU	EU	USA	Japan
Trip duration [s]	1180	780	1874	660
Trip distance [km]	11.007	4.052	17.77	4.16
Average speed [km/h]	33.6	18.7	34.1	22.7
Maximum speed [km/h]	120	50	91	70
Share [%]				
- Idling	24	30	19	32
- low speed >0≤50 km/h	55	70	60	49
- medium speed >50-90 km/h	14	0	19	19
- high speed >90 km/h	7	0	2	0

Table 2 (continued): Comparison the key characteristics of selected driving cycles

	ARTEMIS urban	ARTEMIS rural	ARTEMIS motorway[1]
Region	EU	EU	EU
Trip duration [s]	920	1081	1067
Trip distance [km]	4.47	17.27	28.74 (29.55)
Average speed [km/h]	17.5	57.5	97.0 (99.7)
Maximum speed [km/h]	58	112	132 (150)
Share [%]			
- Idling	29	3	2 (2)
- low speed >0≤50 km/h	69	31	15 (15)
- medium speed >50-90 km/h	2	59	13 (13)
- high speed >90 km/h	0	7	70 (70)

[1] Values in parentheses indicate the 150 km/h specification of the ARTEMIS motorway driving cycle.

The NEDC only insufficiently represents on-road driving pattern that are characterized by low speed and high torque operation, steep and dynamic transient velocities, and driving at very high-speed. It is hence likely that vehicles comply with applicable emission limits during NEDC testing although they might show substantially higher pollutant emission levels alongside with elevated fuel consumption and CO_2 emissions on the road (André, 1996; Hausberger and Blassnegger, 2006; Pelkmans and Debal, 2006; Tzirakis et al., 2006). These limitations have been acknowledged by the European Commission and triggered the current research activities around the implementation of Euro 6 by 2014, including the development of (i) a more representative and internationally harmonized driving cycle as well as (ii) a supplemental off-cycle emissions test procedure for assessing the on-road emissions of light-duty vehicles for type approval (EC, 2009c).

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2.3 Current developments in on-road emissions testing with PEMS

On-road emissions testing with PEMS has been so far mainly developed to evaluate the in-service conformity of EURO V and EURO VI engines of heavy-duty vehicles (EUR, 2006a,b,c; Bonnel and Kubelt, 2010). Emissions testing of heavy-duty vehicles as part of the type approval procedure is specified by Regulation (EC) No. 595/2009 of the European Parliament and of the Council (EC, 2009b). This regulation defines rules for the in-service conformity of vehicles and the durability of emission control devices. In particular, EC (2009b) suggests (i) considering the application of portable emission measurement systems (PEMS) for verifying the in-service conformity of heavy-duty vehicles and (ii) introducing supplemental procedures to control on-road (so-called *off-cycle*) emissions.

Verifying the in-service conformity of heavy-duty vehicles typically requires to remove the engine from the vehicle and to test its emissions in dedicated engine test cells. Such an approach is, however, very impractical and expensive. Therefore, it has been proposed to develop a protocol for in-service conformity checking of heavy-duty vehicles based on PEMS. The European Commission (DG ENTR in co-operation with DG JRC) launched in January 2004 a co-operative research programme to study PEMS applications for heavy-duty vehicles within the European Union. The experimental activities started in August 2004 and resulted in a successful application of PEMS to heavy-duty vehicles (Bonnel and Kubelt, 2010). Following the success of the EU-PEMS project, the European Commission announced the intention to launch a manufacturer-run pilot programme at the 97th Motor Vehicle Emissions Group (MVEG) Meeting on 1 December 2005. The main purpose of the programme was to evaluate the PEMS-based technical and administrative procedures for a larger range of technologies and in statistically more significant numbers. The PEMS pilot programme was started in autumn 2006; the outcome of the programme is expected to provide further insight on the potentials to introduce in-service conformity provisions based on PEMS in the European type-approval legislation for heavy-duty vehicles.

Based on their successful application to heavy-duty vehicles, PEMS might potentially also be applicable to light-duty vehicles as supplemental measure to ensure that vehicle emissions are appropriately controlled outside standardized laboratory conditions (EC, 2007a. The JRC initiated a first PEMS test campaign to obtain insights into the suitability of PEMS for emissions testing of Euro 3-4 light-duty vehicles in 2007 based on an Administrative Arrangement with DG ENTR (EC, 2007c). The PEMS testing of Euro 5 vehicles in 2009 and 2010 was then commissioned by the recent Administrative Arrangement No. SI2.552273 between the JRC and DG ENTR (EC, 2009c). The aim of this Administrative Arrangement was in particular to obtain on-road emission values for a range of Euro 5 vehicles and thereby supporting the development of suitable off-cycle emission test procedures that might supplement the standard laboratory emission test of Euro 6 vehicles from 2014 onward. The results of both test campaigns are documented in the present report, which continues in the next section by explaining in greater detail the methodology used for the PEMS test campaign of light-duty vehicles.

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3 Methodology

The methodology section contains four parts: the first part provides an overview of test vehicles; the second part presents the routes used for PEMS testing; the third part explains PEMS equipment and test protocol; the fourth part explains data processing and data analysis.

3.1 Test vehicles

The analysis presented in this report includes passenger cars, i.e., vehicles of category M1, for which the currently applicable emission limits are provided in Table 1. The PEMS test fleet consists of 12 light-duty vehicles, comprising 5 gasoline vehicles, 1 gasoline-hybrid vehicle, and 6 diesel vehicles. Nine vehicles represent small and compact passenger cars, one vehicle is a minivan, and two vehicles represent small transporters. All test vehicles belong to category M1 of the European type approval classification (EC, 2007b), are sold on the European market, and passed type approval based on Euro 3-5 emission limits (Table 3). The second phase of the PEMS test campaign in the years 2009 and 2010 focused in particular on Euro 5 vehicles with the aim of complementing the data generated for Euro 3 and Euro 4 vehicles during the first project phase between 2007 and 2008.

3.2 PEMS test routes

The PEMS test campaign started with the testing of Vehicles A and C on local routes, including trips from Ispra to Milan as well as in down-town Milan. Based on the results of these tests, four defined routes were developed (Table 4, Figure 2), which later served as standard test routes for all subsequent PEMS tests of Vehicles B and D-L. The characteristics of these four test routes reflect as far as possible the diversity of normal on-road driving in Europe and include:

(i) Route 1: Ispra-Milan-Ispra; representing a mix of rural and motorway driving
(ii) Route 2: Ispra-Varese-Ispra; representing a mix of rural and urban driving
(iii) Route 3: Ispra-Sacro Monte-Ispra; representing a mix of rural and severe uphill-downhill driving with an elevation difference of around 800 m
(iv) Route 4: Motorway; representing high-speed driving at speeds of up to 130 km/h

Figures 3 and 4 provide an overview of altitude profiles and the typical speed distributions of the four test routes.

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Table 3: Specifications of test vehicles

Vehicle	Vehicle category	Model year	Mileage at test start [km]	Fuel	Engine capacity [ccm]	Maximum engine power [kW]	Mass of CO_2 emitted during standard NEDC testing [g/km] / [cumulative kg]	Emission treatment technology	Applicable emission limit
A	N1 (small transporter)	2007	20,743	diesel	1997	69	182 / 2.00	oxidation catalyst, no DPF	Euro 3, Class II
B	M1 (minivan)	2007	13,831	gasoline	1798	88	169 / 1.86	3-way catalyst	Euro 3
C	N1 (small transporter)	2007/8	~20,000	diesel	2461	96	218 / 2.40	oxidation catalyst, no DPF	Euro 4, Class II
D	M1 (small passenger car)	2007	~800	diesel	1461	50	120 / 1.32	oxidation catalyst, no DPF	Euro 4
E	M1 (compact passenger car)	2004	~100,000	diesel	1896	77	140 / 1.54	oxidation catalyst; no DPF	Euro 4
F	M1 (small passenger car)	2007	16,996	gasoline	1149	55	139 / 1.53	3-way catalyst	Euro 4
G	M1 (compact passenger car)	2007	1,023	gasoline-hybrid	1497	57*	104 / 1.14	3-way catalyst	Euro 4
H	M1 (compact passenger car)	2009	3,408	diesel	1598	88	129 / 1.42	oxidation catalyst, DPF	Euro 5
I	M1 (compact passenger car)	2009	4,667	diesel	1995	130	128 / 1.41	oxidation catalyst, DPF	Euro 5
J	M1 (compact passenger car)	2009	~5,000	gasoline	1595	75	166 / 1.83	3-way catalyst	Euro 5
K	M1 (small passenger car)	2009	-10,000	gasoline	1242	51	119 / 1.31	3-way catalyst	Euro 5
L	M1 (small passenger car)	2010	1,909	gasoline	1242	44	127 / 1.40	3-way catalyst	Euro 5

[1] gasoline engine only

Table 4: Characteristics of PEMS test routes

Test route	Section	Distance [km]	Typical average speed [km/h]
Route 1	rural	35	50
	motorway	100	90
	Total	**135**	**65**
Route 2	rural	51	40
	urban	10	25
	Total	**61**	**35**
Route 3	rural	50	45
	uphill-downhill	10	30
	Total	**60**	**40**
Route 4	rural	37	39
	motorway	95	108
	Total	**132**	**71**

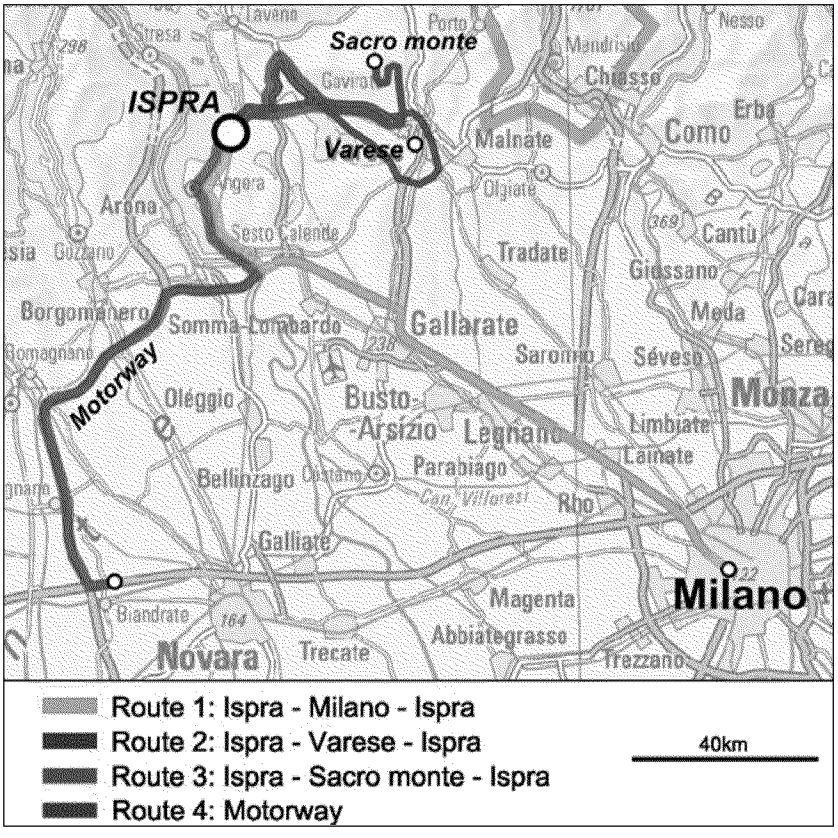

Figure 2: Topographic map of the PEMS test routes

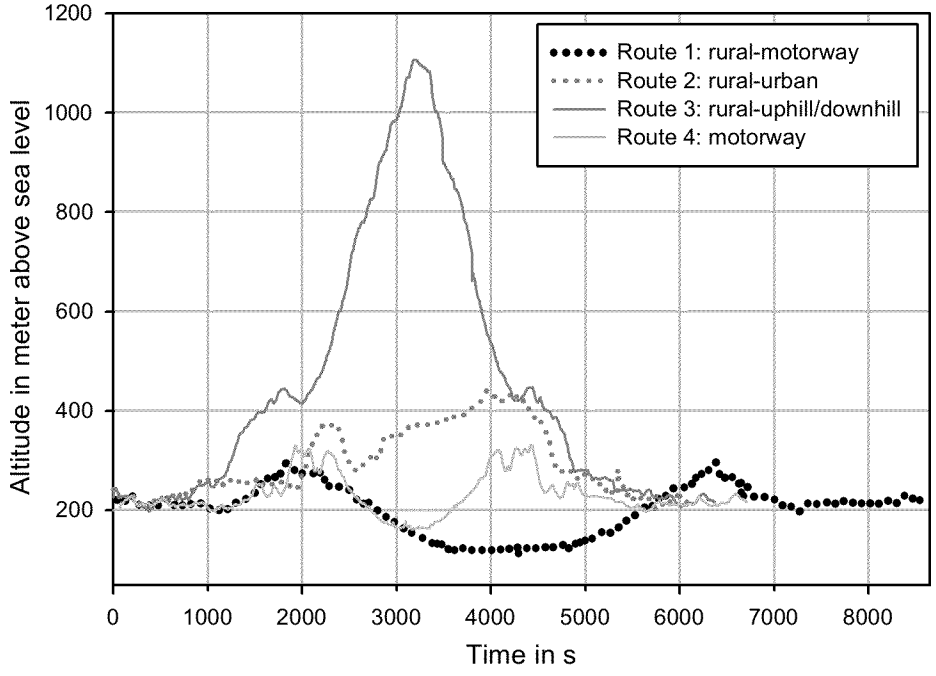

Figure 3: Altitude profiles of PEMS test routes; NEDC testing, by comparison, does not include any altitude changes

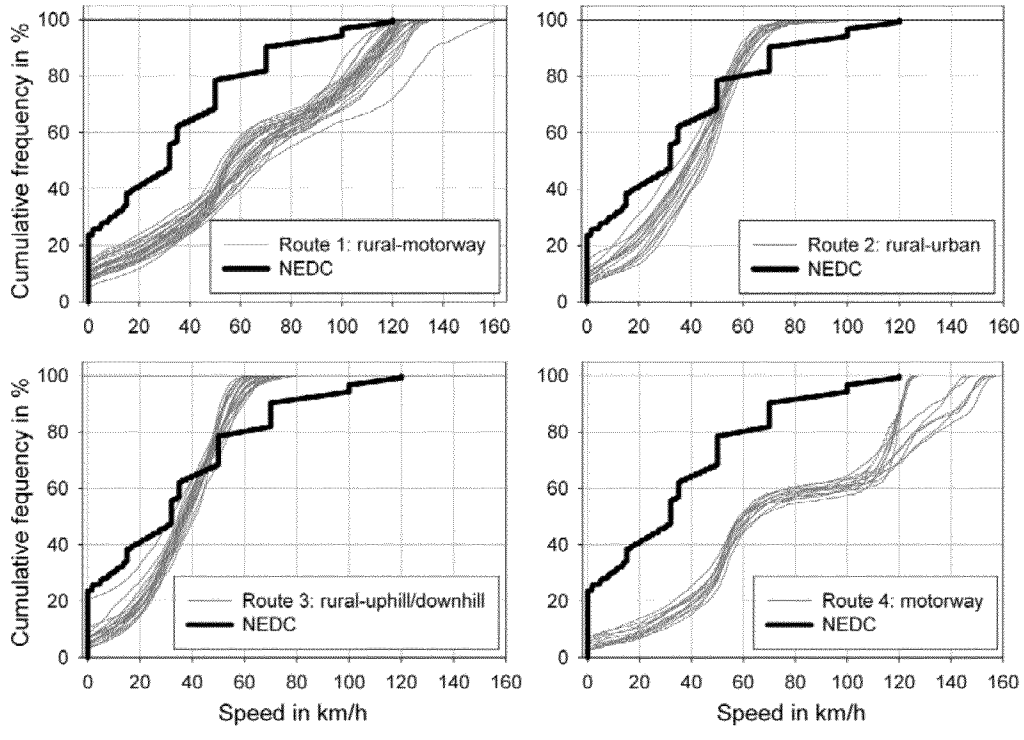

Figure 4: Typical speed distributions of PEMS test routes in comparison to the NEDC

The four test routes represent different on-road driving pattern, which can also be characterized by plotting the relative positive acceleration (RPA) as function of vehicle speed. The RPA is calculated as the integral of the product of instantaneous speed and instantaneous positive acceleration over a defined section of the test route, a so-called sub-trip, such as:

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$$RPA = \frac{\int_0^{t_j} (v_i \times a_i) dt}{x_j}$$ (*Equation 1*)

where: t_j = time
x_j = distance of sub-trip *j*
v_i = speed during each increment *i*
a_i = instantaneous positive acceleration during each increment *i* contained in the sub-trip *j*

A sub-trip is defined here as any part of the test route, in which the vehicle speed is at least 2 km/h for a period of at least 5 seconds. Individual sup-trips are separated from each other by periods of idling or very slow motion in congested traffic. The length and number of sub-trips contained in a PEMS test depends on the route characteristics and the traffic situation and might show substantial variability both between and within individual test routes. Thus, sub-trips may differ substantially in their length. The maximum achievable RPA is directly related the vehicle power. Additional factors affecting the magnitude and distribution of RPA values such as: (i) the drivers' behaviour and driving style, (ii) climatic and ambient conditions, as well as (iii) traffic and road conditions. The distribution of RPA values allows comparing the characteristics of different routes and may be used as criterion to standardize on-road PEMS emissions testing.

The RPA values of the individual PEMS test routes show distinct pattern that differ from the ones of the NEDC (Figure 5). In particular Routes 1 and 4 include a larger share of high-speed driving than the NEDC. Vehicle testing on the four test routes covers furthermore a substantially larger range of the RPA-speed spectrum than does the conventional NEDC testing. Low RPA values in the range of 0.1-0.4 m/s^2 at velocities of 0-50 km/h represent the majority of driving conditions on our four PEMS test routes. Still extreme conditions exist such as RPA values above 1 m/s^2 at low speeds or relatively low RPA at high speeds in the range of 120-130 km/h occur; these driving conditions are not covered by the NEDC.

Overall, Route 1 with a mix of rural and motorway driving seem to capture best the potentially large variability of on-road driving conditions. Still, driving on identical routes can lead to considerable variability in the RPA-speed trace depending on vehicle type as well as road and traffic conditions. The overview in Figure 5 clearly indicates the shortcomings of the NEDC: it completely excludes driving at low velocities and medium too high acceleration (RPA >0.2 m/s2) as well as at high velocities and low acceleration. The ongoing development of a world-wide harmonized driving cycle addresses parts these shortcomings; the new driving cycle well be implemented in the European Union by 2014 with the introduction of Euro 6 emission limits.

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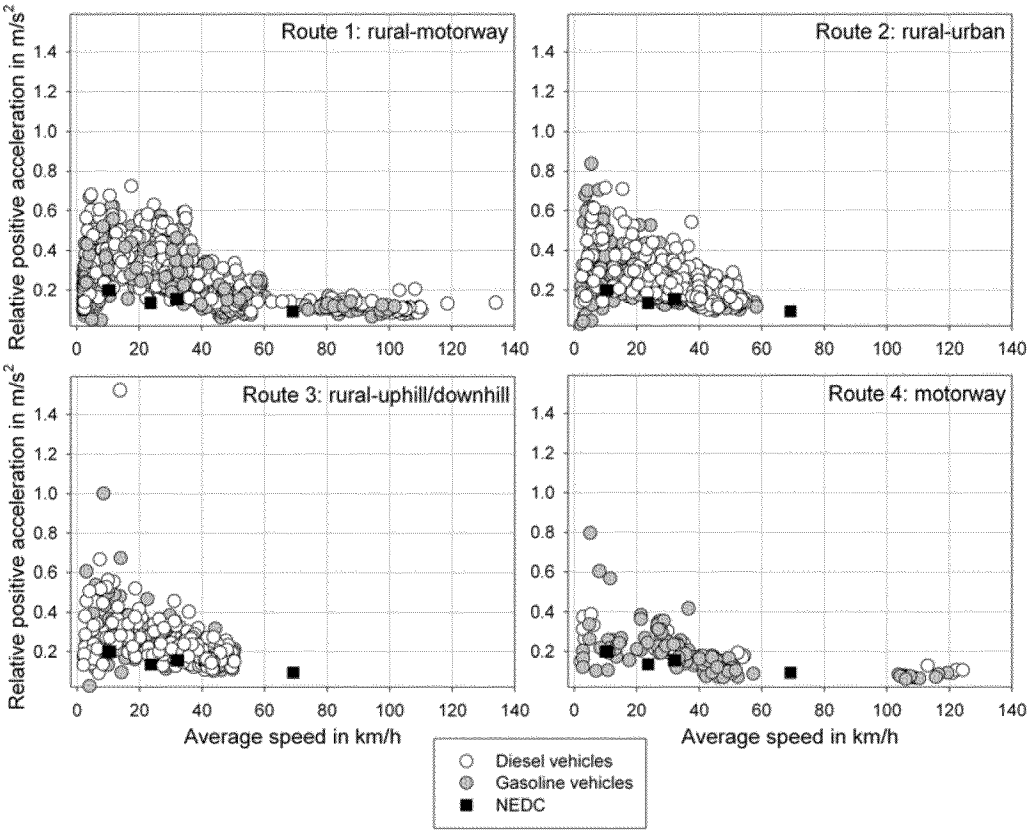

Figure 5: The relative positive acceleration of sub-trips composing the four PEMS test routes and the NEDC

Regardless, also the driving on the four PEMS test routs has one particular limitation: It is not able to reproduce driving at very high speeds (i.e., >140 km/h) as it frequently occurs on the German Autobahn. This limitation is relevant because Germany presents the largest vehicle market in Europe and operates an Autobahn network of more than 12,000 km, which accounts for one third of all vehicle-kilometres driven in Germany. Large parts of the Autobahn are free of a speed limit. In 1995, the average vehicle speed on the Autobahn was 134 km/h (Pander, 2007) and thereby higher than the speed limit enforced in all other European countries[3].

3.3 PEMS equipment and test protocol

For the emissions testing of light-duty vehicles, a Semtech-DS PEMS from Sensors Inc. was used. This equipment is commercially available and consists of a tail-pipe attachment, heated exhaust lines, a Pitot tube for measuring the exhaust mass flow and temperature, exhaust gas analyzers, a data logger to the vehicle network, a GPS, sensors for ambient temperature and humidity, and exhaust pipelines (Figure 6). The mass of the PEMS systems including an external battery for power supply amounts to 80 kg and is thereby equivalent to the mass of a passenger. PEMS accounts at maximum for 9% of the mass of tested vehicles. Although the mass of the PEMS equipment might not substantially affect the test results, it may introduce a bias into the emission measurements. This bias may, however, allow reproducing on-road emissions of with more than one person in the vehicle.

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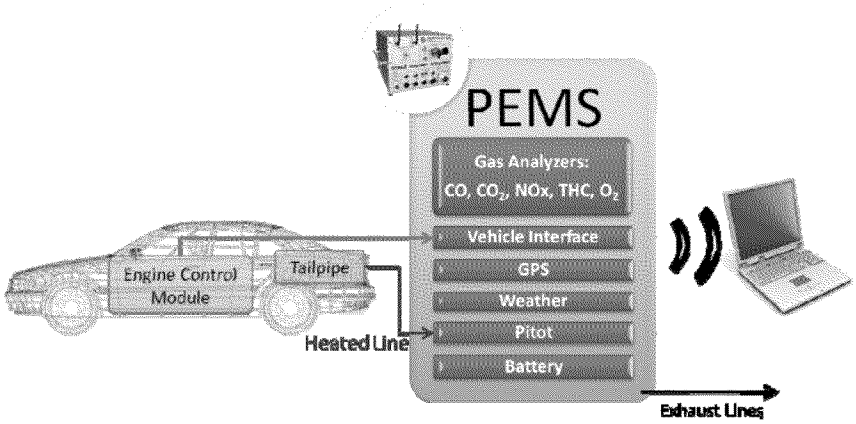

Figure 6: Schematic overview of PEMS and auxiliary components (courtesy Sensors Inc.)

PEMS measures the exhaust gas concentrations of the regulated pollutants THC, CO, and NO_X, as well as of CO_2 and NO emissions, the exhaust mass flow and the exhaust temperature. The complete set of parameters measured with PEMS during on-road emission tests, as well as the corresponding measurement technique, is provided in Table 5. Total hydrocarbon emissions are measured by a heat flame ionization detector (HFID); CO and CO_2 emissions are measured by a non-dispersive infrared (NDIR) analyzer; NO and NO_2 emissions are measured by a non-dispersive ultraviolet (NDUV) analyzer; the total NO_X emissions are then calculated from the NO and NO_2 data. Particulate matter (PM) is excluded from this analysis.

Table 5: Overview of parameters measured with PEMS

Category	Parameter	Measurement technique
Exhaust gas pollutants	THC	HFID
	CO	NDIR analyzer
	CO_2	NDIR analyzer
	NO and NO_2	NDUV analyzer
	Exhaust flow rate	EFM
	Exhaust temperature	EFM temperature sensor
Vehicle characteristics	Vehicle speed	GPS
	Vehicle position and altitude	GPS
	Acceleration	GPS
	Distance travelled	GPS
Ambient conditions	Elevation	GPS
	Ambient humidity	Humidity sensor
	Ambient temperature	Temperature sensor
	Ambient pressure	Pressure sensor

[3] Italy and Poland present exceptions: The speed limit on three-lane (six lanes in two directions) highways in Italy may be 150 km/h if indicated. The speed limit on highways in Poland will be 140 km/h from 2011 onward.

To measure the exhaust mass flow and exhaust temperature, the Semtech-DS uses an exhaust mass flow meter (EFM) equipped with differential pressure devices and thermocouples. The EFM has an accuracy of at least ± 3.0% at a resolution of 0.003 m^3/min and an exhaust temperature range from ambient to 550 ºC. The random error of PEMS measurements typically accounts for 2-3% of the measured value. The accuracy of PEMS has been verified against laboratory equipment by Rubino et al. (2007a). The verification tests were conducted on a 48 inches chassis dynamometer (MAHA; maximum power 150 kW; maximum velocity 200 km/h; inertia of 454-4500 kg) over the NEDC driving cycle. A Horiba MEXA-7400HTR-LE was used as reference for measuring NO_X, CO, HC, and CO_2 emissions. The NO_X emissions were measured using a chemiluminescence analyser (CLA; the total hydrocarbons emissions were measured by a heated flame ionization detector (HFID), CO and CO_2 were determined by NDIR analyzers. The CVS flow rate was set at 6 m^3/min. The gaseous emissions were measured during the emission tests according to the current European type-approval protocol. Good agreement was found between the emissions as measured with PEMS and the reference test cell analyzers (Horiba) as shown in Figure 7 (see also EPA, 2008; Rubino et al., 2007a,b). The deviations between both PEMS and laboratory equipment are negligible with respect to the findings of this report.

The test protocol of the Semtech-DS PEMS for measuring on-road emissions of light-duty vehicles was adapted in two points from the one developed for heavy-duty vehicles (EUR, 2006c):

(i) The emissions were measured directly from cold start, including cranking.

(ii) The vehicle conditioning (e.g., the vehicle temperature) was monitored before, during, and after the test.

The main components of the Semtech-DS PEMS (i.e., pumps, electronic equipment, and analysers) were installed in the cabin of the vehicle, which avoids contamination, excessive vibrations, and heating of the equipment. The exhaust mass flow meters were attached to the vehicle's tailpipe; GPS and weather station were installed outside of the vehicle (Figure 8). The power for the analytical equipment was supplied by an external battery. This reduces the interference of PEMS with the engine operation and allows PEMS testing for up to 2.5 hours; the battery, nevertheless, introduces additional weight to the PEMS equipment. PEMS has been proven to yield reliable emission measurements in previous test campaigns for heavy-duty and light-duty vehicles (EUR, 2006a,b; Rubino et al., 2007a; Bonnel and Kubelt, 2010).

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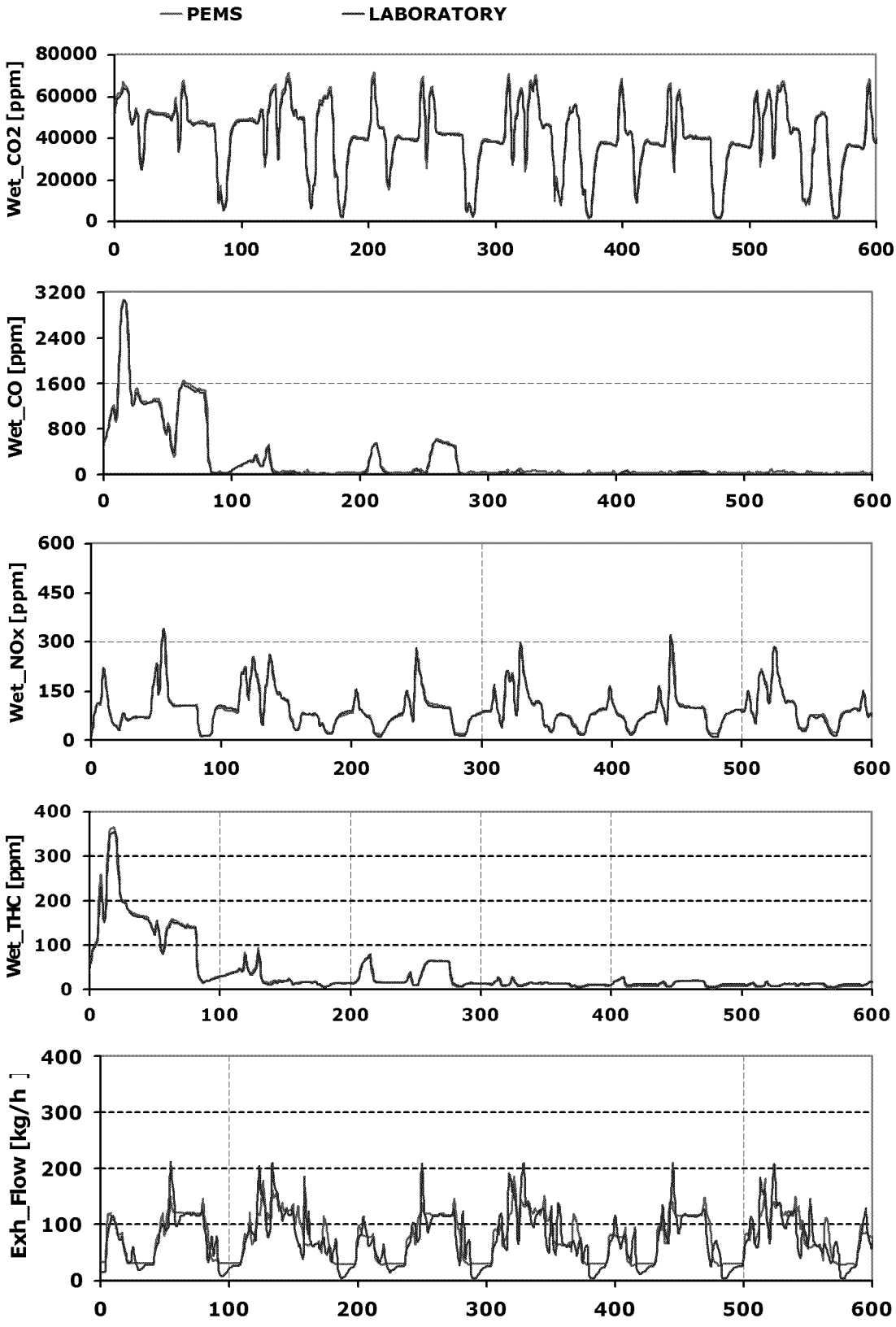
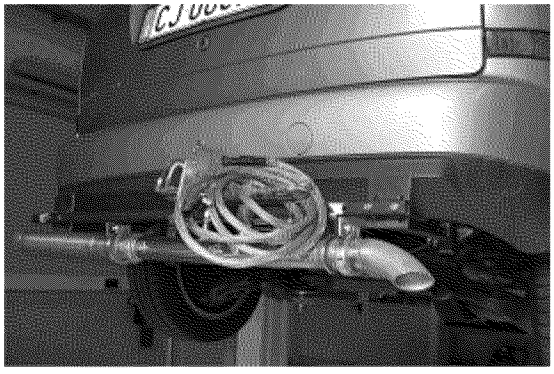
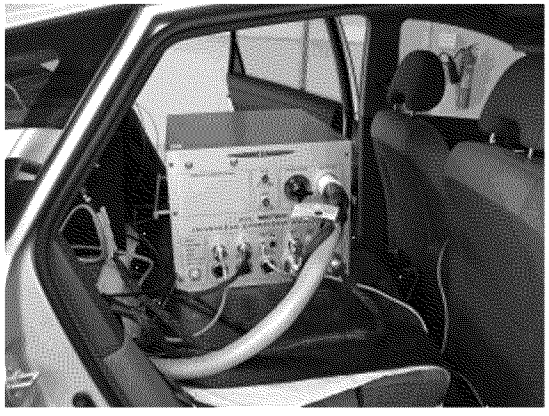


Figure 7: Comparison of emissions as measured with PEMS and standard laboratory equipment

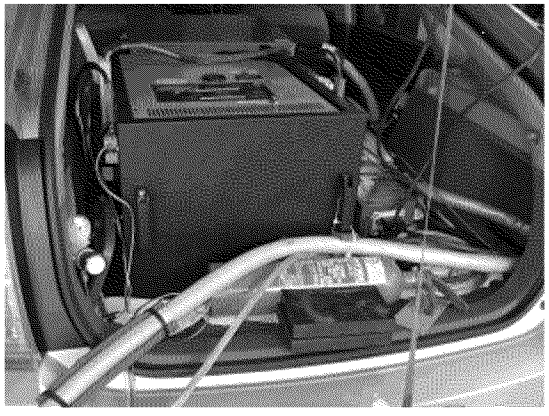


(i) EFM

(ii) PEMS installation



(iii) PEMS main unit



(iv) external battery

Figure 8: Demonstrating the installation of PEMS in a light-duty vehicle

3.4 Data collection and analysis

3.4.1 Complementary data supply and emission tests

In addition to PEMS testing, the emissions of Vehicles A, D, and G-L were determined based on NEDC testing in the laboratory. All laboratory tests were conducted on a 48 inches (118 cm) chassis dynamometer produced by MAHA. A Horiba MEXA-7400HTR-LE was used as standard laboratory equipment for measuring THC, CO, HC, NO_X, and CO_2 emissions (see also Section 3.3). The vehicles that were tested based on the NEDC generally complied in the laboratory with the applicable emission limits.

For Vehicles B, C, E, and F no such NEDC tests were performed because in the early phase of the PEMS test campaign attention was predominantly paid on the reliability and completeness of PEMS measurements, rather than on establishing on-road emission values of light-duty vehicles in comparison to laboratory tests. The PEMS tests of the various vehicles were complemented as far as possible by vehicle data such as engine fuel rate [g/s], engine speed [rpm], or engine torque [Nm] obtained from the Engine Control Unit (ECU) via a data logger.

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3.4.2 Data analysis

During the actual PEMS testing, each vehicle started from the JRC in Ispra (Italy) and returned to the JRC for technical checks, calibration, and data download. PEMS measures emissions with a time resolution of one second. Recorded emissions data were uploaded together with data from the PEMS's GPS system into EMROAD©, which is an Excel® tool developed by the JRC for analyzing and evaluating PEMS data (Kubelt and Bonnel, 2007). PEMS records uniformly NO_X emissions, which are uncorrected for ambient humidity and intake air temperature. This approach is justified by the aim of this project, i.e., to report on-road emissions as they occur under real-world driving conditions.

EMROAD© calculates first average emissions for the entire test route, expressed as grams per kilometre. EMROAD© also presents emissions in alternative metrics, e.g., as function of time or emitted CO_2 mass. These metrics will, however, not be discussed in detail because emission limits for light-duty vehicles are uniformly defined by EU legislation as distance-specific values in grams per kilometre (EC, 2007a).

To enable a more detailed analysis of emissions, EMROAD© allows calculating emission averages for individual averaging windows that represent sub-trips of a test route. This method is generally referred to as the averaging window method and represents an established methodology that will be used for the official emissions testing and characterization of Euro VI heavy-duty vehicles (EC, 2010). The method reduces fluctuations in the second-by-second emissions data and enables a more detailed understanding of emission variability in comparison to route averages. The principle approach is as follows: Pollutant emissions are averaged over intervals of a predefined duration. These intervals are referred to here as *averaging windows*. The duration of an averaging window is determined in the case of heavy-duty vehicles by a predefined quantity of work the vehicle's engine has performed until a certain point. This reference metrics is chosen because emission limits for heavy-duty vehicles are defined as work-specific quantities. In the case of heavy-duty vehicles both work-based averaging windows and applicable emission limits are therefore directly linked to an actual engine parameter (Kubelt and Bonnel, 2007; Bonnel and Kubelt, 2010; EC, 2010). In the case of light-duty vehicles emission limits are defined as distance-specific values (see Table 1). In line with the definition of emission limits (EC, 2007a), we chose in this report the distance travelled by the vehicle [km] as reference parameter to determine the length of an averaging window[4]. To make reference to the NEDC laboratory testing, the duration of a window is determined precisely as the distance travelled until the vehicle has emitted a cumulative mass of CO_2 that is equivalent to the CO_2 mass emitted during NEDC testing (see Table 3, column 8 from the left; Figures 9 and 10). This approach assures comparability of the distance-specific averaging window emissions with the Euro 3-5 emission limits. It is important to note that the CO_2 mass emitted presents a constant but the distance travelled by the vehicle may vary depending on the actual driving conditions. The averaging windows move at time increments equal to the data sampling period, i.e., one second. The distance *d* travelled during any averaging window is determined by:

$s = s_2 - s_1$, when (*Equation 2*)

$$m_{CO_2}(d_2 - \Delta s) - m_{CO_2}(s_1) < m_{CO_2,ref} \leq m_{CO_2}(s_2) - m_{CO_2}(s_1) \quad \text{(Equation 3)}$$

[4] The duration of averaging windows is generally longer than the one of sub-trips (see Section 3.2). On exception presents motorway driving, which typically is not interrupted by vehicle stops. Under such conditions, sub-trips might be extremely long, thus exceeding the length of an averaging window by several factors.

where: $m_{CO_2,ref}$ = total reference CO_2 mass [kg] determined during the NEDC test

$m_{CO_2}(s_1)$; $m_{CO_2}(s_2)$ = total CO_2 mass [kg] emitted until distance s_1 and s_2

Δs = distance travelled during the time increment of the sampling period of one second (Figure 10)

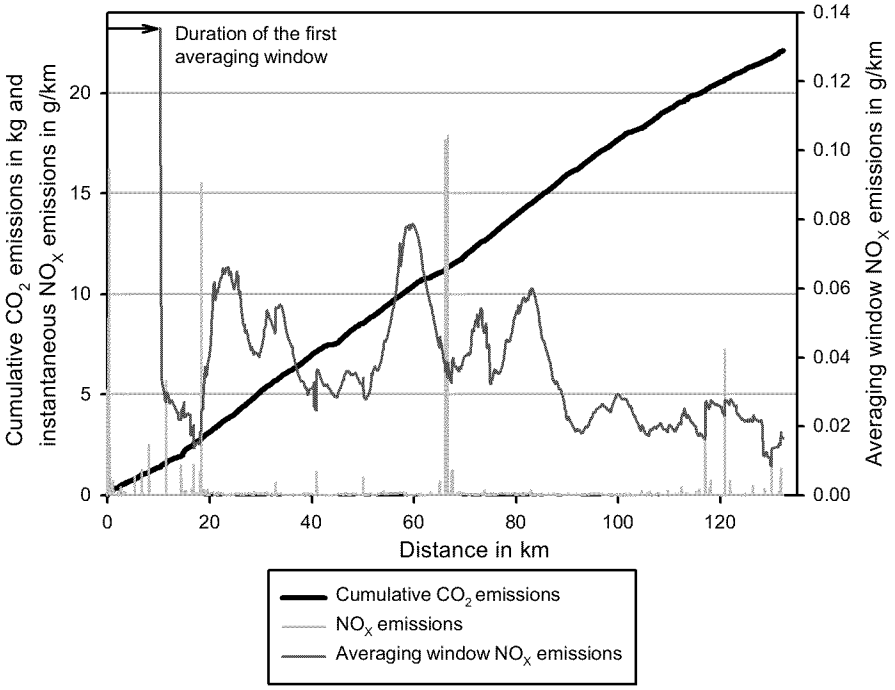

Figure 9: Example of the averaging window method for NO_X emissions; the first average is calculated once the vehicle has travelled a distance at which it has emitted a cumulative mass of CO_2 equivalent to the cumulative CO_2 mass emitted during a standard NEDC test; all consecutive windows move in increments of the sampling period, i.e., one second assuring that the cumulative CO_2 emissions match the reference CO_2 mass

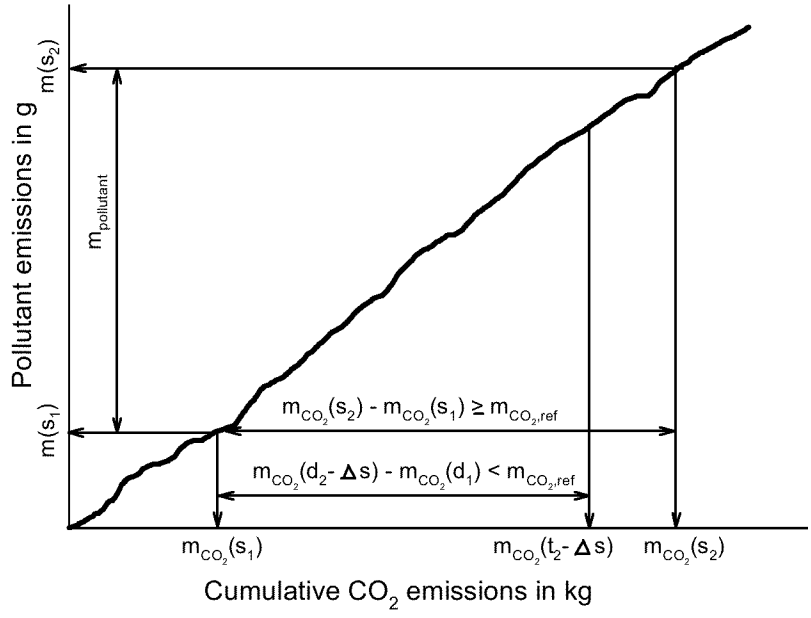

Figure 10: Schematic overview of the procedure to determine the duration of an averaging window with the CO_2 mass-based method

The CO_2 mass is calculated per window by integrating, i.e., adding the instantaneous CO_2 emissions measured with PEMS. In order to obtain a sufficient amount of data that can be used for analysis, a vehicle should emit during PEMS on-road testing at least a cumulative CO_2 mass that is equal to the cumulative CO_2 mass emitted during NEDC testing. For example, the first averaging window for Vehicle A (see Table 3) ends at a distance at which the vehicle has emitted cumulative CO_2 emissions of 2.00 kg; likewise, the averaging window for vehicle B (see Table 3) covers a distance equivalent to the cumulative CO_2 emissions of 1.86 kg. The averaging window method generally takes all measurements into account, thereby smoothing emissions data and reducing the interference of measurement spikes.

The applied averaging window method implies a peculiarity that deserves attention: The averaging window method gives unequal weight to emissions data because individual data points have different probabilities of belonging to a certain window. In particular emissions data obtained in the middle of a test procedure might be part of multiple windows where as emissions data in the beginning or at the end of an emissions test might be part of only one or a few averaging windows. This shortcoming is relevant for cold start emissions that are contained only in a few averaging windows, thus being underrepresented in the sample of averaging window emissions. We consider this problem minor with respect to the general findings of this report, in particular because cold-start emissions are specifically addressed in a separate section.

In line with Euro 3-5 emission limits, this report presents emissions uniformly in grams of per kilometre [g/km]. The presented uncertainty intervals for the route-specific average emissions indicate the maximum emissions measured over an entire test route. This approach is justified because for future emissions legislation it may be most relevant to obtain insight into the maximum level of emissions that might occur during on-road driving rather than into the overall variability of on-road emissions.

Next to presenting distance-specific emissions, also dimensionless deviation ratios (DR) are calculated. Deviation ratios present an indicator for the deviation between actual on-road emissions and the Euro 3-5 emission limits. The deviation ratio for each individual averaging window and each individual pollutant is defined as:

$$DR = \frac{DR_I}{DR_C} \qquad \text{(Equation 4)}$$

where DR_I = in-use deviation ratio
DR_C = certification deviation ratio

Both parameters are defined as:

$$DR_I = \frac{m}{s(t_2) - s(t_1)} \qquad \text{(Equation 5)}$$

$$DR_C = \frac{m_L}{s_{NEDC}} \qquad \text{(Equation 6)}$$

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where: m = the mass of the respective pollutant emitted during one averaging window [g/window]

$s(t_2)$-$s(t_1)$ = the actual distance travelled by the vehicle during each individual averaging window [km/window]

m_L = the mass of the respective pollutant emitted during one NEDC driving cycle according to the Euro 3-5 emission limits [g]

s_{NEDC} = the reference distance of the NEDC driving cycle, i.e., 11.007 km

The reference pollutant mass of m_L differs depending on the applicable emission limit. The deviation ratios are calculated by using the travel distance as reference because emission limits for light-duty vehicles are defined as distance-specific values. The deviation ratios therefore differ from the so-called conformity factors that are used to characterize on-road emissions of heavy-duty vehicles by using engine work as reference quantity. The differences between both indicators and potential impacts on our results are discussed in Section 5.1.

To analyze the emission performance of vehicles under cold-start conditions, emissions during the first 300 seconds of each PEMS test were analyzed separately. During the cold start period, the various test routes differ in their characteristics only marginally from each other. Therefore, individual test routes were not differentiated. Instead average and maximum cold start emissions were calculated by combining the cold start sections of all test routes. The report continues with presenting the results of the on-road emissions testing with PEMS.

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4 Results

This section presents the results of the PEMS test campaign for 12 gasoline and diesel vehicles that comply with Euro 3-5 emission limits. Special attention is paid to on-road emissions of Euro 5 vehicles because these vehicles are the most modern among the test vehicles and have to comply during NEDC testing with the currently enforced emission limits. This section continues by presenting on-road emissions for each vehicle as averages over the entire test routes (Section 4.1). Based on these results, Section 4.2 focuses in greater detail on NO_X emissions of Euro 5 vehicles, addressing in particular:

(i) the on-road emissions of Euro 5 vehicles in comparison to Euro 5 emission limits
(ii) on-road emissions of Euro 5 vehicles in comparison to Euro 3 and Euro 4 vehicles

Section 4.3 presents cold start emissions, i.e., emissions occurring during the first 300 seconds of the PEMS tests.

4.1 Average on-road emissions of light-duty vehicles

This section presents average emissions of NO_X, THC, CO, and CO_2 for the various light-duty vehicles and test routes. The average emissions are presented for each pollutant with two metrics as (i) distance-specific emissions [g/km] and (ii) dimensionless deviation ratios. The variability of emissions is indicated by error bars that present the maximum emissions measured for a vehicle on the various test routes. The PEMS results on NO_X emissions in Figures 11 and 12 show that:

(i) On-road NO_X emissions of gasoline vehicles generally stay within Euro 3-5 emission limits whereas NO_X emissions of diesel vehicles substantially exceed Euro 3-5 emission limits up to a factor of 2-4 if averaged over entire test routes.
(ii) On-road NO_X emissions show a relatively small decline from Euro 3 to Euro 5 diesel vehicles. This decline is substantially smaller than the stringency of Euro 3 to Euro 5 emission limits would suggest.
(iii) PEMS results suggest that there is no decline in the on-road NO_X emissions of Euro 3 towards Euro 5 gasoline vehicles.
(iv) On-road NO_X emissions are highest during extreme uphill-downhill driving and during driving on the Motorway at high velocities. This finding might be explained by insufficient exhaust gas recirculation at high engine loads during uphill and high-speed driving as well as decreased catalyst efficiency at cold start or during cool-down while down-hill driving and idling.
(v) The error intervals indicate substantial variability in the on-road NO_X emissions even if vehicles are driven on identical routes and thus under supposedly similar load pattern and driving conditions. This finding indicates the relatively high variability of on-road vehicle operating conditions.
(vi) Several diesel vehicles fail to meet the Euro 3-5 emission limits when tested with the NEDC; this finding might be partially attributed to deviations in chassis dynamometer settings and vehicle characteristics from type approval conditions.

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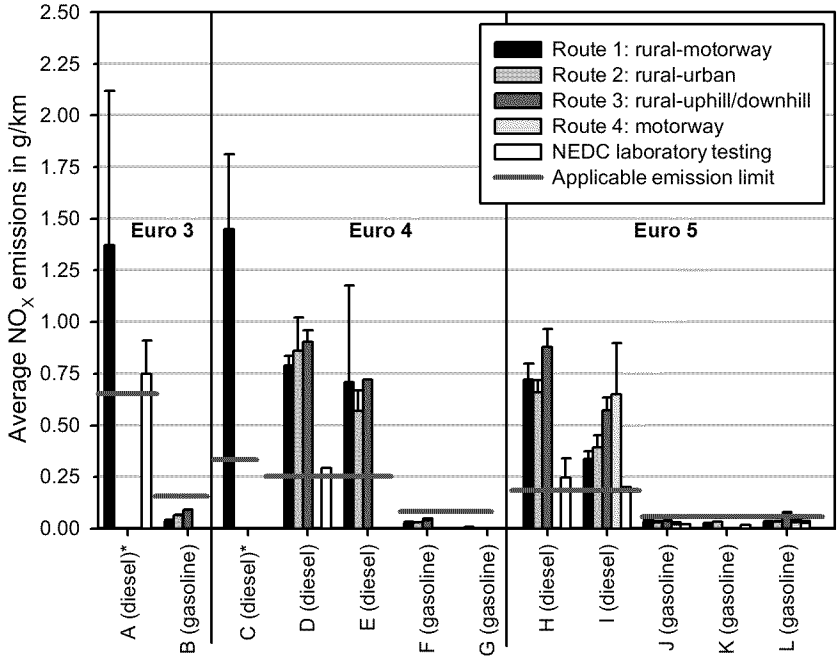

Figure 11: Average NO_X emissions on the PEMS test routes and during NEDC testing in the laboratory; uncertainty intervals indicate the maximum average emissions for each test and vehicle; * Route 1: rural-motorway for Vehicles A and C (see Table 3) includes a combination of the two test routes Ispra-Milan-Ispra and Milan-urban

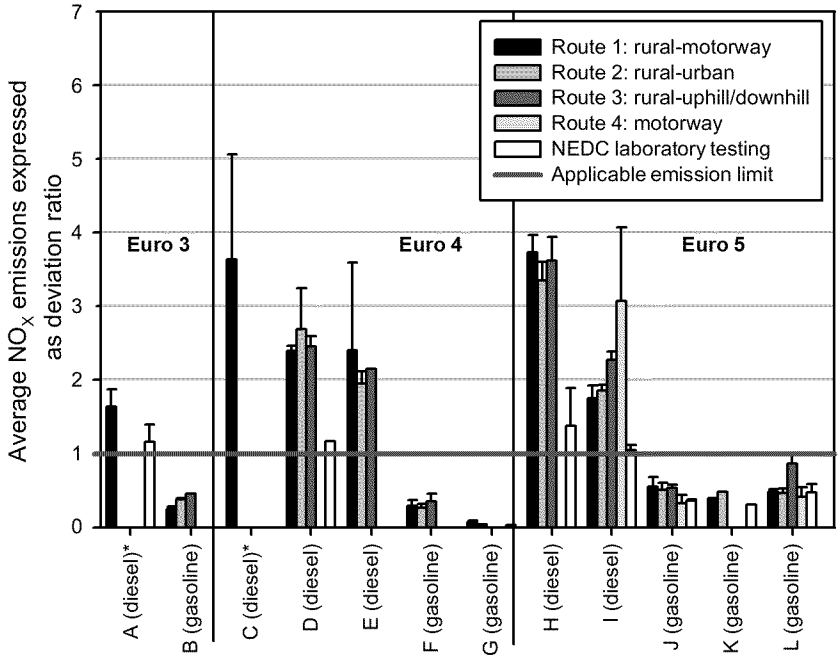

Figure 12: Average NO_X emissions on the PEMS test routes and during NEDC testing in the laboratory expressed as deviation ratio; uncertainty intervals indicate the maximum average emissions for each test route and vehicle; * Route 1: rural-motorway for Vehicles A and C (see Table 3) includes a combination of the two test routes Ispra-Milan-Ispra and Milan-urban

In summary, the PEMS results indicate that the increasing stringency of Euro 3 to Euro 5 emission limits did not lead to a substantial decline in the off-cycle on-road NO_X emissions of light-duty diesel vehicles. On-road NO_X emissions of current Euro 5 light-duty diesel vehicles might exceed

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emission limits by up to a factor of four, depending on driving conditions. These results confirm earlier findings by Pelkmans and Debal (2006) and Vojtisek-Lom et al. (2009), who reported that NO_X emissions during off-cycle and on-road driving of five light-duty diesel vehicles substantially exceeded both Euro 3-4 emission limits. Overall, the results indicate that the standardized NEDC testing is clearly limited in capturing the diversity of emissions as they occur during on-road driving and may not fulfil the requirements defined by Regulation 715/2007 EC (2007a).

Of the total NO_X emissions, NO_2 is of particular interest because of its direct adverse environmental and health effects. The PEMS measurements indicate that:

(i) NO_2 emissions of gasoline vehicles are negligible in comparison to the emissions of diesel vehicles (Figures 13 and 14).

(ii) The share of NO_2 in the total NO_X emissions is substantially higher for diesel than for gasoline vehicles.

(iii) NO_2 might reach a share of up to 60% in the total NO_X emissions of diesel vehicles; the results do not allow drawing conclusions on whether this share increased from Euro 3 to Euro 5 vehicles.

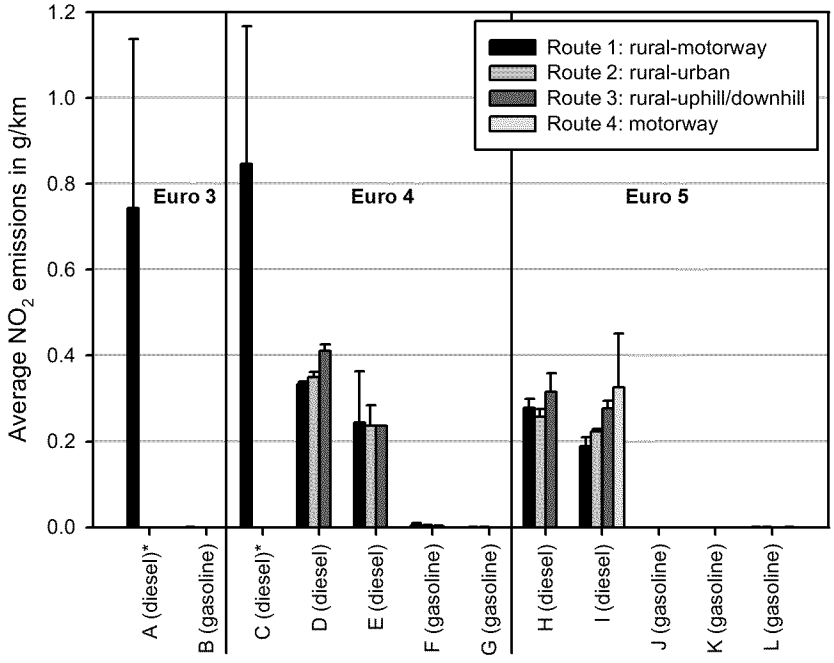

Figure 13: Average NO_2 emissions on the PEMS test routes; uncertainty intervals indicate the maximum average emissions for each test and vehicle; NO_2 was not measured during NEDC testing; * Route 1: rural-motorway for Vehicles A and C (see Table 3) includes a combination of the two test routes Ispra-Milan-Ispra and Milan-urban

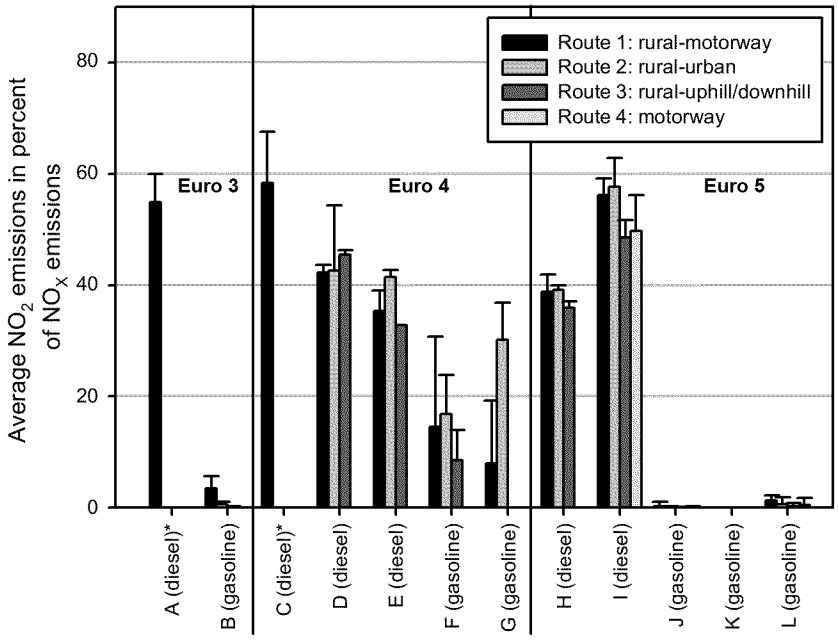

Figure 14: Average NO_2 emissions on the PEMS test routes expressed as percentage of average NO_X emissions; uncertainty intervals indicate the maximum average emissions for each test and vehicle; NO_2 was not measured during NEDC testing; * Route 1: rural-motorway for Vehicles A and C (see Table 3) includes a combination of the two test routes Ispra-Milan-Ispra and Milan-urban

In contrast to the on-road NO_X emissions, both on-road CO and THC emissions generally stay below Euro 3-5 emission limits. Figures 15 and 16 indicate that:

(i) On-road CO emissions of both diesel and gasoline vehicles generally stay below Euro 3-5 emission limits.

(ii) The results do not allow identifying a trend towards lower CO emissions from Euro 3 to Euro 5 diesel and gasoline vehicles.

(iii) The Euro 5 gasoline vehicle L shows exceptionally high emissions during extreme uphill-downhill as well as high-speed driving. The high CO emissions are associated with elevated THC emissions (see below) and high catalyst temperatures of up to 400 °C. The insufficient oxidation of carbon monoxide during uphill and high-speed driving points to insufficient catalytic conversion and requires further analyses.

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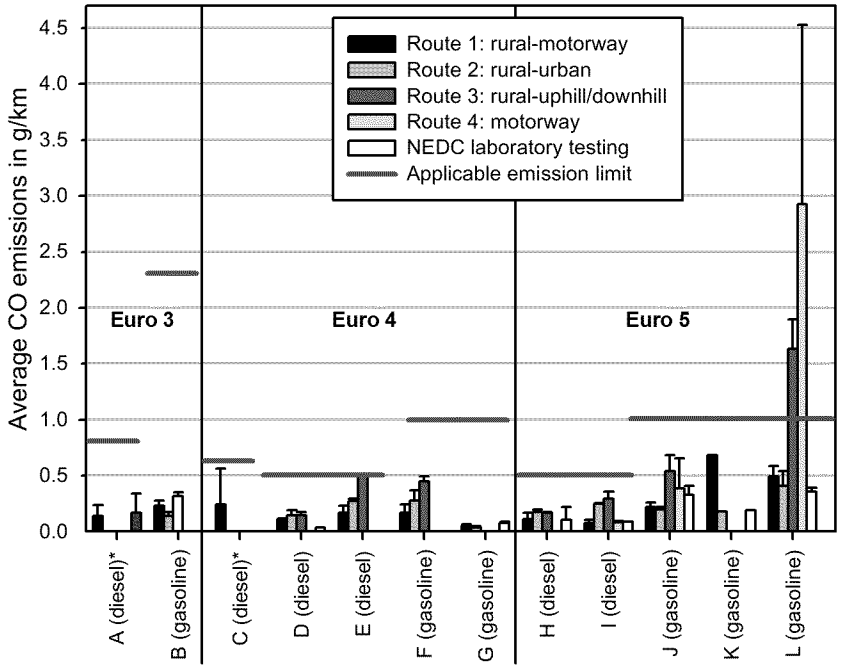

Figure 15: Average CO emissions on the PEMS test routes and during NEDC testing in the laboratory; uncertainty intervals indicate the maximum average emissions for each test route and vehicle; * Route 1: rural-motorway for Vehicles A and C (see Table 3) includes a combination of the two test routes Ispra-Milan-Ispra and Milan-urban

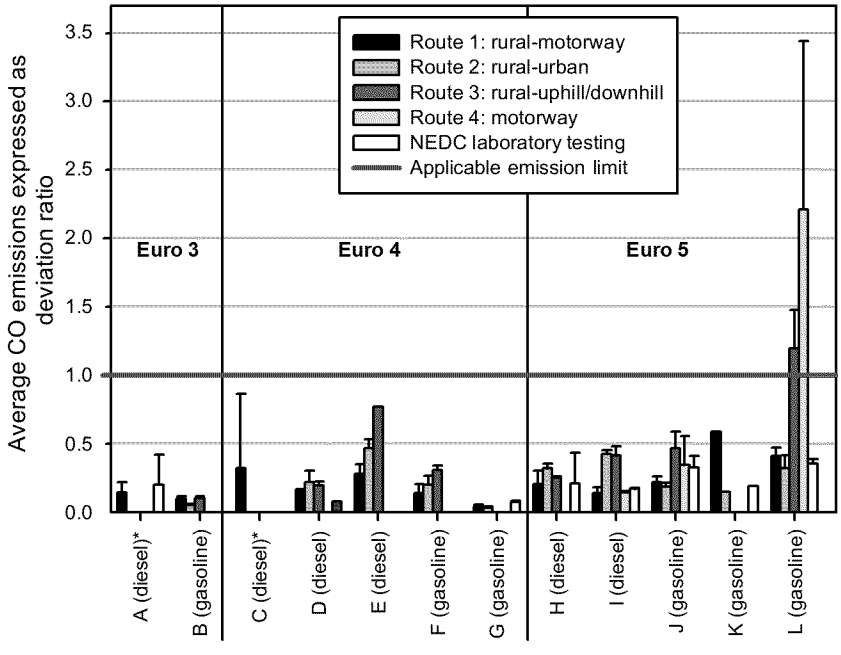

Figure 16: Average CO emissions on the PEMS test routes and during NEDC testing in the laboratory expressed as deviation ratio; uncertainty intervals indicate the maximum emissions for each test route and vehicle; * Route 1: rural-motorway for Vehicles A and C (see Table 3) includes a combination of the two test routes Ispra-Milan-Ispra and Milan-urban

The THC emissions of all diesel and gasoline vehicles remain below Euro 3-5 emission limits during the PEMS test campaign. The results can be summarized as follows (Figures 17 and 18):

(i) THC emissions of diesel and gasoline vehicles remain far below Euro 3-5 emission limits.

(ii) THC emissions generally increase from Euro 3 to Euro 5 gasoline vehicles both in absolute terms and as percentage of Euro 3-5 emission limits.

(iii) THC emissions of diesel and gasoline vehicles are generally higher during NEDC testing than they are on the road.

(iv) The Euro 5 gasoline Vehicle L shows higher THC emissions than all other test vehicles; the elevated emissions are associated with catalyst temperatures of up to 400 ^{O}C, suggesting low catalytic conversion rates.

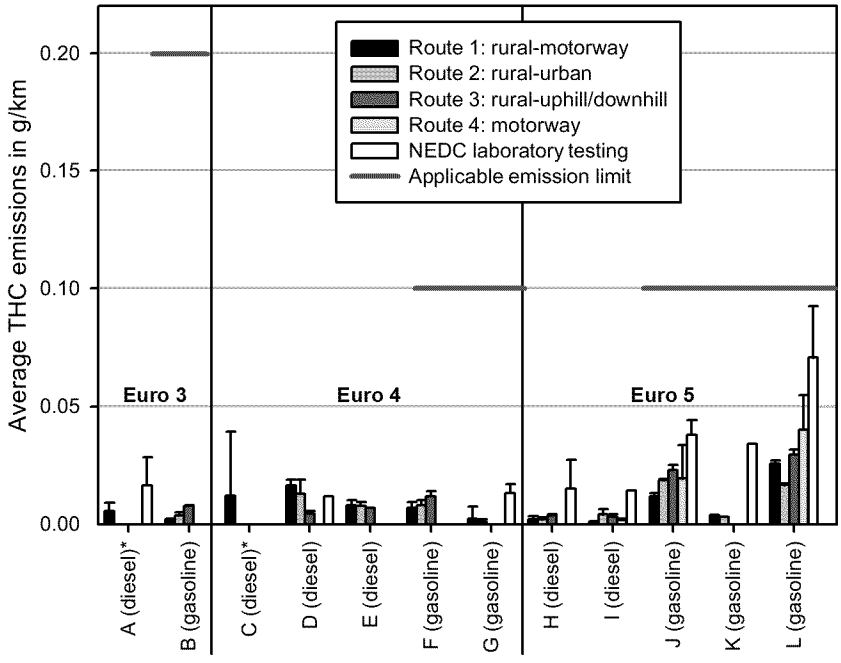

Figure 17: Average THC emissions on the PEMS test routes and during NEDC testing in the laboratory; uncertainty intervals indicate the maximum average emissions for each test route and vehicle; * Route 1: rural-motorway for Vehicles A and C (see Table 3) includes a combination of the two test routes Ispra-Milan-Ispra and Milan-urban

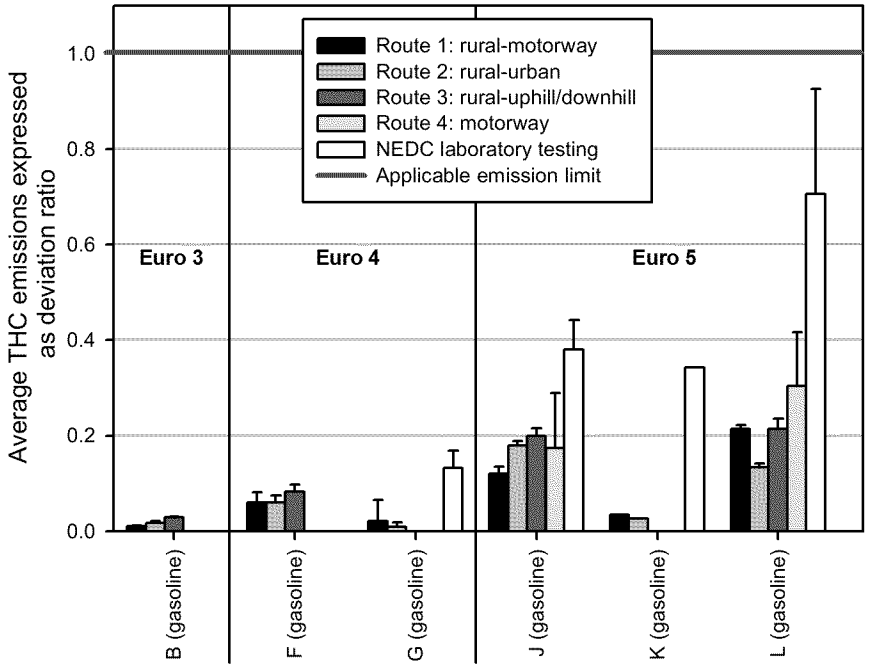

Figure 18: Average THC emissions on the PEMS test routes and during NEDC testing in the laboratory expressed as deviation ratio; uncertainty intervals indicate the maximum average emissions for each test route and vehicle

The PEMS measurements indicated so far that on-road NO_X emissions of diesel vehicles substantially exceed substantially Euro 3-5 emission limits, whereas on-road CO and THC emissions generally remain below the limits. Next to regulated pollutants, on-road CO_2 emissions are of particular interest to policy makers. To reduce greenhouse gas emissions from transport, the European commission sets a target of 130 g CO_2/km for new passenger cars of a reference mass of 1372 kg (EC, 2009a). For reasons of simplicity, we uniformly use here 130 g CO_2/km as benchmark for all test vehicles, thereby disregarding the specific mass of vehicles. The PEMS measurements indicate that (Figures 19-21):

(i) The average on-road CO_2 emissions of all vehicles tested on the four PEMS test routes amount to 176 ± 42 g/km. Diesel vehicles emit on average 189 ± 51 g/km, whereas gasoline vehicles emit 162 ± 29 g/km CO_2. Thus, on-road emissions substantially exceed the European Commissions fleet-average emissions target of 130 g/km (EC, 2009a).

(ii) The on-road CO_2 emissions of test vehicles exceed the emissions as specified during NEDC type approval by on average 21 ± 9%. Diesel vehicles show a deviation of 24 ± 8% and gasoline vehicles of 18 ± 10%. Still, these deviations might increase if vehicles are driven at extremely high speeds, e.g., as it frequently occurs on the German Autobahn.

(iii) The average CO_2 emissions during NEDC laboratory tests exceed the emission values as specified during NEDC type approval by 15 ± 10%. This deviation might be explained by differences regarding vehicle preparation (e.g., brand, dimension, air pressure of tyres, level of battery charge) as well as specific settings of the chassis dynamometer.

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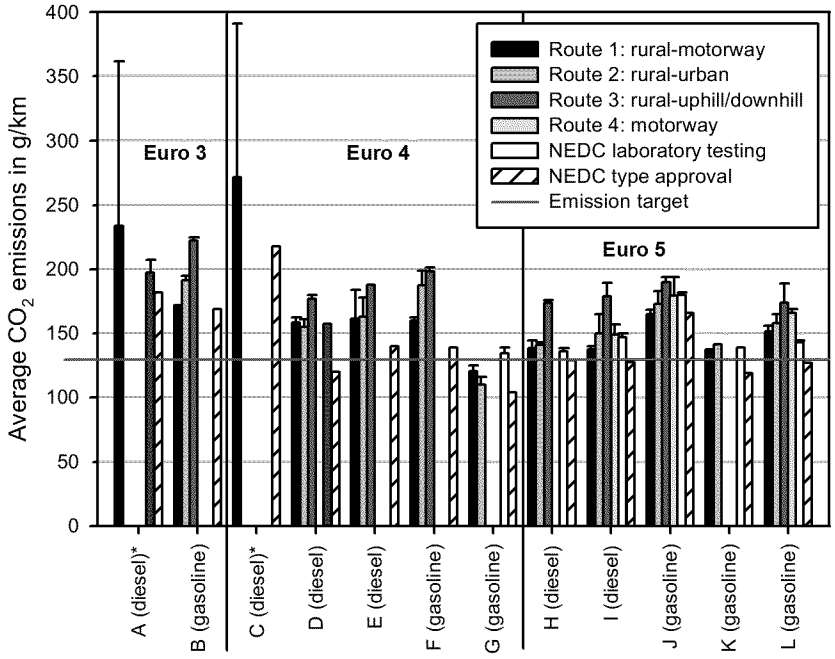

Figure 19: Average CO_2 emissions on the PEMS test routes and during NEDC testing in the laboratory; uncertainty intervals indicate the maximum average emissions for each test route and vehicle; * Route 1: rural-motorway for Vehicles A and C (see Table 3) includes a combination of the two test routes Ispra-Milan-Ispra and Milan-urban; Vehicles A and C belong to vehicle Category N1 and are not subject to the fleet-average emissions target as specified by EC (2009a)

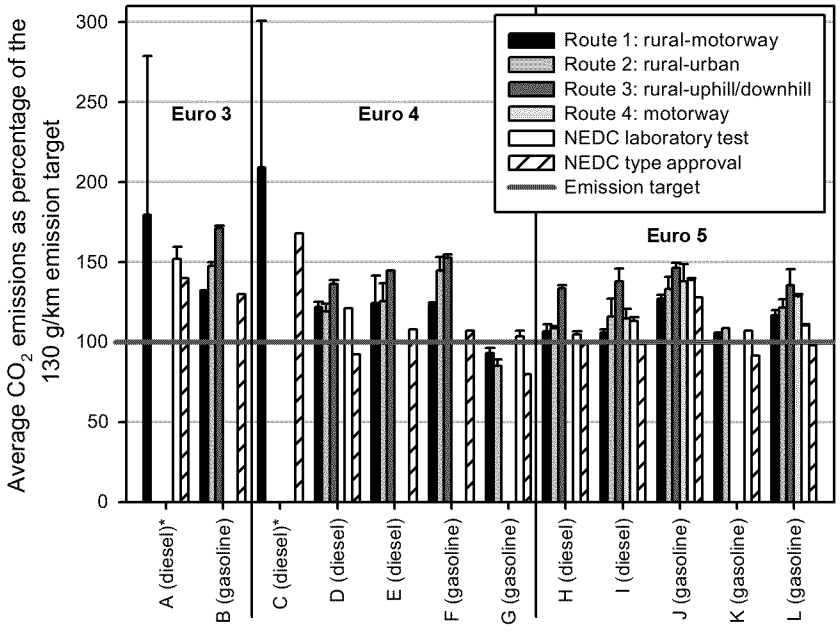

Figure 20: Deviation of average CO_2 emissions on the PEMS test routes and during NEDC testing in the laboratory expressed percentage of the established emission target of 130 g CO_2/km; uncertainty intervals indicate the maximum average emissions for each test route and vehicle; * Route 1: rural-motorway for Vehicles A and C (see Table 3) includes a combination of the two test routes Ispra-Milan-Ispra and Milan-urban; Vehicles A and C belong to vehicle Category N1 and are not subject to the fleet-average emissions target as specified by EC (2009a)

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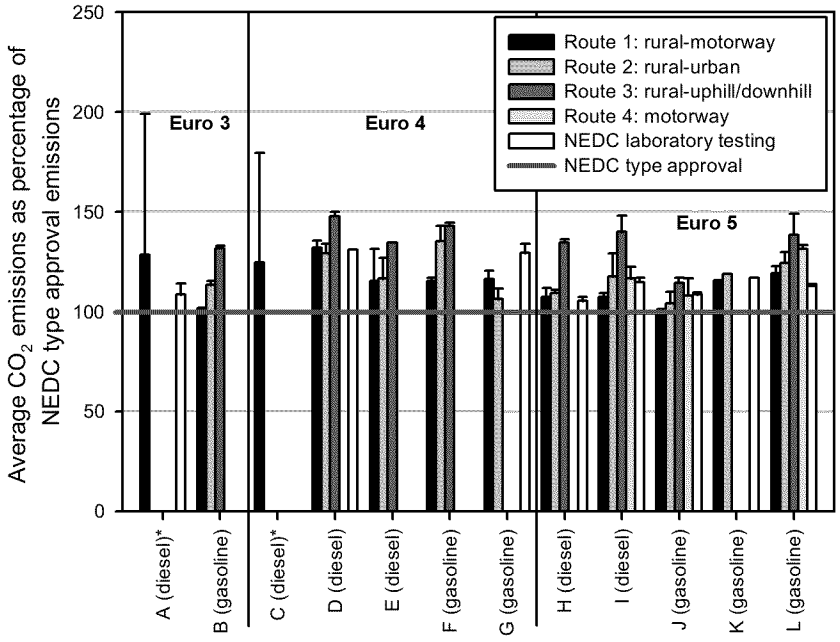

Figure 21: Deviation of average CO_2 emissions on the PEMS test routes and during NEDC testing in the laboratory expressed percentage of the NEDC type approval emissions; uncertainty intervals indicate the maximum average emissions for each test route and vehicle; * Route 1: rural-motorway for Vehicles A and C (see Table 3) includes a combination of the two test routes Ispra-Milan-Ispra and Milan-urban

The report presented so far on-road emissions as averages over entire test routes. The next section analyzes in greater detail the on-road NO_X emissions of Euro 5 vehicles by making use of the averaging window calculations.

4.2 On-road NO_X emissions of Euro 5 light-duty vehicles

4.2.1 On-road NO_X emissions of Euro 5 vehicles versus Euro 5 emission limits

The results of the previous section indicate that on-road NO_X emissions of Euro 5 diesel vehicles may substantially exceed the Euro 5 emission limit. This section analyzes now in greater detail the NO_X emissions of Euro 5 vehicles with the averaging window method (see Section 3.4.2 for methodological details). The analysis shows that for almost any driving conditions the two tested Euro 5 diesel vehicles emit more NO_X than specified by the Euro 5 limit of 0.18 g/km (Figures 22-25). The key findings are:

(i) The average NO_X emissions of all averaging windows exceed the Euro 5 emission limit in the case of Vehicle H; the average NO_X emissions of at least 80% of the averaging windows exceed the Euro 5 emission limit in the case of Vehicle I, depending on the route driven.

(ii) Uphill/downhill driving on Route 3 is associated with particularly high NO_X emissions; the average NO_X emissions of all averaging windows for Vehicles H and I exceed the Euro 5 emission limit on this test route; roughly 20% of the averaging window emissions exceed the Euro 5 limit by more than 8 times. This finding points to fuel consumption, i.e., engine load as critical parameter determining the NO_X emissions of diesel vehicles.

(iii) The distribution of the averaging window NO_X emissions shows considerable variability, which is higher between different test routes than between individual tests on identical test routes.

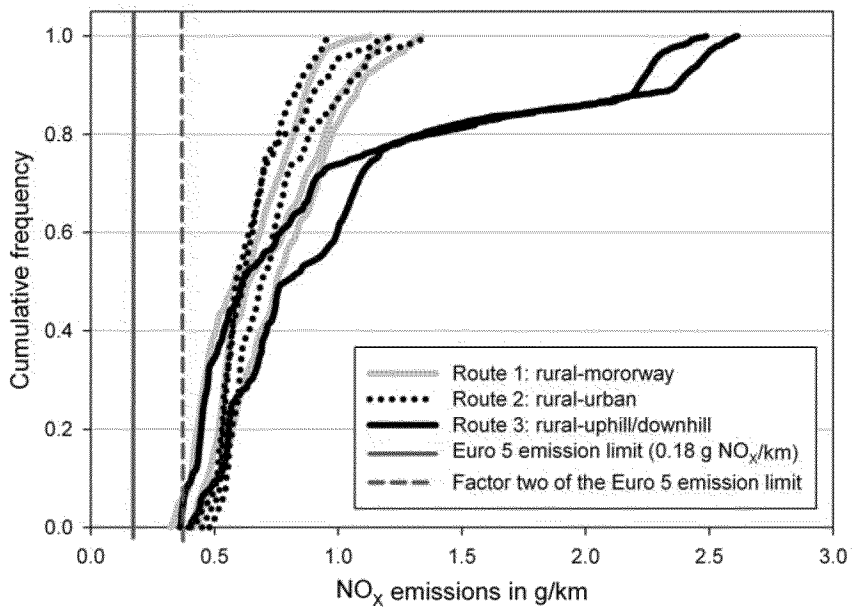

Figure 22: Averaging window NO_X emissions of EURO 5 diesel Vehicle H

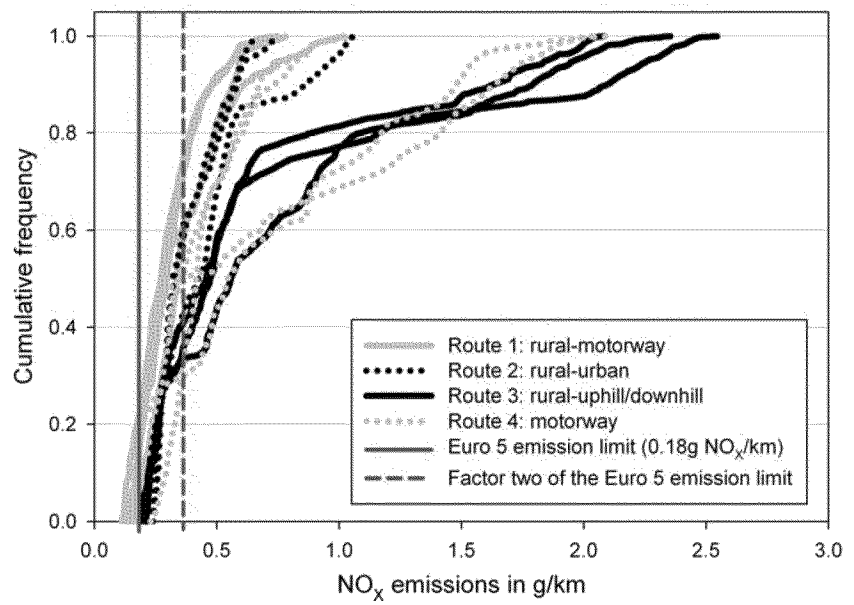

Figure 23: Averaging window NO_X emissions of EURO 5 diesel Vehicle I

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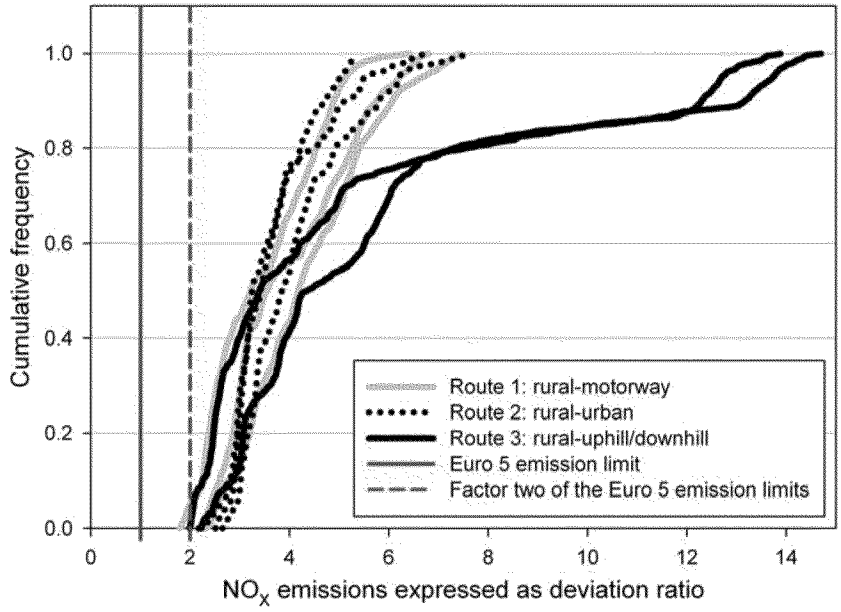

Figure 24: Averaging window NO_X emissions of EURO 5 diesel Vehicle H expressed as deviation ratio

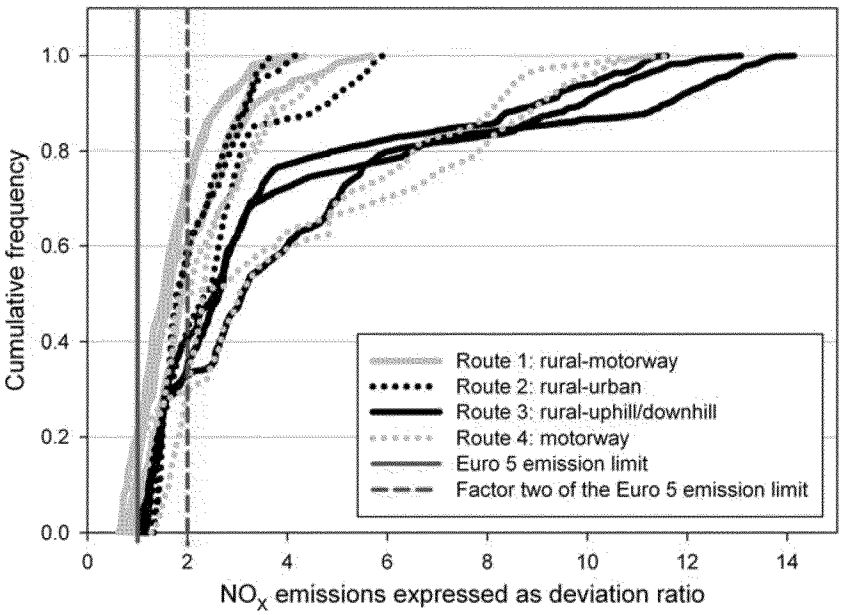

Figure 25: Averaging window NO_X emissions of EURO 5 diesel Vehicle I expressed as deviation ratio

In conclusion, the results indicate that the magnitude of NO_X emissions of Euro 5 diesel vehicles depends on vehicle velocity and operation mode but substantially exceeds under almost all on-road driving conditions the Euro 5 emission limit. This finding presents a sharp contrast to Euro 5 gasoline vehicles, for which NO_X emission remain for most of the averaging windows below the Euro 5 limit of 0.06 g/km (Figure 26). The key findings for Euro 5 gasoline vehicles are:

(i) NO_X emissions remain for the majority of averaging windows below the Euro 5 emission limit.

(ii) Even on the very severe Route 3, at maximum 40% of the averaging windows exceed the Euro 5 emission limit (Vehicle L). However, NO_X emissions of a very few averaging windows might exceed the limit by more than three times under these driving conditions.

(iii) Particularly high NO_X emissions occur at velocities higher than 120 km/h, under extreme uphill/downhill driving, during the cold-start phase, and during idling in urban driving. This finding points to fuel consumption (i.e., engine load) as well as catalyst temperature (which is low during cold start and might decline during long downhill and idling passages) as critical parameters for NO_X emissions. This finding further indicates, which driving pattern should be critically considered during type approval to achieve an effective reduction of on-road NO_X emissions.

(iv) The high NO_X emissions during low-velocity driving on Routes 1 and 2 are likely to be caused by both cold start and long idling periods. In the latter case, the catalyst cools down while the engine produces emissions although the vehicle's velocity is zero.

Caution is, however, required before drawing conclusions about the high emission levels of Euro 5 gasoline vehicles on Routes 1 and 2. Additional evaluation in Section 4.2.3 shall explore to which extent idling actually explains high NO_X emissions at low velocity and whether alternative metrics for data analysis should be employed to correct for the bias introduced by idling operation into the results.

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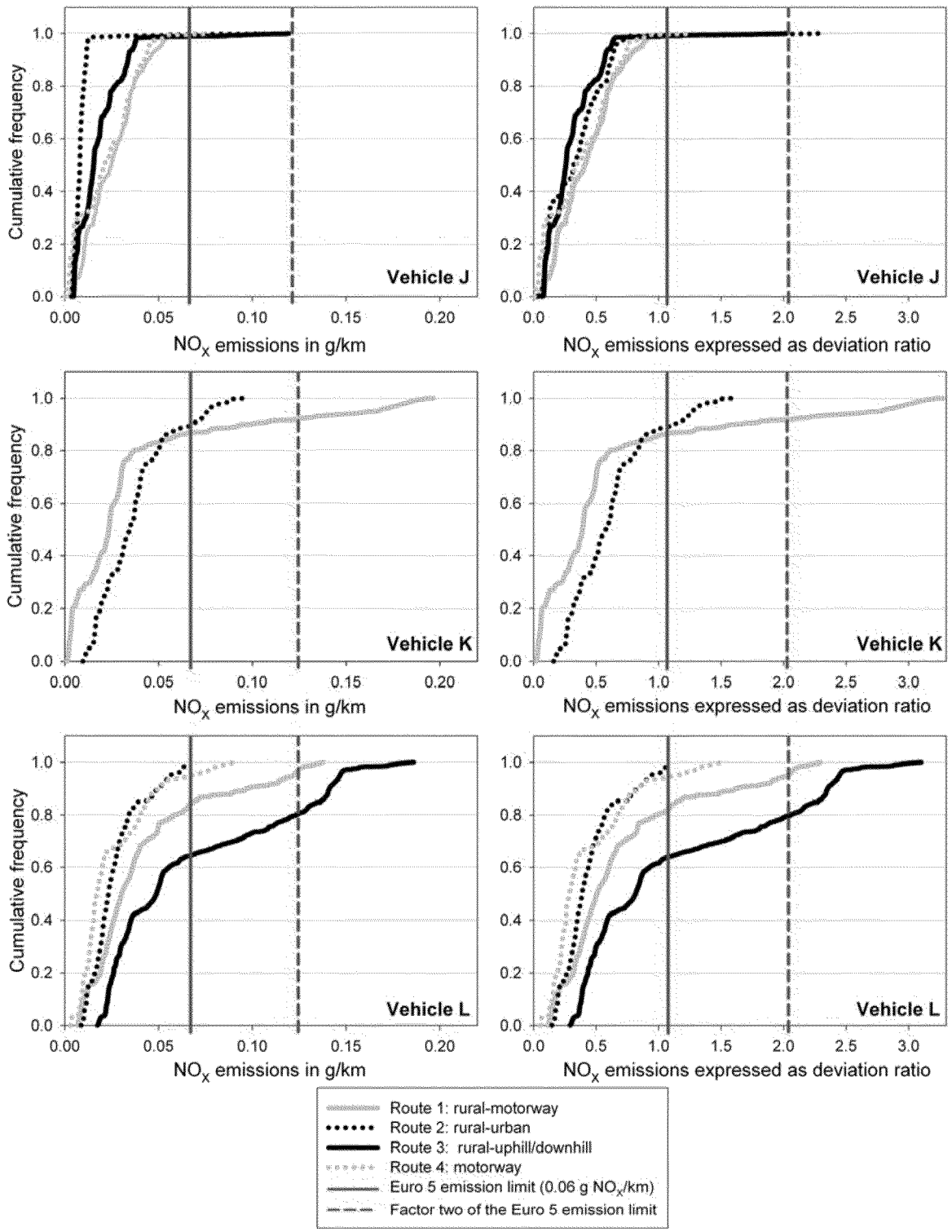

Figure 26: Averaging window NO_X emissions of Euro 5 gasoline vehicles; results given for only one randomly selected PEMS test for each vehicle and test route

4.2.2 Comparison of on-road NO_X emissions of Euro 3-5 vehicles

The previous section focussed solely on Euro 5 vehicles. This section now compares the averaging window NO_X emissions of Euro 3-5 vehicles based on one, randomly selected PEMS test per vehicle and test route (Figures 27 and 28). The findings are consistent with the route-average NO_X emissions identified in Section 4.1 and indicate that:

(i) Averaging window NO_X emissions of diesel vehicles in general substantially exceed the Euro 3-5 emission limit, while varying over a large range of values.

(ii) Averaging window NO_X emissions show a decline from Euro 3 to Euro 5 diesel vehicles, albeit at relatively large variability.

(iii) The highest averaging window NO_X emissions typically occur during demanding uphill/downhill driving on Route 3 and at high speeds on the motorway (Route 4).

By contrast, the findings for gasoline vehicles (Figure 28) indicate that:

(i) The majority of averaging window emissions remains below the Euro 3-5 emission limits although NO_X emissions vary over a large value range.

(ii) A few averaging windows substantially exceed the Euro 3-5 emission limits. These windows often include the cold-start, which is characterized by a low catalyst temperature and thus conversion efficiency.

(iii) The high emissions of Vehicle H on Route 3 present an exception among gasoline vehicles and warrant further and more detailed analyses.

In particular the results for gasoline vehicles indicate substantially elevated emissions during cold start. The next section addresses therefore cold-start emission in greater detail.

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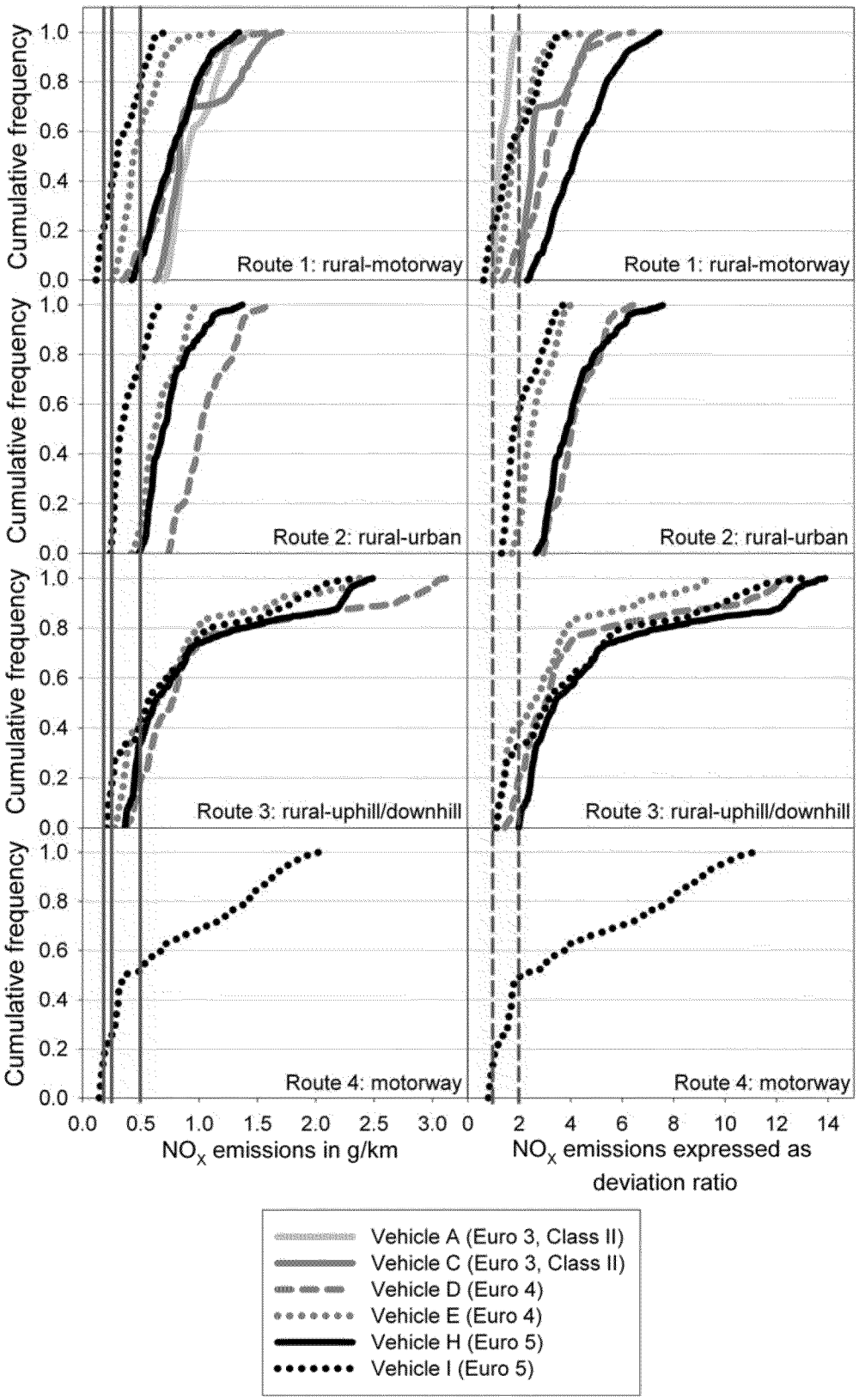

Figure 27: Comparison of the averaging window NO_X emissions of Euro 3-5 diesel vehicles on the four PEMS test routes; red solid lines indicate from left to right the Euro 3-5 emission limit; Euro 3 and Euro4 Class II emission limits for Vehicle A and C correspond to 0.65 g NO_X/km and 0.33 g NO_X/km, respectively and are not indicated for reasons of simplicity; red short-dashed lines indicate from left to right the factor one and two of the respective Euro 3-5 emission limit

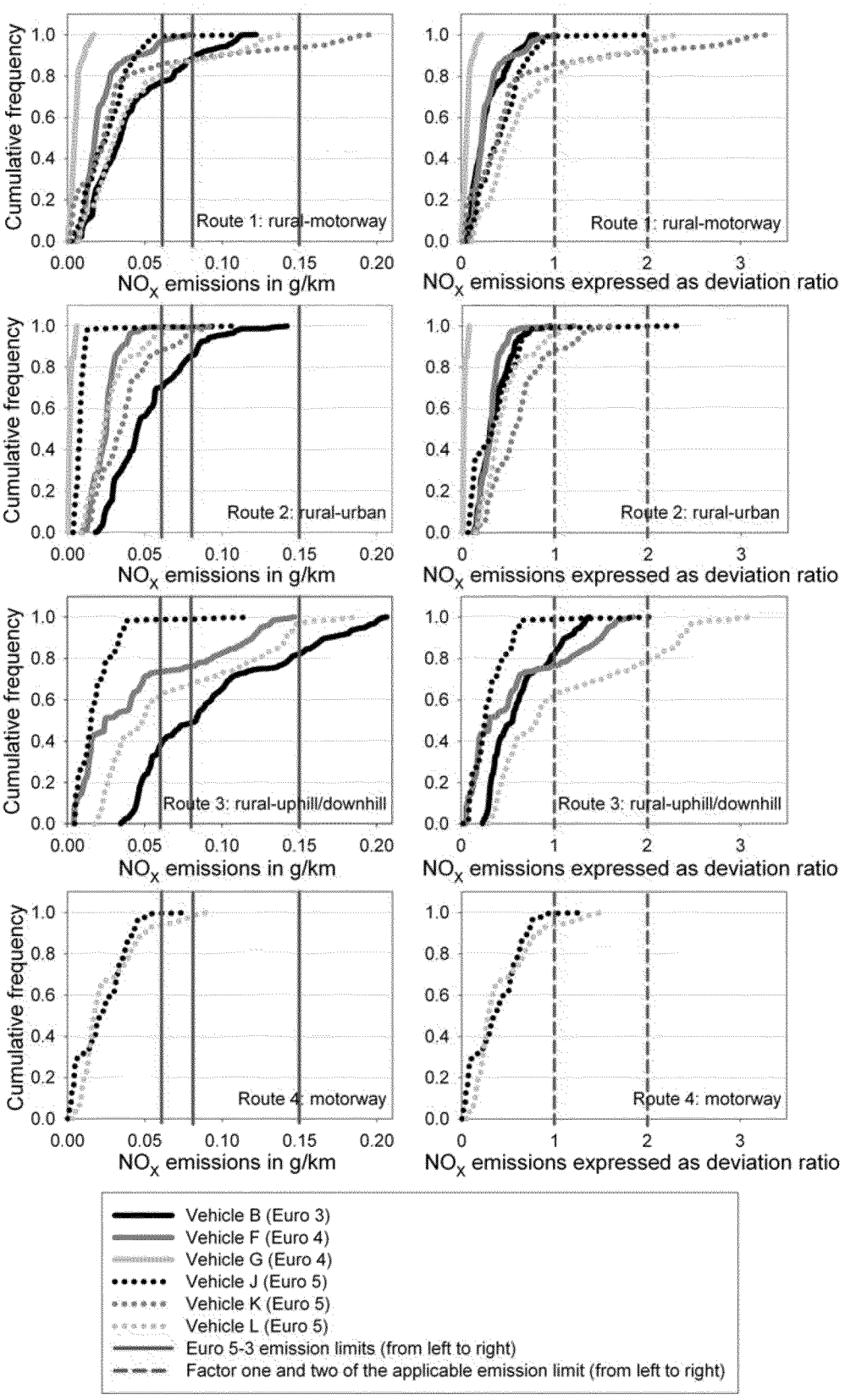

Figure 28: Comparison of the averaging window NO_X emissions of Euro 3-5 gasoline vehicles on the four PEMS test routes

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4.3 Cold start emissions

Low catalyst temperatures typically limit the effectiveness of the catalytic conversions during cold start. Cold start emissions are of particular interest because these generally occur in urban areas and might substantially exceed average on-road emissions levels. The analysis of cold-start emissions focuses on the first 300 seconds of each PEMS emissions test. The various test routes were not differentiated because driving conditions are relative similar during this initial time period for all test routes. Cold-start emissions are presented in the following for each light-duty vehicle individually as averages over all four test routes (Figures 29 and 30).

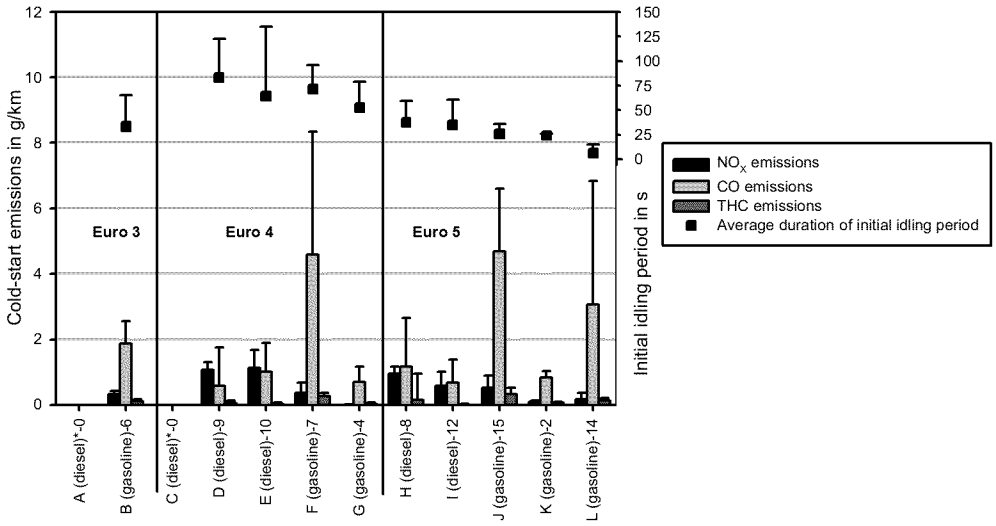

Figure 29: Average cold-start emissions and initial idling periods of light-duty vehicles; numbers below the x-axis indicate the amount of individual PEMS tests included in this analysis; uncertainty intervals indicate the maximum cold-start emissions identified for each respective vehicle; * Vehicles A and C (see Table 3) are excluded because the driving distance during the cold-start period could not be retrieved from the GPS system

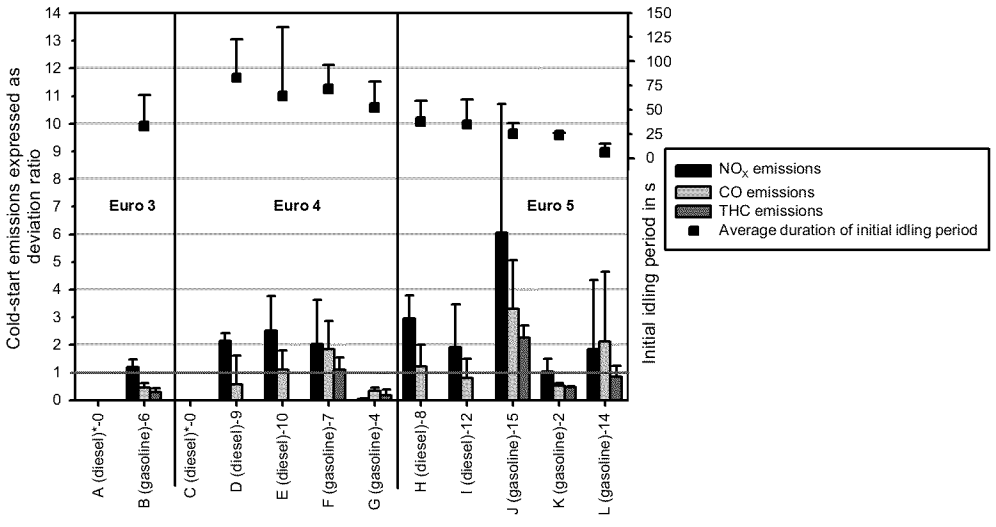

Figure 30: Average cold-start emissions expressed as deviation ratio and initial idling periods of light-duty vehicles; numbers below the x-axis indicate the amount of individual PEMS tests included in this analysis; uncertainty intervals indicate the maximum cold-start emissions identified for each respective vehicle; * Vehicles A and C (see Table 3) are excluded because the driving distance during the cold-start period could not be retrieved from the GPS system

The results presented in Figures 29 and 30 can be summarized as follows:

(i) The data do not indicate a trend towards lower cold-start emissions from Euro 3 to Euro 5 diesel and gasoline vehicles.

(ii) Cold-start emissions of both diesel and gasoline vehicles generally exceed Euro 3-5 emission limits. Cold-start NO_X emissions are always higher than the Euro 3-5 limits; CO emissions often exceed the emission limits; THC emissions are both below and above the Euro 3-5 limits.

(iii) Cold-start emissions are slightly higher than the average on-road emissions in the case of NO_X but substantially exceed the average on-road emissions in the case of CO and THC.

(iv) Cold-start emissions of individual vehicles span over a relative large value range. This suggests that environmental conditions (e.g., lower or higher ambient temperatures) in combination with changing driving pattern (e.g., longer or shorter idling periods) might substantially affect the results. In particular the duration of initial idling periods might have a substantial effect on the distance-specific cold-start emissions. More detailed analysis is warranted to quantify the magnitude of this effect on the results presented in Figures 29 and 30.

More detailed insights into cold-start emission pattern can be obtained by plotting both emissions and tailpipe temperature as function of time (Figures 31 and 32). The examples of diesel Vehicle H and gasoline Vehicle L indicate that pollutant concentrations in the exhaust are often particularly high directly after the start of the engine. At this point, exhaust and catalyst temperatures are particularly low, causing a low efficiency in the oxidation of CO and THC. The NO_X concentrations in the exhaust of diesel Vehicle H show large fluctuations but no obvious temperature dependency in the cold start phase. This finding results from the absence of catalytic NO_X oxidation in the emissions treatment system. By contrast, NO_X concentrations in the exhaust of gasoline Vehicle L decline directly after engine start. This finding points again to the temperature-dependent efficiency of three-way catalysts in gasoline vehicles.

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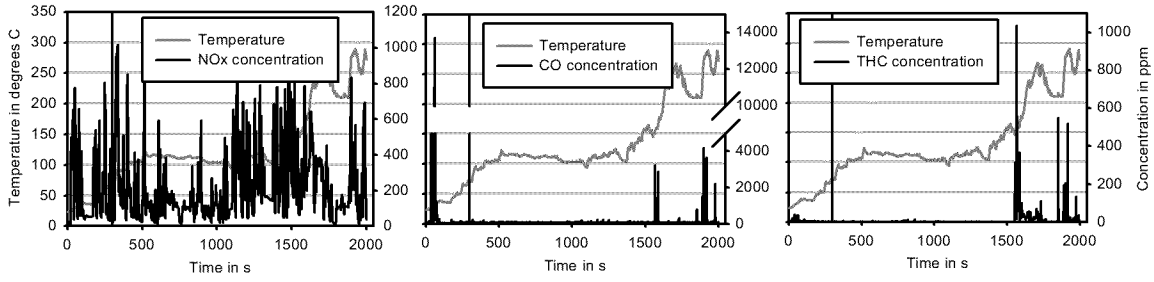
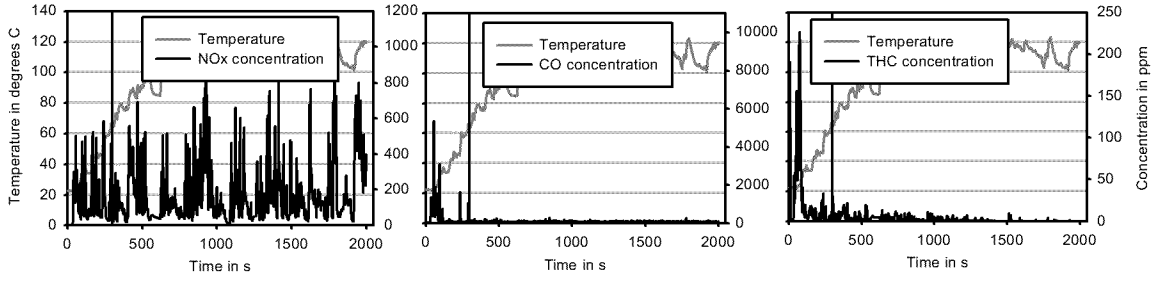
Route 1: Ispra-Milan-Ispra:



Route 2: Ispra-Varese-Ispra:



Route 3: Ispra-Sacro Monte-Ispra:

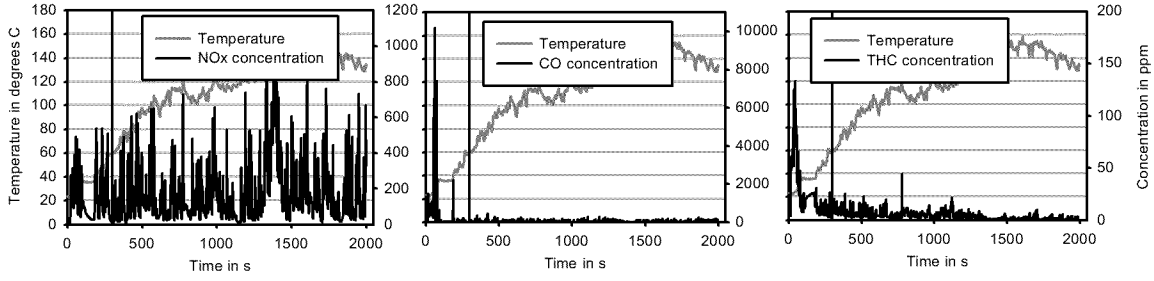
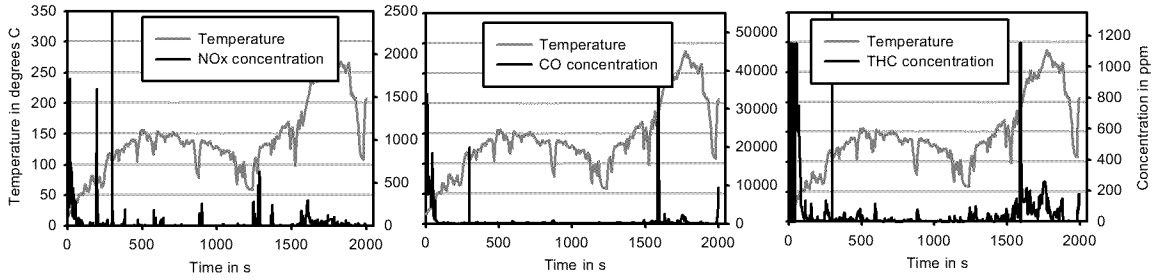
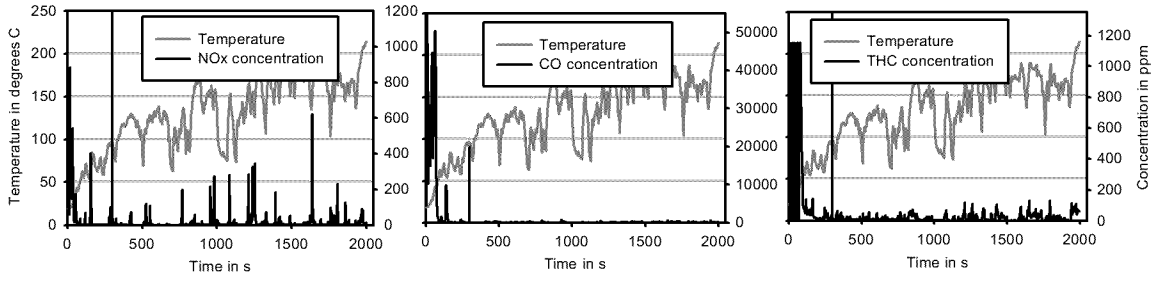


Figure 31: Cold start exhaust pollutant concentrations of Euro 5 diesel Vehicle H

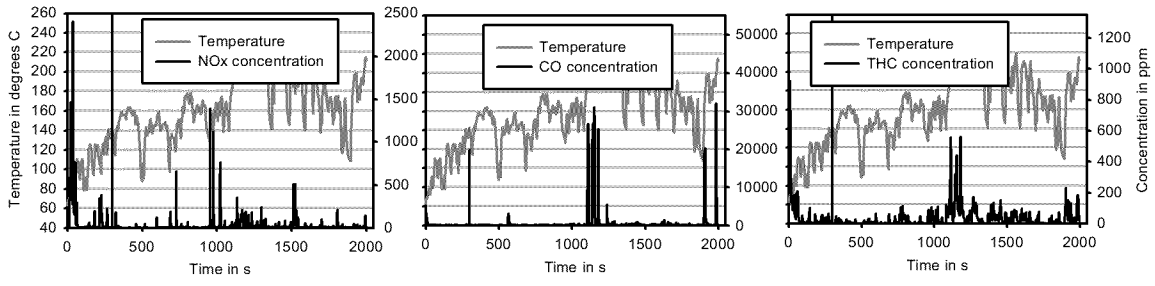
Route 1: Ispra-Milan-Ispra:



Route 2: Ispra-Varese-Ispra:



Route 2: Ispra-Sacro Monte-Ispra:



Route 4: High speed driving:

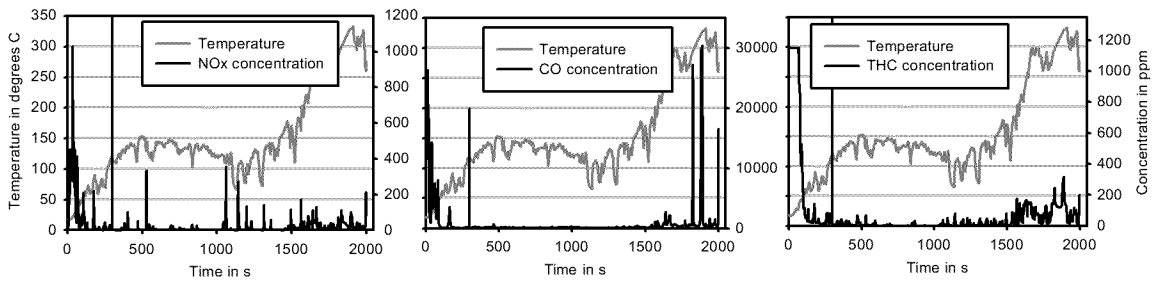


Figure 32: Cold start exhaust pollutant concentrations of Euro 5 gasoline Vehicle L

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5 Discussion

5.1 Data analysis and results

The on-road PEMS measurements indicate that in particular on-road NO_X emissions of light-duty diesel vehicles substantially exceed the Euro 3-5 emission limits, whereas on-road CO and THC emissions generally remain below the Euro 3-5 emission limits. These findings can be regarded as reliable and robust. Interpreting the deviation ratios of averaging window emissions, however, deserves special attention because this parameter differs from the so-called conformity factor that is used to characterize emissions of heavy duty vehicles (EC, 2010). First we reiterate the methodology for calculating both deviation ratios and conformity factors. Afterward, a comparison of deviation ratios and conformity factors calculated as a sample case for the averaging window emissions of one selected light-duty vehicle is presented.

Section 3.4.2 describes in detail the methodology for calculating deviation ratios. Conformity factors are calculated based on a similar method, with the exception that now engine work is used as reference quantity instead of travel distance as it is the case for deviation ratios (see Section 3.4.2). This approach is chosen to assure consistency with both the method used to define the duration of averaging windows and the definition of emission limits for heavy-duty vehicles (Bonnel and Kubelt, 2010; EC, 2009b, 2010).

To analyze the differences between the two parameters, also conformity factors for one light duty vehicle were calculated as a sample case. For this calculation, we approximate engine work by the CO_2 mass emitted. Per definition, the cumulative CO_2 mass emitted during one averaging window equals the cumulative CO_2 mass emitted during a standard NEDC test. Therefore, the conformity factor simplifies in this sensitivity analysis to the quotient of measured averaging window emissions and the respective Euro 5 emission limit (see also Equations 3-5 in Section 3.4.2):

$$CF = \frac{CF_I}{CF_C} = \frac{\frac{m}{m_{CO_2}(t_2) - m_{CO_2}(t_1)}}{\frac{m_L}{m_{CO_2;NEDC}}} = \frac{m}{m_L} \text{ ,if} \qquad \text{(Equation 7)}$$

$$m_{CO_2}(t_2) - m_{CO_2}(t_1) = m_{CO_2;NEDC} \qquad \text{(Equation 8)}$$

where:
- CF = conformity factor
- CF_I = in-use conformity factor
- CF_C = certification conformity factor
- m = mass of emissions; indices having the same meaning as in Equations 3-5

Based on this calculation, it is now possible to understand the difference between deviation ratio and conformity factor: In the case of the deviation ration, the distance driven by a vehicle on the road most likely differs from the distance of the NEDC cycle, even if the CO_2 masses on-road and during NEDC testing are identical. For example, if a vehicle is driven on the challenging uphill/downhill Route 3, it might consume more fuel, thus emit more CO_2 than under NEDC condition,

and thus travelling a shorter distance until it has emitted a CO_2 mass equivalent to the one emitted during NEDC testing. In such a case, the deviation ratio increases by the fraction of window distance to NEDC distance. Consequently, it is precisely this fraction between window distance and NEDC distance that represents the difference between deviation ratio and conformity factor. Since the measured on-road fuel consumption and the associated CO_2 emissions exceed the CO_2 emissions during NEDC testing by on average 21 ± 9% (see Section 4.1) it can be expected that the deviation ratio generally exceeds the conformity factor. Figure 33 indicates that this is indeed the case in our sample analysis for Vehicle L.

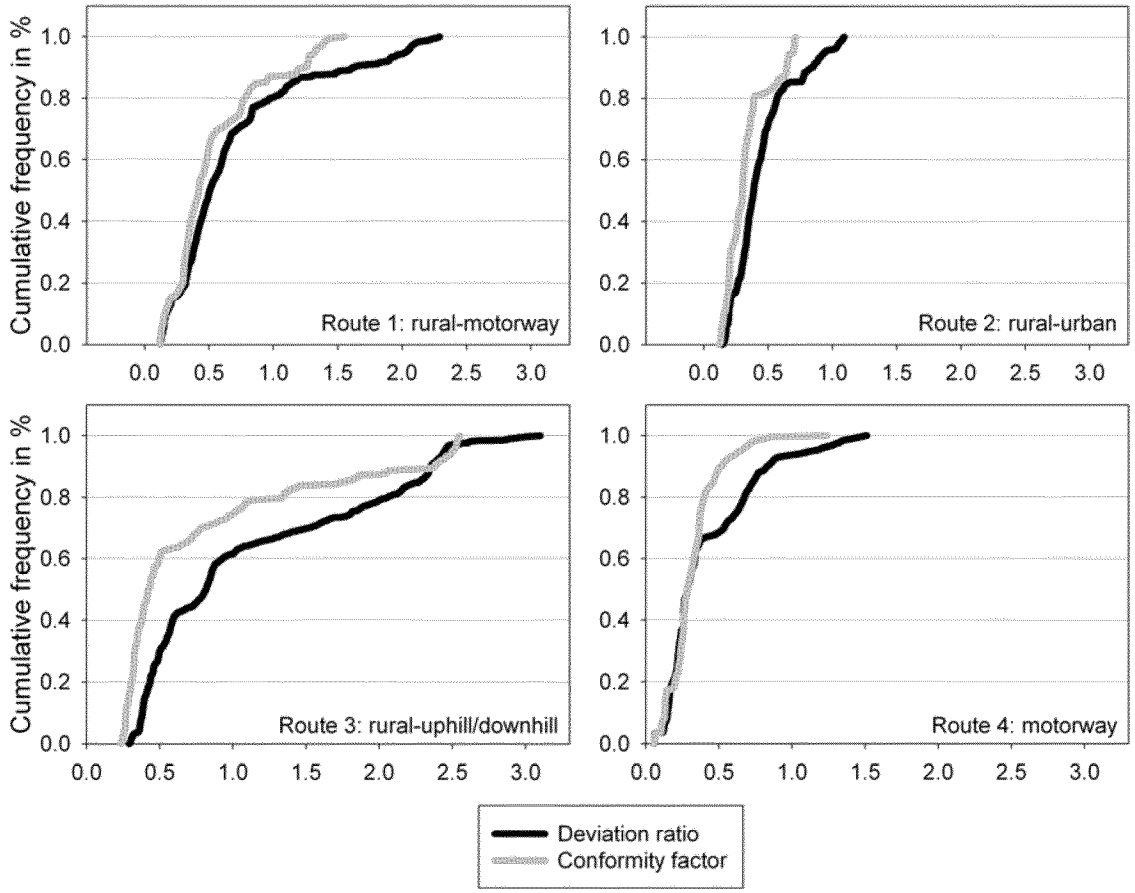

Figure 33: Cumulative frequency distribution of averaging window NO_X emissions of Vehicle L expressed as deviation ratio and conformity factor

By focusing in detail on Route 1, the data furthermore indicate that both deviation ratio and conformity factor of averaging window NO_X emissions show a positively skewed distribution (Figure 34). The peak of the frequency distribution of deviation ratios is located at 0.37, whereas the peak of the distribution of conformity factors is located at 0.28. A similar pattern can also be expected for other vehicles and pollutant emissions. This finding indicates that the majority of emissions are slightly lower than the average, while for a minority averaging windows, emissions are substantially elevated.

The distinct properties of deviation ratio and conformity factor suggest that both parameters should serve slightly different purposes:

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(i) The deviation ratio is best used to indicate the ratio of distance-specific emissions to distance-specific emission limits as specified for light-duty vehicles.

(ii) The conformity factor serves best to compare work-specific emissions with work-specific emission limits as specified for heavy-duty vehicles.

The conformity factor is independent of distance; it may therefore provide a robust evaluation of emissions during long idling periods. In the case of idling, the distance travelled during in an averaging window may decrease substantially and theoretically lead to a considerable increase in the deviation ratio. This problem links to the shortcoming of a distance-specific definition of emission limits for light-duty vehicles that does not permit to link emissions to actual engine parameters.

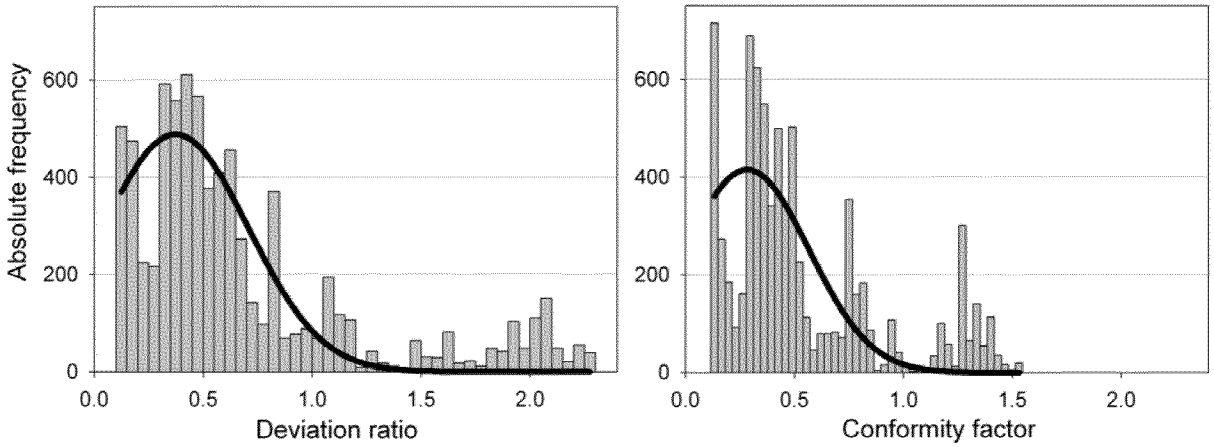

Figure 34: Cumulative frequency distribution of averaging window NO_X emissions of Vehicle L on test Route 1 expressed as deviation ration and conformity factor

On-road emissions testing with PEMS allows covering a large variety of driving conditions and is typically characterized by a high degree of randomness and limited repeatability. The variability in road, weather, and traffic conditions as well as the drivers' behaviour attribute to every on-road PEMS test quasi unique characteristics. Nevertheless, these characteristics open the possibility for limiting on-road PEMS tests to a very narrow range of normal driving conditions, e.g., with the aim of achieving extremely low emission values. Given this limitation, it is imperative:

(i) to continue using a standardized laboratory emissions test procedure that yields comparable and reproducible emission results

(ii) to supplement this procedure by test procedures that capture a wider range of potential on-road emissions

(iii) to define general criteria for conducting on-road PEMS tests

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5.2 Potentials of PEMS-based emission test procedures

The present test campaign revealed the strengths and weaknesses of PEMS. In view of developing supplementary emission test procedures for light-duty vehicles, these can be summarized as follows:

Strengths:

(i) PEMS measures real emissions from actual on-road driving.

(ii) PEMS can assure the proper design and operation of emission control technologies as well as the vehicle's energy consumption under a wide variety of normal operating conditions.

(iii) PEMS is suitable to test emissions from novel engine/after-treatment/powertrain technologies (e.g., parallel/serial (plug-in) hybrids or electric vehicles) as well as from alternative fuels.

(iv) PEMS provides measurements that can serve as basis for not-to-exceed emission limits, i.e., emission levels that should not be exceeded, regardless of driving and ambient conditions.

Weaknesses:

(i) PEMS generally allow only to a very limited extent to reproduce and compare individual test results due to the variability of on-road ambient and driving conditions.

(ii) PEMS allow only to a limited extent to reproduce cold start emissions.

(iii) The power consumption of PEMS is typically supplied by auxiliary batteries in order not to interfere with the vehicle operation. However, the weight of batteries and analytical equipment of approximately 80 kg may introduce a bias in emission measurements, especially if conducted for small vehicles equipped with small engines. Potentials for weight reductions of the equipment exist as technological improvements of the test equipment are very likely (both in terms modularity and size).

Several practical considerations might support or limit the application of PEMS:

(i) PEMS allows for relatively long test campaigns of 2 hours duration.

(ii) PEMS test procedures and equipment has been developed for testing the in-service conformity of heavy-duty vehicles and non-road machinery and has been proven to be reliable also for light-duty vehicles.

(iii) The modular composition of PEMS allows for limiting the emissions screening to an absolute minimum. For instance, the THC measurements with an FID analyser (which has high power consumption and requires a hydrogen/helium mixture) could be abolished because the correct functioning of oxidation and three-way catalysts can also be verified by analysing CO emissions only. Such an approach would reduce the weigh of the PEMS equipment substantially.

(iv) PEMS testing requires no detailed prescription of driving and ambient conditions; a prescription of key-features of test routes (e.g., percentage of driving in city, motorway, test duration, road slope, drivers' behaviour) is, nevertheless, recommended to assure that PEMS testing covers as far as possible the large spectrum of driving conditions as it occurs during normal conditions of vehicle use.

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6 Conclusions

This report analyzes the on-road emissions of twelve light-duty diesel and gasoline vehicles by using Portable Emission Measurement Systems (PEMS). The analyses were conducted for Euro 3-5 light-duty vehicles in the period between 2007 and 2010 on four test routes comprising rural, urban, uphill/downhill, and motorway driving.

The average NO_X emissions of all tested diesel vehicles over the entire test routes amount to 0.93 ± 0.39 g/km; the average NO_X emissions of the tested Euro 5 diesel vehicles reach 0.62 ± 0.19 g/km. These results indicate that NO_X emissions of light-duty diesel vehicles substantially exceed the Euro 3-5 emission limits: by a factor of 4-7 as averages over entire test routes and up to a factor of 14 for individual averaging windows. The increasing stringency of European emission limits has, thus, not resulted in an equivalent reduction of on-road NO_X emissions of light-duty diesel vehicles. By comparison, on-road NO_X emissions of gasoline vehicles as well as CO and THC emissions of diesel and gasoline vehicles generally stay within Euro 3-5 emission limits. The share of NO_2 in the total NO_X emissions reaches 60% for diesel vehicles but only 0-30% for gasoline vehicles. The tested light-duty diesel and gasoline vehicles emit on average 189 ± 51 g CO_2/km (grams of carbon dioxide per kilometre) and 162 ± 29 g CO_2/km, respectively during on-road testing, thereby exceeding the CO_2 levels as specified during NEDC testing of the respective vehicles by on average 21 ± 9%. The magnitude of all pollutant emissions varies depending on vehicle, operation mode, route characteristics, and ambient conditions. Cold-start emissions of both diesel and gasoline vehicles span over a large value range; NO_X emissions exceed Euro 3-5 emission limits by a factor 2-14, CO emissions often exceed the Euro 3-5 limits, and THC emissions are both below and above the limits.

In conclusion, the PEMS results indicate that on-road NO_X emissions of light-duty diesel vehicles differ substantially between laboratory NEDC testing and actual on-road driving. While the standardized laboratory NEDC emissions testing yields comparable and reproducible results, the procedure may fail to capture the potential range of on-road emissions. To solve this shortcoming, Regulation 715/2007 (EC, 2007a) envisages supplementing the standard laboratory emissions testing with suitable complementary test procedures. Such complementary procedures may then also address particularly polluting driving modes, which cannot be simulated in the laboratory such as (i) extreme high speed driving as it frequently occurs on the German Autobahn and (ii) vehicle operations associated with relatively low or high temperatures of the aftertreatment systems. Without covering such a wide range of normal operating conditions, a reduction of on-road emissions, and specifically NO_X emissions, may remain punctual.

The PEMS equipment is able to provide reliable and accurate on-road emission measurements for light-duty vehicles, even for vehicles that will be certified according to future emissions standards. This makes PEMS a suitable tool for identifying and updating emission factors of air pollution models. Furthermore, PEMS may be used as supplemental emission test procedure next to standardized laboratory emission tests. The strengths of PEMS include the ability to detect the proper operation of emission control technologies under a wide variety of normal operating conditions, in particular during high-speed driving at speeds above130 km/h as it frequently occurs on the German Autobahn. PEMS also allows testing emissions from novel fuel/engine/after-treatment/powertrain technologies (e.g., parallel/serial (plug-in) hybrid vehicles. Such analyses have not been conducted yet but are envisaged for the future. A major limitation of PEMS refers to its relatively high weight (PEMS unit, EFM, mounting devices, power supply), which may reach 80 kg

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(i.e., equal to 1 person). As technological improvements of the test equipment are very likely (in terms modularity and size) the weight of the equipment could be reduced substantially in the future. In conclusion, the present test campaign has resulted in the successful application of PEMS for light-duty vehicles. The results of this test campaign indicate that on-road emissions might exceed substantially emission levels as identified during type approval in the laboratory.

The applied averaging window method, which has been implemented to check emissions of heavy-duty engines (EC, 2010), offers a simple and straightforward way to average and analyze emissions data of light-duty vehicles. Based on this method, appropriate indicators could be developed to evaluate whether an averaging window (or any other data sub-set) can be classified as extreme (as opposed to normal) driving conditions. Such analysis could address specific driving situations, for instance cold start, steep road grades, or aggressive high-speed driving.

Future research should address not-to-exceed regulatory concepts and alternative metrics for defining emission limits: the current approach that expresses emission limits as distance-specific quantities is problematic because it lacks a reference to actual engine parameters and only insufficiently accounts for the large variability of on-road driving conditions that may include long idling periods in congested traffic.

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VW FOIA, EPA 06/20/2017 2017-FFP_027364

European Commission

EUR 24697 EN – Joint Research Centre – Institute for Environment and Sustainability
Title: Analyzing on-road emissions of light-duty vehicles with Portable Emission Measurement Systems (PEMS)
Author(s): Martin Weiss, Pierre Bonnel, Rudolf Hummel, Urbano Manfredi, Rinaldo Colombo, Gaston Lanappe, Philippe Lelijour, Micro Sculati
Luxembourg: Publications Office of the European Union
2011 – 55 pp. – 21 x 29.7 cm
EUR – Scientific and Technical Research series – ISSN 1018-5593
ISBN 978-92-79-19072-8
DOI 10.2788/23820

Acknowledgements
The authors are grateful to Lauretta Rubino, Juliana Stropp, Julien Gaffuri, and Alessio Provenza for their scientific contributions and comments. Sensors Inc. is acknowledged for their technical support of the PEMS emission measurements. The authors thank DG Enterprise and Industry and DG Environment for commenting earlier drafts of this report.

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LN-BA-24697-EN-C

ISBN 978-92-79-19072-8

VW FOIA, EPA 06/20/2017 2017-FFP_027367

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THE INTERNATIONAL COUNCIL ON CLEAN TRANSPORTATION

BRIEFING

MARCH 2015

Accelerating progress from Euro 4/IV to Euro 6/VI vehicle emissions standards

This brief presents the technical details and benefits of leapfrogging to Euro VI heavy-duty emission standards and Euro 6 light-duty emission standards rather than progressing through Euro 5/V.

INTRODUCTION

As many countries model their vehicle emission standards after those developed for the EU, the lessons learned in the European market should inform policymakers and manufacturers in other markets. This means acknowledging both the successes of these policies in leading to highly efficient control technology, and some of the failings in intermediate policy stages. Since the adoption of Euro 5/V standards across the EU, several shortcomings of the regulation have been revealed. For heavy-duty vehicles, Euro V standards have not achieved hoped-for reductions for NO_x emissions.[1] While Euro 5 standards have resulted in dramatic reductions in PM emissions from light-duty diesels, real-world diesel NO_x emissions have continued to far exceed certification limits.[2] Regulators should weigh these regulatory weaknesses when considering whether to move directly to Euro 6 and VI or to include the intermediate stages.

The type-approval process is critical in ensuring that reductions in limit values translate into reductions in real-world emissions from light- and heavy-duty vehicles. The type-approval

1 Ligterink, N., de Lange, R., Vermeulen, R., & Dekker, H. (2009). On-road NO_x emissions of Euro-V trucks. TNO Science and Industry, Delft. Retrieved from http://www.researchgate.net/publication/235961441_On-road_nox_emissions_of_Euro-V_trucks

2 Carslaw, D., Beevers, S., Tate, J., Westmoreland, E., and Williams, M. (2011) Recent evidence concerning higher NO_x emissions from passenger cars and light duty vehicles. *Atmospheric Environment*, Volume 45, Issue 39, Pages 7053-7063.

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process specified for both Euro IV and V standards does not ensure that NO_x controls operate effectively in urban driving conditions. The issue has been addressed through the move to World Harmonized Test Cycles and efforts to improve real-world conformity to NO_x limits in Euro VI.[3] For light-duty vehicles, the current type-approval procedure (New European Driving Cycle or NEDC) allows certification of vehicles with real-world NO_x emissions far above regulatory limits,[4],[5] a problem that will be partly addressed in the Real-World Driving Emissions (RDE) provision of Euro 6c and the transition from the NEDC to the World-Harmonized Light-Duty Test Procedure (WLTP).[6] While Euro 5 standards have forced use of diesel particulate filters (DPFs) for light-duty diesels, only the Euro VI standard introduces a particle number (PN) limit for heavy-duty vehicles, leading to the use of diesel particulate filters (DPFs) for all diesel vehicles. Given the regulatory improvements that Euro 6/VI standards provide, countries following emission standards modeled after European regulations should move directly from Euro 4/IV to Euro 6/VI standards.

EURO VI HEAVY-DUTY VEHICLE STANDARDS

Euro VI is a critical step in heavy-duty emission standards, resulting in significant real-world reductions for both NO_x and PM emissions. Euro VI lowers both NO_x and PM limits and introduces a limit on particle number which leads to the use of a DPF for heavy-duty diesel vehicles. The standard also overhauls the testing procedures to better represent real-world driving conditions, broadens the set of pollutants considered, and strengthens durability and OBD requirements.

In the EU, Euro VI standards were implemented for all new vehicle registrations in January 2014,[7] with some provisions to be phased in by 2017.[8] To allow early introduction of lower-emitting vehicles, Euro VI type approvals were granted starting in August 2009. EU member states used tax incentives to encourage the sale of Euro VI certified vehicles before full implementation of the standards.[9] The same technology packages being used to comply with Euro VI standards have been necessary to comply with US standards since 2010.

FILTER-BASED PM CONTROLS FOR DIESELS

Euro VI standards lower the limit on PM emissions by 67% relative to Euro IV and V,[10] and introduce a particle number limit making a diesel particulate filter (DPF) the most cost-effective solution to meet emission requirements. Due to the high efficiency of DPFs at capturing PM, this results in a 90% drop in PM emissions[11] and >99% reduction in the number of ultrafine particles.[12] DPFs have been used to meet PM standards for heavy-

3 Lowell, D. and Kamakate, F. (2012) Urban off-cycle NO_x emissions from Euro IV/V trucks and buses. The International Council on Clean Transportation. Retrieved from http://www.theicct.org/urban-cycle-nox-emissions-euro-ivv-trucks-and-buses

4 Weiss, M., Bonnel, P., Kühlwein, J., Provenza, A., Lambrecht, U., Alessandrini, S., Carriero, M., et al. (2012). Will Euro 6 reduce the NO_x emissions of new diesel cars? – Insights from on-road tests with Portable Emissions Measurement Systems (PEMS). *Atmospheric Environment*, Volume 62, December 2012, Pages 657-665

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6 Mock, P. (2013). World-harmonized light-duty vehicles test procedure. The International Council on Clean Transportation. Retrieved from http://theicct.org/wltp-november2013-update

7 The 2014 and 2017 dates refer to all new registrations; the implementation for new type approval was January 2013, with phase-in of additional provisions ending in 2016.

8 The provisions to be phased in by 2017 include lower OBD Threshold Limits

9 http://www.rijksoverheid.nl/nieuws/2012/05/30/subsidie-voor-schoonste-trucks-en-bussen.html

10 Regulation (EC) No. 595/2009, Annex I: Euro VI emission limits. Retrieved from http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32009R0595&from=EN

11 Based on COPERT 4 emissions model

12 May, J., Bosteels, D., Nichol, A., Andersson, J., and Such, C. (2007) The Application of Emissions Control Technologies to a Low-Emissions Engine to Evaluate the Capabilities of Future Systems for European and World-Harmonised Regulations, 16. Aachener Kolloquium Fahrzeug- und Motorentechnik, Retrieved from www.aecc.eu/content/pdf/AECC_PAPER_for_Aachen_Final_20070716.pdf.

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duty vehicles sold in the US since 2007, and have proven highly effective at reducing PM mass, ultrafine particles, and air toxics, as well as black carbon, a potent short-lived climate pollutant.[13],[14] Experiments investigating the health impacts of diesel exhaust that has passed through a DPF have found no evidence of cancer-causing effects, in contrast to unfiltered diesel exhaust.[15] By ensuring the use of DPFs, Euro VI provides much stronger air quality and health benefits than Euro V.

LIMITS ON PARTICLE NUMBER IN ADDITION TO MASS LIMITS

In addition to the more stringent limit on PM mass, Euro VI includes a limit on particle number, the measure of the number of individual particles emitted, and defines a new measurement procedure based on the work of the Particulate Measurement Programme (PMP) of the United Nations Economic Commission for Europe (UNECE).[16] The addition of the PN metric draws attention to emissions of ultrafine particles (less than 100 nanometers in diameter). Although ultrafine particles contribute little to the total PM mass, they are the dominant contributor to particle number. Because ultrafines can be inhaled more deeply into the lung, they are suspected of having greater toxicity than larger particles.[17] Wall-flow DPFs used on Euro VI engines reduce particle number emissions by >99%.[18]

REDUCED NO_X EMISSIONS

While Euro VI standards reduce the limit on NO_X emissions by 77% relative to Euro V, and by 89% relative to Euro IV, advanced test protocols that improve real-world conformity to NO_X limits result in real reductions that are closer to 95% relative to Euro V.[19] NO_X reductions are achieved with combustion improvements (high-pressure fuel injection and advanced air/fuel management), exhaust gas recirculation, and a closed-loop selective catalytic reduction (SCR) system. Euro VI vehicles are required to be certified under lower loads, lower speeds, and cold start conditions, ensuring that emission control systems are calibrated to function during the full range of driving conditions.

Real-world emissions data has shown that NO_X emissions from Euro V trucks and buses greatly exceed their certified limit values.[20],[21] Low speed driving forms a major component of vehicle use in countries such as India. Euro VI addresses the Euro V problem of under-emphasizing high NO_X emissions at the low-speed, low-load driving conditions typical of urban areas with test cycles that better represent real-world driving conditions. Euro VI standards replace the European Transient Cycle (ETC) and Stationary Cycle (ESC) with the World Harmonized Transient Cycle (WHTC) and Steady-State Cycle (WHSC). The WHTC requires both cold and hot start conditions and includes more

13 Khalek, IA, Bougher, Patrick M. Merritt & Barbara Zielinska (2011): Regulated and Unregulated Emissions from Highway Heavy-Duty Diesel Engines Complying with U.S. Environmental Protection Agency 2007 Emissions Standards, Journal of the Air & Waste Management Association, 61:4, 427-442

14 United States Environmental Protection Agency. (2012) Chapter 2: Black Carbon and Its Effects on Climate. *Report to Congress on Black Carbon*. Retrieved from http://www.epa.gov/blackcarbon/2012report/Chapter2.pdf

15 Health Effects Institute (2015). Synopsis of Research Report 184, Parts 1-4: Effects of Lifetime Exposure to Inhaled New-Technology Diesel Exhaust in Rats. Retrieved from http://pubs.healtheffects.org/getfile.php?u=1068

16 Commission Regulation (EU) No. 582/2011, Annex XV: Amendments to Regulation (EC) No 595/2009). Retrieved from http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32011R0582&from=EN

17 HEI Review Panel on Ultrafine Particles (2013). Understanding the Health Effects of Ambient Ultrafine Particles. HEI Perspectives 3. Health Effects Institute, Boston, MA. Retrieved from http://pubs.healtheffects.org/getfile.php?u=894

18 May, J., Bosteels, D., Nichol, A., Andersson, J., and Such, C. (2007) The Application of Emissions Control Technologies to a Low-Emissions Engine to Evaluate the Capabilities of Future Systems for European and World-Harmonised Regulations, 16. Aachener Kolloquium Fahrzeug- und Motorentechnik, Retrieved from www.aecc.eu/content/pdf/AECC_PAPER_for_Aachen_Final_20070716.pdf.

19 Muncrief R. (2015). Euro IV, V, VI: Real World Off-Cycle NO_X Emissions Comparison. The International Council on Clean Transportation. Retrieved from http://theicct.org/comparing-real-world-nox-euro-iv-v-vi-mar2015

20 Ligterink, N., de Lange, R., Vermeulen, R., & Dekker, H. (2009). On-road NO_X emissions of Euro-V trucks. TNO Science and Industry, Delft. Retrieved from http://www.researchgate.net/publication/235961441_On-road_nox_emissions_of_Euro-V_trucks

21 Kleinebrahm, M. et al. (2008). On-Board Measurements of EURO IV / V Trucks, Final Report, a research project of the Federal Environmental Agency (FKZ: 204 45 144). Germany: TUV NORD Mobilität.

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than twice the idling time as the ETC. Similarly, the WHSC includes an average engine load about half that of the ESC. Euro VI also introduced off-cycle emissions testing requirements that follow the not-to-exceed (NTE) limit approach used in the US. Testing of Euro IV, V, and VI certified engines on six non-regulatory, real-world duty cycles found that Euro VI certified vehicles consistently conformed to regulatory limits, unlike Euro IV and V certified vehicles which have average emissions approximately two and five times higher than their respective certification levels.[22]

The benefits of NO_X reduction for air quality include reduced formation of secondary $PM_{2.5}$ and ground-level ozone, as well as lower direct NO_2 emissions. Possible complementary provisions to Euro VI may include in the future a maximum limit for the NO_2 component of NO_X.

IN-SERVICE CONFORMITY TESTING FOR TYPE APPROVAL AND IN-SERVICE VEHICLES

In addition to the changes in laboratory testing, Euro VI importantly introduces in-service conformity (ISC) testing requirements using a Portable Emission Measurement System (PEMS).[23] Although this complements the test-cycle changes in ensuring conformity to NO_X emissions limits, it has emerged as one of the most important new aspects of the Euro VI regulation. The first ISC test must occur within 18 months of type approval, and the vehicle model must be tested at least once every two years.[24] Testing includes a mix of urban, rural, and highway driving, and tracks emissions of carbon monoxide, total hydrocarbons, CO_2, NO_X for diesel engines and methane for gas engines. In-service conformity has been enforced by previous standards, but this provision marks the first time that in-use testing is included in European vehicle emission standards, and ensures conformity to the Euro VI regulations.

NEW AMMONIA LIMIT

Euro VI introduces a new limit on ammonia (NH_3) emissions.[25] The selective catalytic reduction (SCR) systems used to control NO_X emissions in Euro IV-VI may produce excess ammonia as a byproduct (ammonia slip). The limit requires precise control of urea injection and tuning of the SCR system to prevent excess NH_3 and may also require the use of a guard catalyst installed downstream of the SCR (ammonia slip catalyst). Because ammonia emissions lead to the formation of secondary PM, controlling ammonia can improve air quality[26] as well as preventing the harmful environmental effects of ammonia deposition in water.[27] Ammonia is also harmful if inhaled directly.[28]

TIGHTER, WIDER-REACHING CONTROL ON METHANE

Euro VI tightens methane limits for CNG vehicles by 50% and imposes the same limit on LPG vehicles. Methane is a potent greenhouse gas[29] and can contribute to ground-

22 Muncrief R. (2015). Euro IV, V, VI: Real World Off-Cycle NO_X Emissions Comparison. The International Council on Clean Transportation. Retrieved from http://theicct.org/comparing-real-world-nox-euro-iv-v-vi-mar2015
23 Commission Regulation (EC) No. 582/2011, Annex II, Appendix 1.
24 Commission Regulation (EC) No. 582/2011, Article 12. Retrieved from http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:167:0001:0168:en:PDF
25 Commission Regulation (EC) No. 582/2011. Annex III, Appendix 1.
26 Kieseweter, G., and Amann, M. (2014) Urban PM2.5 levels under the EU Clean Air Policy Package. TSAP Report #12. Retrieved from http://www.iiasa.ac.at/web/home/research/researchPrograms/MitigationofAirPollutionandGreenhousegases/TSAP_12_final_v1.pdf
27 United States Environmental Protection Agency (2013). Aquatic Life Ambient Water Quality Criteria for Ammonia – Freshwater. US EPA Office of Water. Retrieved from http://water.epa.gov/scitech/swguidance/standards/criteria/aqlife/ammonia/upload/Aquatic-Life-Ambient-Water-Quality-Criteria-for-Ammonia-Freshwater-2013-Fact-Sheet-April.pdf
28 MedlinePlus. Ammonia Poisoning. Retrieved from http://www.nlm.nih.gov/medlineplus/ency/article/002759.htm
29 Methane has a warming effect 28 times that of carbon dioxide, reported in the IPCC Fifth Assessment Report, http://www.ipcc.ch/report/ar5/wg1/

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level ozone formation. Controlling emissions from alternative-fuel vehicles is increasingly important in regions where their market share is expected to grow.

EXTENDED DURABILITY REQUIREMENTS

Euro VI increases the durability distance requirement for all vehicle categories, but allows the same year period requirement as Euro IV and V. It requires durability of 160,000 km or 5 years (whichever occurs sooner) for small buses and pick-up trucks[30] compared to 100,000 km under Euro V; durability of 300,000 km or 6 years for mid-size trucks and buses[31] compared to 200,000 km under Euro V; and 700,000 km and 7 years for heavy trucks and buses[32] compared to 500,000 km under Euro V. Higher durability requirements in Euro VI ensure that emissions stay low throughout the useful life of the vehicle. Ensuring that the emissions control equipment is functioning through the most productive lifetime is especially critical for long-lived and intensively-used diesel vehicles.

IMPROVEMENTS IN OBD SYSTEMS

On-Board Diagnostic (OBD) systems for heavy-duty vehicles are increasingly important as more sophisticated in-cylinder controls and aftertreatment systems are added to vehicles. In addition to inducements to ensure proper operation, including torque limits when NO_x emissions exceed a threshold of 7.0 g/km or the system detects insufficient urea levels or quality, Euro IV standard introduced the first requirements for OBD monitoring of NO_x control systems. With Euro VI standards, OBD systems are also required to monitor the performance of the fuel injection system, exhaust gas recirculation (EGR) system, DPF, and any other emission related component.[33] They are also required to issue warnings for unexpected levels of urea consumption, and impose more severe inducements when urea level or quality is not sufficient for proper SCR performance. OBD threshold limits (OTLs), which if exceeded will signal a fault, are 82% lower for NO_x and 75% lower for PM with respect to Euro IV and Euro V OTLs. Finally, Euro VI requires improved communication procedures for OBD systems and requires improved access to OBD data for vehicle repair and maintenance.

EURO 6 LIGHT DUTY VEHICLE STANDARDS

Euro 6 standards narrow the gap between diesel and gasoline light-duty vehicle standards and strengthen OBD requirements. Some of the biggest changes to come with Euro 6, real-word driving testing and the introduction of new test cycle procedures, are almost finalized and are expected to be fully implemented within the 2017-2020 timeframe.

In the EU, Euro 6 is being introduced in three stages. Vehicles that were certified to meet Euro 6 limits ahead of the September 2015 regulatory deadline were allowed relaxed OBD requirements and no particle number limit for gasoline vehicles (the 6a stage). After September 2015,[34] all new-vehicle registrations must meet Euro 6 standards, including full Euro 6 OBD requirements but with preliminary OBD threshold limits and a relaxed PN limit for DI gasoline vehicles (the 6b stage). After three years of Euro 6 implementation,

30 N1 and M2 vehicle categories
31 N2; N3 ≤ 16 ton; and M3 Class I, Class II, Class A, and Class B ≤ 7.5 ton
32 N3 > 16 ton; M3 Class III, and Class B > 7.5 ton
33 Posada, F., and Bandivadekar, A. (2015). Global overview of on-board diagnostic (OBD) systems for heavy-duty vehicles. The International Council on Clean Transportation. Retrieved from http://www.theicct.org/global-overview-board-diagnostic-obd-systems-heavy-duty-vehicles
34 September 2015 is the implementation date for all new registrations of passenger cars (category M1) and light commercial vehicles (category N1, class I). The implementation for new type approvals occurs a year earlier, in September 2014. For heavier commercial vehicles (category N1 class II and III, category N2), Euro 6 will come into effect for new type approvals in September 2015, and apply to all new registrations in September 2016.

VW FOIA, EPA 06/20/2017 2017-FFP_027372

or after September 2018[35] for all new registrations, the stricter PN emission limit (equal to the diesel limit introduced with Euro 5b) becomes mandatory for all gasoline vehicles, final OBD threshold limits will be enforced, and real world driving emissions (RDE) requirements will be introduced (stage Euro 6c). As a final component of Euro 6c, the Worldwide harmonized Light vehicles Test Cycles (WLTC) will be adopted in place of the current New European Driving Cycle (NEDC). The timing of the WLTC adoption is not yet determined, but it is likely to happen in 2017–2020. No change in the Euro 6c regulated pollutants limits is expected with the introduction of WLTP, only the CO_2 targets.

LIMITS ON PARTICLE NUMBER FOR ALL FUEL TYPES

Limits on particle number (PN), important for controlling ultrafine particle emissions, were introduced in Euro 5b for compression-ignition vehicles.[36] While these PN limits applied to all light-duty diesel vehicles, they did not apply to the increasingly popular gasoline direct-injection (GDI) technology, which generates more particles than traditional port-fuel gasoline engines.[37] Euro 6c requires all vehicles to meet uniform PN standards, including those with spark-ignition GDI engines.[38] It is expected that GDI vehicles will meet PN standards with relatively low-cost gasoline particulate filters, estimated to cost less than USD$100.[39]

TIGHTER LIMITS FOR DIESELS NARROWS THE GAP BETWEEN FUEL TYPES

Euro 6 tightens the diesel NO_x standard by 55% with respect to Euro 5, and tightens the HC+NO_x standard by 26%–39% depending on vehicle type.[40] This partially addresses the long-standing issue that European emission standards are not fuel-neutral. Even under the Euro 4 standards, NO_x limit values for diesel vehicles were three times the limit values for gasoline vehicles. With Euro 6, NO_x emission limits for diesel vehicles are only 25% higher than for gasoline vehicles, a smaller margin than in any previous standard. With the use of DPFs to meet Euro 5 PM and PN limits, particulate emissions from diesel cars also approach those of gasoline cars. Euro 6 limits bring overall emissions of diesel and gasoline vehicles close to parity, provided that vehicles of both fuel types conform to standards in real-world driving conditions.

REAL-WORLD DRIVING TESTING

As with the Euro VI in-service conformity standards for heavy-duty vehicles, real driving emissions (RDE) testing will be included as an additional requirement for type approval in the final stage of Euro 6. Portable Emission Measurement System (PEMS) testing of early Euro 6-certified diesel vehicles has revealed that NO_x emission control systems that are sufficient to pass laboratory-based emissions tests may not operate at certified levels in real world driving conditions, with real-driving NO_x emissions three to six times those indicated by certification testing.[41] With RDE provisions, vehicle emissions of CO, NOx, and PN will be measured on the road using PEMS testing to ensure that emissions during real-world driving stay within reasonable limits. RDE testing will begin with a pilot

35 September 2017 for new type approvals
36 Commission Regulation (EC) No. 692/2008, Annex XVII: Amendments to Regulation (EC) No. 715/2007. Retrieved from http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32008R0692&from=EN
37 Mamakos, A., Dardiotis, C., and Martini, G. (2012). Assessment of particle number limits for petrol vehicles. JRC Scientific and Policy Reports. European Commission Joint Research Centre, Institute for Energy and Transport. Retrieved from http://publications.jrc.ec.europa.eu/repository/bitstream/JRC76849/lbna25592enn.pdf
38 Commission Regulation (EU) No. 459/2012. Retrieved from http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32012R0459&from=EN
39 http://www.theicct.org/sites/default/files/publications/GFPworkingpaper2011.pdf
40 Commission Regulation (EC) No 715/2007, Annex I: Emission Limits. Retrieved from http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32007R0715&from=EN
41 http://theicct.org/sites/default/files/publications/ICCT_PEMS-study_diesel-cars_20141010.pdf

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phase from 2015 through 2017. No limits will be enforced during this monitoring phase. An initial conformity factor will be set in 2015; the Euro 6 limit values will be multiplied by this conformity factor to determine the limits for RDE testing. In 2017, RDE testing against this conformity factor will begin. Conformity factors will be defined for NO_x and PN; they may be tightened in the future.

LOWER OBD THRESHOLDS

The On-Board Diagnostic (OBD) thresholds (OTLs) for Euro 6 are 70-75% lower than Euro 5 OTLs for NO_x and PM, depending on vehicle type, and about 10% lower for carbon monoxide (CO) and non-methane hydrocarbons (NMHC).[42] This means the OBD system is sensitive to more minor malfunctions in the emission control system, leading to earlier detection and corrections of such problems.

PLANNED MOVE TO A HARMONIZED TEST CYCLE

With full implementation of Euro 6, the World Harmonized Light Vehicles Test Procedure (WLTP) will replace the current test procedure. Under the new protocol, the World Harmonized Light-duty Vehicle Test Cycle (WLTC) will replace the New European Drive Cycle (NEDC), and a variety of test parameters will be adjusted to close loopholes and address shortcomings of the NEDC procedure.[43] The WLTC is more representative of real-world driving conditions than the NEDC[44], and will be complemented by the RDE testing efforts to ensure better conformity to standards in real driving conditions. The WLTP has other benefits for vehicle efficiency testing, and the use of a harmonized test will save auto manufacturers in development and certification costs.

CONCLUSION

Given the availability of ultra-low sulfur fuel (sulfur content less than 10 ppm), greater air-quality benefits can be gained from a leap from Euro 4/IV to Euro 6/VI than a path that includes the intermediate Euro5/V stage. For countries that are at prior standards for heavy-duty vehicles, skipping Euro IV and V altogether may also be an attractive option. Accelerating the adoption of heavy-duty vehicle Euro VI standards has two-fold benefits for air quality: the use of DPFs to comply with new PM and PN leads to a 90% or greater reduction of $PM_{2.5}$ emissions, and the new test cycle and in-service conformity requirements provide real-world reductions in NO_x emissions of 95% or greater, providing emission control even in urban driving conditions that remained a problem in Euro V. Light-duty Euro 6 standards promise a similar reduction in real-world NO_x emissions from diesel cars, through tighter emissions limits, a future move to the WLTP, and the inclusion of PEMS testing in the type approval process to ensure conformity to standards in actual driving conditions. Countries like India are poised to take full advantage of the mature, effective control technologies now available by skipping Euro 5/V and moving directly to Euro 6/VI.

42 Commission Regulation (EC) No 692/2008, Annex XI: On-Board Diagnostics (OBD) for Motor Vehicles. Retrieved from http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32008R0692&from=EN

43 Mock, P., Kühlwein, J., Tietge, U., Franco, V., Bandivadekar, A., and German, J. (2014) The WLTP: How a new test procedure for cars will affect fuel consumption values in the EU. The International Council on Clean Transportation. Retrieved from http://theicct.org/sites/default/files/publications/ICCT_WLTP_EffectEU_20141029.pdf

44 Mock, P. (2013). World-harmonized light-duty vehicles test procedure. The International Council on Clean Transportation. Retrieved from http://theicct.org/wltp-november2013-update

VW FOIA, EPA 06/20/2017 2017-FFP_027374

To: Bunker, Byron[bunker.byron@epa.gov]
Cc: Cohen, Janet[cohen.janet@epa.gov]; Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]
From: Birgfeld, Erin
Sent: Tue 9/29/2015 2:48:08 PM
Subject: Fwd: Volkswagen Clips 9/29/2015

Sent from my iPhone

Begin forwarded message:

From: "Gong, Kristiene" <Gong.Kristiene@epa.gov>
To: "Purchia, Liz" <Purchia.Liz@epa.gov>, "Allen, Laura" <Allen.Laura@epa.gov>, "Abrams, Dan" <Abrams.Dan@epa.gov>, "Reynolds, Thomas" <Reynolds.Thomas@epa.gov>, "Conger, Nick" <Conger.Nick@epa.gov>, "Senn, John" <Senn.John@epa.gov>, "Millett, John" <Millett.John@epa.gov>, "Birgfeld, Erin" <Birgfeld.Erin@epa.gov>, "Hull, George" <Hull.George@epa.gov>, "Daguillard, Robert" <Daguillard.Robert@epa.gov>, "Valentine, Julia" <Valentine.Julia@epa.gov>
Cc: "Smith, Roxanne" <Smith.Roxanne@epa.gov>, "Urrutia, Katiana" <Urrutia.Katiana@epa.gov>
Subject: RE: Volkswagen Clips 9/29/2015

AP:
http://hosted.ap.org/dynamic/stories/V/VOLKSWAGEN?SITE=AP&SECTION=HOME&TEMPLATE=DEF

VW: 1.8M COMMERCIAL VEHICLES, 700,000 SEAT CARS AFFECTED

BERLIN (AP) -- Volkswagen said Tuesday that 1.8 million commercial vehicles are among those affected by the emissions-rigging scandal, while Spanish unit SEAT said 700,000 of its cars were fitted with the diesel engine in question.

Volkswagen AG has admitted using a piece of engine software to cheat on diesel car emissions tests in the U.S. It said last week the engines concerned are in some 11 million vehicles worldwide, far more than the 482,000 originally identified by U.S. authorities.

Details have emerged gradually of how many were made by which VW division. Guenther Scherelis, a spokesman for the commercial vehicles unit - which makes vans and pickups - on Tuesday confirmed a report in the daily Hannoversche Allgemeine Zeitung that 1.8 million of its vehicles were affected. He didn't give further details.

Spanish subsidiary SEAT said it fitted 700,000 vehicles with the EA 189 diesel engines in which Volkswagen has said there are "discrepancies."
SEAT said the cars were sold worldwide and it was seeking to determine how many were sold in each market.

Also fitted with the suspect software were 5 million VW brand cars, 2.1 million Audis and 1.2 million Skodas.

SEAT and Volkswagen-Audi Spain on Tuesday ordered a suspension of sales of all SEAT, Volkswagen, Audi, Skoda and Volkswagen commercial vehicles with the EA 189 diesel engine. It said this decision would affect 3,320 vehicles currently in stock.

In Brussels, European Union Industry Commissioner Elzbieta Bienkowska was scheduled to meet Tuesday with Volkswagen brand chief Herbert Diess.
"We expect Volkswagen to explain the situation," said EU spokesman Ricardo Cardoso. "The Commission wants facts and wants to get to the bottom of this."

The German government last week set up a commission of inquiry on the scandal. Transport Ministry spokesman Martin Susteck said that the panel is in contact with the U.S. Environmental Protection Agency.

Reuters:
http://www.reuters.com/article/2015/09/29/volkswagen-emissions-plan-idUSL5N11Z11920150929

UPDATE 1-Volkswagen to refit cars affected by emissions scandal

BERLIN, Sept 29 (Reuters) - Volkswagen signaled on Tuesday it would recall up to 11 million vehicles as it tries to address the scandal over its admission that it cheated U.S. diesel emissions tests.

New Chief Executive Matthias Mueller said the German carmaker had drawn up a "comprehensive" refit plan to be submitted to regulators aimed at ensuring its diesel models complied with emissions standards.

It will ask customers "in the next few days" to have diesel models equipped with manipulated software refitted and brief authorities on technical fixes in October, Matthias Mueller told a closed-door gathering of about 1,000 top managers at Volkswagen's Wolfsburg headquarters late on Monday.

The company is under huge pressure to tackle the biggest business-related crisis in its 78-year history. Germany's KBA regulator had set an Oct. 7 deadline for it to present a plan to bring diesel emissions into line with the law.

Volkswagen has said previously about 11 million vehicles were fitted with software capable of cheating emissions tests, including 5 million at its namesake brand, 2.1 million at luxury brand Audi, 1.2 million at Czech division Skoda and 1.8 million light commercial vehicles.

"We are facing a long trudge and a lot of hard work," Mueller, appointed CEO of Europe's

biggest automaker last Friday, said in the speech text seen by Reuters. "We will only be able to make progress in steps and there will be setbacks."

Separately, Mueller said Volkswagen's troubled core VW division, struggling with high fixed costs and low profit margins, would in future be able to act as independently as premium flagship brands Audi and Porsche.

"The new company structure is a first step and the basis for a modernization of VW, for a new and better company," he said. (Reporting by Andreas Cremer; Editing by Ludwig Burger<http://blogs.reuters.com/search/journalist.php?edition=us&n=ludwig.burger&> and Mark Potter)

BBC News:
http://www.bbc.com/news/business-34390369

Seat says 700,000 cars have 'cheat' emissions software VW crisis
Seat has said about 700,000 of its cars are fitted with the software that allowed parent company Volkswagen to cheat US emissions tests.

A spokesman said they are currently trying to work out how many were sold in each national market.
In Spain slightly over 3,000 new cars are affected but showrooms have been told to put them aside.
VW has said a total of 11m diesel engines are involved in the emission's scandal.
Broken down brand-by-brand they are:

* VW - 5m
* Audi - 2.1m
* Skoda - 1.2m
* Seat - 700,000
* Vans - 1.8m

Seat said it planned to contact owners so their cars can undergo tests.
It will also set up a search engine on its website to allow customers to find out if their vehicles are affected.
The Spanish carmaker said it had temporarily suspended the sale and delivery of all new vehicles with the EA 189 engines which contain the software.

Volkswagen scandal
11 million
Vehicles affected worldwide

* €6.5bn Set aside by VW
* $18bn Potential fines
* No. 1 Global carmaker in sales

Scandal spilling over
The scandal is continuing to hit VW's share price. On Tuesday it fell another 1.5%<http://www.bbc.co.uk/news/business/market_data/shares/5/113230/one_month.stm> during morning trade in Frankfurt. The company has lost 35% of its market value since last Monday.

A survey of 62 institutional investors by the investment banking advisory firm Evercore, showed 66% of them would not invest in VW for 6 months or until it clarified what costs, fines, and legal proceedings it faced.

The effects are also spilling over into the local economy around VW's headquarters in Wolfsburg. The city is expecting a fall in business tax revenue from VW and the mayor has announced a budget freeze and hiring ban on public sector workers.

The scandal was revealed after the US Environmental Protection Agency found that some VW diesel cars were fitted with devices that could detect when the engine was being tested, and could change the car's performance to improve results.

The German company has apologised for breaching consumers' trust, and on Friday announced that Matthias Mueller was replacing Martin Winterkorn as chief executive. Mr Mueller promised a "relentless" investigation to uncover what went wrong.

He said the group was "facing the severest test in its history."

German prosecutors announced on Monday that it was conducting a criminal investigation of Volkswagen's former chief executive.

Bloomberg:
http://www.bloomberg.com/news/articles/2015-09-29/volkswagen-close-to-diesel-fix-as-sales-of-rigged-cars-halted

Volkswagen Close to Diesel Fix as Sales of Rigged Cars Halted
Elisabeth Behrmann<http://www.bloomberg.com/authors/AP6ltgka_yg/elisabeth-behrmann>
September 29, 2015 — 8:06 AM EDT

A brand new Volkswagen Passat and a Golf 7 car are stored in a tower at the Volkswagen Autostadt complex near the Volkswagen factory in Wolfsburg, Germany.
Sales halted in Spain, Switzerland, Italy and the Netherlands

* Volkswagen to inform customers soon of plans for repairs

Volkswagen AG is close to announcing a fix to emissions systems that cheated on pollution tests, as sales of vehicles with the rigged diesel engines get halted in a growing number of European countries.

Cars with the affected diesel engines are being pulled from markets including Spain, Switzerland, Italy, the Netherlands and Belgium, while prosecutors in Sweden consider opening an investigation on potential corruption. For vehicles already sold, Volkswagen is looking to inform customers soon about the steps it will take to repair the vehicles.
"It's going to depress their market share for a while, maybe even up to one to two years," said Richard Gane, an automotive specialist at supply-chain consultancy Vendigital Ltd. "This is going to run and run."

Almost two weeks after it publicly admitted to cheating on diesel emissions tests in the U.S., Volkswagen has yet to provide a comprehensive breakdown of the car models and markets affected. Information has emerged piecemeal in the scandal over a type of diesel engine installed in as many as 11 million vehicles worldwide. The number includes about 5 million VW brand cars, 2.1 million Audi models, 1.2 million from the Skoda unit and 700,000 from the Spanish Seat nameplate.

German Deadline
To reach out to customers, Volkswagen is looking into setting up websites in various countries so drivers can check on actions locally. The company has already set up a site<http://www.vwdieselinfo.com/> in the U.S., where the scandal started.
The German government has set an Oct. 7 deadline for Volkswagen to say how it'll bring some 2.8 million diesels in its home market up to standard, threatening to pull the cars off the road if the carmaker fails to do so.

As Volkswagen seeks to recover, the executive committee of its supervisory board, made up of union officials as well as shareholder representatives from the Porsche family and Lower Saxony, is meeting Wednesday to discuss the latest results from the investigation, a person familiar with the situation said.

Volkswagen Chief Executive Officer Matthias Mueller, who was appointed on Friday, said a project team devised a plan over the weekend and the company will start informing customers in the coming days that the emissions of their vehicles will need to be improved. The fix will be presented to regulators for approval in October.

'Long Road'
"We have a long road and a lot of work ahead of us," Mueller said in a speech to Volkswagen's management late Monday, confirming that the company hired law firmJones Day to assist with its internal investigation. "To this end, thoroughness is more important than speed."
Still, pressure is building on the company to come up with a solution. Swedish prosecutors at the National Anti-Corruption Unit are evaluating whether they have jurisdiction to start their own probe, said Alf Johansson, a chief prosecutor at the unit. In the Netherlands, the government is exploring regionwide recall of the vehicles.

"We would like you to consider the possibilities of a European recall," Dutch State Secretary Wilma Mansveld said in a Sept. 25 letter to the European Commission. "This has

to ensure that all faulty software is removed from the market and replaced by proper software that allows proper emission reduction."

Bloomberg:
http://www.bloomberg.com/politics/articles/2015-09-29/california-teachers-pension-scolds-volkswagen-on-emissions-dupe

California Teachers' Pension Scolds Volkswagen on Emissions Dupe
Alison Vekshin<http://www.bloomberg.com/politics/authors/AOWq1oX1-C4/alison-vekshin> <http://twitter.com/alisonvekshin> Margaret Collins<http://www.bloomberg.com/politics/authors/APs6rgY-8H4/margaret-collins>Tim Jones<http://www.bloomberg.com/politics/authors/AQIjj4Bpzcg/tim-jones>
September 29, 2015 — 5:00 AM EDT

California's $184 billion pension fund for school teachers chided Volkswagen AG for rigging some diesel engines to cheat on U.S. emission tests and said it is evaluating its exposure to losses from the scandal.

The California State Teachers' Retirement System, the second biggest U.S public pension, held 37,580 Volkswagen shares valued at $4.85 million as of Sept. 25 and 284,856 of the company's preferred shares worth $34.2 million.

The Wolfsburg, Germany-based company admitted Sept. 18 that it programmed some of its cars' diesel engines to meet emissions standards only when undergoing official tests while letting them exceed legal pollutant limits on the road. Volkswagen's market value has plunged 27 billion euros ($30.3 billion) since the announcement.

"As owners we actively monitor our holdings and expect our portfolio companies to govern themselves responsibly."

- Michael Sicilia, Calstrs spokesman

"Calstrs is clearly disappointed that a company in our portfolio has managed to simultaneously damage both its shareholder value and the environment that we're pledging to protect," said Michael Sicilia, a Calstrs spokesman. "As owners we actively monitor our holdings and expect our portfolio companies to govern themselves responsibly."

About 11 million vehicles around the world were fitted with the defeat devices. The company has set aside 6.5 billion euros to cover damages including fixes, potential regulatory fines and lawsuits.

Not only is California home to the two biggest public pension funds, it has more of the cars on its roads than any other state and has the toughest carbon emission standards in the U.S.

Following the admission that the company cheated in order to try and gain U.S. market

share, Chief Executive Officer Martin Winterkorn stepped down and the U.S. Federal Bureau of Investigation has opened a criminal probe. U.S. states also are looking into the company's actions.

Volkswagen is facing more than 80 federal court lawsuits by consumers alleging the company committed fraud by cheating on emissions tests, inducing them to pay more for their vehicles. Those lawsuits were filed as class actions representing all consumers in the U.S. or in individual states who leased or bought the vehicles.

A Michigan pension fund for police and firefighters alleges in a lawsuit that holders of VW's American depositary receipts lost hundreds of millions of dollars.

The $286 billion California Public Employees' Retirement System said it has about $165 million invested in Volkswagen. The fund, the biggest in the U.S., is "examining the situation and continue to monitor," said spokesman Joe DeAnda.

New York state's pension fund -- which was worth $184.5 billion as of March 31 -- has 22,927 ordinary shares of Volkswagen valued at about $5 million, according to Matt Sweeney, a spokesman for state Comptroller Thomas DiNapoli, the fund's sole trustee. It has another 159,979 shares of Volkswagen's non-voting preferred shares worth $33.3 million, Sweeney said by e-mail.

The $50 billion Alaska Permanent Fund Corporation held 15,009 shares of Volkswagen stock as of June 30, valued at $3.47 million. "It doesn't exactly move the needle, does it?" said Laura Achee, the fund's director of communications.

The Teacher Retirement System of Texas declined to comment on its holdings but said that any investment in Volkswagen would be a drop in the bucket of its $132 billion assets, according to communications director Howard Goldman. At the $26 billion Employees Retirement System of Texas, which provides retirement benefits for state employees, retirees and their dependents, VW holdings are similarly negligible.

"We have some in equities and in fixed income, but very small," said spokeswoman Mary Jane Wardlow in an e-mail.

Volkswagen shares are also held in the pension plans of private companies including General Motors Co. and International Business Machines Corp., according to their latest filings with the Labor Department.

GM doesn't comment on individual holdings in its pension plans, spokesman Pat Morrissey said in an e-mail. The company reported shares in Volkswagen valued at about $1 million in its latest filing with the Labor Department as of Sept. 30, 2014. That's a small portion of the plan's about $80 billion.

From: Gong, Kristiene

Sent: Monday, September 28, 2015 1:42 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/28/2015

CBS News:
http://www.cbsnews.com/news/volkswagen-faces-daunting-challenges-in-fixing-emissions-cheating/

VW faces daunting challenges in fixing emissions cheating

DETROIT - Volkswagen faces daunting challenges in fixing software that enables cheating on diesel engine emissions tests, a task that's becoming more urgent because of growing anger from customers.

The company has set aside $7.3 billion to pay for the scandal. But experts say it's likely to cost much more as VW tries to comply with U.S. clean air regulations while appeasing diesel owners who paid extra for the cars, thinking they could help the environment without sacrificing performance.

"We understand that owners of the cars affected by the emissions compliance issues are upset," VW said on a consumer website launched Sunday. The company asked for patience and said it would address the issue as fast as it can. A spokeswoman wouldn't comment further.

But experts said VW will have to strike a careful balance to appease government regulators, make customers happy and avoid emptying the company cash box. A cheap remedy of software fixes likely would hurt performance and gas mileage, further antagonizing customers. A more expensive fix that adds a treatment system wouldn't hurt performance, but it would cost thousands per car and by one analyst's estimate, could total more than $20 billion including vehicles in the U.S. and Europe.

That's in addition to a potential $18 billion fine in the U.S. and the cost of numerous class-action lawsuits alleging that VW's cheating reduced the value of its customers' cars.

The scandal broke on Sept. 18, when the U.S. Environmental Protection Agency and the California Air Resources Board accused VW of installing secret software on 2-liter four-cylinder diesel engines that turned on pollution controls for lab tests and shut them off during real-world driving. As a result, 482,000 Jettas, Beetles, Golfs and Passats from the 2009 to 2015 model years belched out 10 to 40 times as much ozone-causing nitrogen oxide as U.S. law allows.

A few days later, VW admitted the same "defeat device" that switched the pollution controls on and off was on 11 million cars worldwide. Germany says 2.8 million cars there are affected.

Software in the main engine control computer figured out when the cars were being tested on a treadmill-like device called a dynamometer that the EPA used for verification and turned the controls on.

With the pollution controls on, the cars are less efficient and won't accelerate as fast, the two main reasons why people bought the VW diesels, said Matt DeLorenzo, managing editor and a diesel expert for Kelley Blue Book. VW could change the software and leave the controls on to satisfy the EPA and California regulators. But that would anger customers and likely would force VW to compensate them for the reduced mileage, just as Hyundai did when it got caught with inflated fuel economy estimates, DeLorenzo said.

"If it's really sluggish and doesn't get out of its own way, that's a bigger issue (to customers) than fuel economy," DeLorenzo said. "People notice that big of a change in performance."

The other option is to add a diesel exhaust treatment system that's used by other manufacturers and even by VW on larger diesel engines. The treatment involves adding a tank of a chemical called urea, which enables the cars to separate nitrogen oxide into harmless nitrogen and oxygen. That would cost $2,000 or more per car, DeLorenzo said.

Engineers would have to find room for a tank to store the blue urea fluid, which has to be refilled about every 7,500 miles, DeLorenzo said. And VW probably would have to compensate customers for years of urea cost, which is about $13 for 2.5 gallons.

VW probably tried to avoid urea systems in the beginning because their cost would have driven Jetta and Golf prices above competitors, especially gas-electric hybrids, DeLorenzo said. Now, adding it after the fact will cost even more, he said.

The scandal has forced Volkswagen to tell U.S. dealers not to sell cars with the suspect diesel engines. VW said on Sunday that it's working to get government approval to sell 2016 models with updated engines "which we believe do not have any of the issues the government has identified in other vehicles."

The 2015 and 2016 models have a new version of the 2-liter diesel engine that probably runs cleaner and could need just a software change to comply, DeLorenzo said.

But on older models from 2009 to 2014, the fix may be more difficult. Mike Jackson, CEO of AutoNation, the largest dealership chain in the U.S., said he was told by VW that it will take hardware and software changes to fix the older models. The EPA says it may take VW a year to develop a fix.

Before the 2009 model year, U.S. diesel emissions standards weren't as strict, so those cars likely passed the tests without a defeat device, DeLorenzo said.

Whenever the fix comes, it's possible that owners might not get it done if it hurts their cars' mileage and performance, and the EPA can't force people to take their cars in for repairs.

The agency only has authority over automakers, not car owners.

The EPA says some states require proof that emissions recalls have been fixed before license plates are renewed. And the possibility of failing emissions inspections in states that require them apparently won't be an issue because of the cheating software. "The defeat device was specifically designed to ensure that vehicles would pass inspection," the agency says on its website.

In wake of the scandal, the automaker's stock dropped about 30 percent this past week alone, CBS News correspondent Kris Van Cleave reported.

Volkswagen introduced is new CEO on Friday. Matthias Mueller, the former head of Porsche, will try to restore VW's reputation.

The Guardian:
http://www.theguardian.com/business/2015/sep/26/volkswagen-scandal-emissions-tests-john-german-research

Meet John German: the man who helped expose Volkswagen's emissions scandal
Automative engineer's research connected the dots to how the automaker manipulated diesel emissions tests – but that was never the intention
Rupert Neate in New York

John German has barely had time to catch his breath all week between appearances on TV news channel and radio phone-in shows. He's an unlikely media star, not a pop singer or reality TV contestant, but a grey-haired automotive engineer thrust into the global spotlight after he and his colleagues were credited with helping uncover one of the biggest ever corporate scandals.

"We really didn't expect to find anything," German said of his research that found Volkswagen had installed sophisticated software designed to cheat strict emission tests across the world. His simple test – checking the car's emissions on real roads rather than in lab test conditions – led to the resignation of VW's chief executive after the German company was forced to admit it installed "defeat devices" in 11m cars. The scandal has wiped more than €24bn ($26.8bn) off VW's market value.

Many questions remain but one thing is clear to German: "It was not an accident," he said. "A lot of work has gone into this."

When German finally found a moment of peace this week he called his wife in Ann Arbor, Michigan. "She said: 'You know you've made it now, you can retire and be very happy'," German told the Guardian as he prepared to board a plane back to Michigan after a week in the spotlight in Washington DC. "No, no, no, I can't afford to yet," German told his disappointed wife.

He may have helped uncover one of the world's biggest corporate scandals, but German earns a modest salary as US co-lead of the International Council on Clean Transportation (ICCT) a small nonprofit organisation dedicated to helping to reduce vehicle emissions and has an annual budget of just $12m.

"It has been totally overwhelming," German said of the global interest in his research this week. "I've been doing nothing else [but responding to the media and politicians] for 12 hours a day since Friday," when US regulators announced their findings against VW based on German's research] "We're a small organisation that primarily deals with information on diesel filters, so this is unprecedented and overwhelming.

"As an organisation that is trying to reduce emissions and improve efficiency it is always gratifying to see results from our work, but we never dreamed we would have this kind of impact."

German explained that the idea to carry out the test, which he described as "very ordinary", came from Peter Mock, a colleague in Europe, who noticed discrepancies in the emissions of the diesel VW Passat and VW Jetta. He said they decided to carry out on-the-road tests in the US as the emissions regulations are much stricter than in the EU. They expected the cars to pass and they could use this as proof to show Europeans that it was possible to run diesels with cleaner emissions.

German, who has a degree in physics from the University of Michigan and said he "got over halfway through an MBA before he came to his senses", sought out the assistance of the West Virginia University's Center for Alternative Fuels, Engines and Emissions. The WVU provided a portable emission measurement system that could be put in the car's boot (trunk) with an attached probe placed in the exhaust pipe.

Then German sourced a Passat, Jetta and a BMW X5 (which also showed emissions discrepancies in Europe) and "had a drive around". "The VWs were massively exceeding their official emissions readings in normal driving conditions, which was completely inexplicable and totally surprised us," German said.

Thinking it must be a technical error, the tests were expanded and the cars were driven more than 1,200 miles from San Diego to Seattle – almost the entire length of the west coast of the US.

The VWs nitrogen oxide emissions – which creates smog and has been linked to increased asthma attacks and other respiratory illnesses – still exceeded the US standards by up to 35 times. The BMW X5 was within the regulated range.

Arvind Thiruvengadam, a research assistant professor at WVU, who conducted the tests said: "We were doubting ourselves and our procedures and making sure to double check that we were not doing anything wrong. We did so much testing we couldn't possibly doing the same mistake again and again.

"We were like 'OK, we're going to write a lot of journal papers, and we'll be happy if three people read these journal papers,'" he told National Public Radio last week. "That's our happiness at that point."

German published the research in May 2014 and handed it over to the Environment Protection Agency (EPA). "There was an expectation that they would find out what was causing the higher-than-expected emissions," he said. "We did send a courtesy copy to VW to say 'vehicles B and C are your vehicles and you might like to know', we had no response."

There was no response from the EPA either, but keen-eyed German noticed an EPA press release in which VW agreed to recall almost 500,000 vehicles in December 2014 to reinstall software, which it said would solve the higher-than-expected emissions.

However, a couple of months later the California Air Resources Board (Carb) carried out spot checks and discovered that the "defeat device" software – used to dramatically reduces nitrogen oxide (NOx) emissions only when the cars are undergoing strict emission tests – was still present.

"That is actually the single most inexplicable thing about this whole business," German said. "VW had a chance to fix the problem, and they continued to try and cheat and do what they had done. That's just amazing."

"Only then did VW admit it had designed and installed a defeat device in these vehicles in the form of a sophisticated software algorithm that detected when a vehicle was undergoing emissions testing," the EPA said in a statement last week.

German said it was unclear how the defeat device software worked, but the software could work by detecting periods when the steering column wasn't turning but the wheels were which would indicate the car was on dynamo-meters for testing, or could also test for the precise uniform temperature that the tests are carried out at.

"The kind of software it takes to first detect when you're driving on the official test would be very hard to develop. And then you would need duplicate software to tell the car to have two different emission controls."

UK, France and Germany lobbied for flawed car emissions tests, documents reveal
He said it was impossible to know how far up the food chain at VW the fraudulent activity went, but said: "It would have had to be quite a few people involved. It certainly won't have just been one individual."

German said VW could have continued in the deceit for the foreseeable future if no one had thought to test the cars emissions on real roads. He said there is no way to know if other car companies may also have been using similar methods to trick official emission tests, but welcomed UK, German and US regulators moves to retest cars emissions on real roads.

German, who drives a 1997 Honda Accord station wagon that he says has pretty good emissions for a manual transmission, said he hopes his work will act as a wake-up call and scare the whole industry into making certain that their vehicles comply with all emissions regulations. "Companies should realise they might get away with stuff for a little while, but it will catch up with them."

He refused to enter into discussion about what sort of action should be taken against VW, which is facing a fine of up to $16bn in the US alone and a possible criminal investigation. "That's really up to others, I'm just an engineer from Michigan it's really beyond my field of reach."

Consumerist:
http://consumerist.com/2015/09/28/report-volkswagen-knew-of-defeat-devices-eight-years-before-epa-action/

Report: Volkswagen Knew Of "Defeat Devices" Eight Years Before EPA Action
By Ashlee Kieler September 28, 2015

An internal review spurred by the emissions scandal that has engulfed Volkswagen over the past week found that the carmaker knew that so-called "defeat devices," used to trick emissions tests, were used in more than 11 million VW and 2.1 million Audi diesel vehicles for several years before the Environmental Protection Agency issued a violation notice to the manufacturer ordering it to recall some 500,000 million sedans.

The Associated Press, citing two German publications, reported Monday that VW's internal investigation has so far found at least two incidents in which VW was made aware that the use of defeat devices were against the law.

The Frankfurter Allgemeine Sonntagszeitung, a German publication, reported on Sunday that VW's internal investigation shows one of the company's own technicians was aware of the software.

Back in 2011, an engineer reportedly expressed concern that using the device was illegal, but was ignored.

The same investigation turned up a letter, dated 2007, from parts supplier Bosch that warned the car company not to use the software during regular operations of vehicles.

According to Bild am Sonntag, sources uncovered the internal communications between Bosch and VW, with the parts supplier insisting that the software was for test purposes and that using it in regular operation would be against the law.

Bosch, one of the largest car parts suppliers in the world, admitted last week that it supplied many of the key components for the defeat devices as a way to evade emissions standards for certain pollutants with a range of serious health effects.

According to the EPA's order [PDF], the "sophisticated software algorithm" in the vehicles is programmed to detect when the car is undergoing official emissions testing, and to only turn on full emissions control systems during that testing.

However, the effectiveness of these vehicles' pollution emissions control devices is greatly reduced during all normal driving situations.

Volkswagen declined to address the new reports, saying it doesn't comment on "rumors and speculation."

"Volkswagen is working with all its strength to conduct a thorough and merciless investigation of this matter," a spokesperson tells the AP.

In addition to new revelations that VW was aware that the defeat devices were illegal, CNBC reports that the company's now former CEO Martin Winterkorn is under criminal investigation by German prosecutors related to fraud.

Winterkorn stepped down last week, noting that he took full responsibility for irregularities in nearly 11 million diesel vehicles found to contain "defeat devices," the former CEO is at the center of the latest investigation into the manufacturer.

Mothers Jones:
http://www.motherjones.com/kevin-drum/2015/09/vw-tries-blame-engine-emissions-fraud-low-level-engineers-and-technicians

VW Tries to Blame Engine Emissions Fraud on Low-Level "Engineers and Technicians"
—By Kevin Drum

I guess it was just a few bad apples. That's a relief:

Volkswagen has blamed its emissions scandal on a "small group" of people and has suspended a number of staff as Matthias Müller was unveiled as its new chief executive.

....Berthold Huber, the acting head of VW's supervisory board, called the crisis a "moral and policy disaster"...."The test manipulations are a moral and political disaster for Volkswagen. The unlawful behaviour of engineers and technicians involved in engine development shocked Volkswagen just as much as it shocked the public."

This is ridiculous. What incentive do low-level engineers and technicians have to do this on their own? Hell, they couldn't even take on a project like this unless their managers OKed the time to do it, and their managers wouldn't do it unless they were being pressed by higher-ups. Anybody who's ever worked at a big corporation knows this perfectly well. And according to Bloomberg, that's exactly what happened:

Volkswagen AG executives in Germany controlled the key aspects of emissions tests whose results the carmaker now admits were faked, according to three people familiar with the company's U.S. operations.

....Their accounts show the chain of command and those involved in the deception stretched to Volkswagen headquarters.... Ulrich Hackenberg.... Wolfgang Hatz are among those who will leave the company in the wake of Winterkorn's resignation two days ago, two people familiar with the matter said. The two previously ran units at the heart of the affair — Hackenberg, a Winterkorn confidant, was responsible for VW brand development from 2007 to 2013, while Hatz ran the group's motor development from 2007 to 2011.

Will it go even higher? Stay tuned. However, I'll call BS on UBS, which apparently thinks this scandal "could signal the eventual end of the combustion engine." Please. There's no difficulty "amassing accurate data" on engine emissions, as one of their analysts suggests. VW amassed very precise data. They just chose to hide it by means of a calculated, premeditated, multi-year fraud. Anyone who hasn't done the same should be in fine shape.

From: Gong, Kristiene
Sent: Monday, September 28, 2015 10:03 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/28/2015

AP (via Boston Globe):
https://www.bostonglobe.com/business/2015/09/27/facing-tsunami-legal-trouble-emissions-scandal/vWsc8yAvQgqtzSxPtCT1sJ/story.html

Legal woes mounting for Volkswagen as criminal cases loom
Volkswagen admitted that 11 million of its diesel vehicles sold worldwide contained software specifically designed to help cheat emissions tests.
By Michael Biesecker and Eric Tucker ASSOCIATED PRESS SEPTEMBER 28, 2015

WASHINGTON — Who knew about the deception, when did they know it, and who directed it?

Those are among the questions that state and federal investigators want answered as they plunge into the emissions scandal at Volkswagen, which has cost the chief executive his job, caused stock prices to plummet, and could result in billions of dollars in fines.

Legal experts say the German automaker is likely to face significant legal problems, including potential criminal charges, arising from its admission that 11 million of its diesel vehicles sold worldwide contained software specifically designed to help cheat emissions tests.

The Environmental Protection Agency has accused VW of installing sophisticated stealth

software that enabled ''clean diesel'' versions of its Passat, Jetta, Golf, and Beetle models to detect when they were being tested and emit less-polluting exhaust than in real-world driving conditions. The agency says the ''defeat devices'' allowed those models to belch up to 40 times the allowed amounts of harmful fumes in order to improve driving performance.

The Justice Department says it's ''working closely'' with EPA investigators.

''If there is sufficient evidence to show that Volkswagen intentionally programmed its vehicles to override the emission control devices, the company and any individuals involved could face criminal charges under the Clean Air Act, and for conspiracy, fraud, and false statements,'' said David M. Uhlmann, a former chief of the Justice Department's Environmental Crimes Section who is now a law professor at the University of Michigan. He called criminal charges ''almost certain.''

But Uhlmann cautioned that hauling the executives involved into a US courtroom could be challenging, because much of the conduct at issue probably occurred overseas. While the United States has an extradition treaty with Germany, European regulators also are investigating and could claim first dibs on prosecuting company officials.

'[Volkswagen is] facing a tsunami of possible state and federal enforce-ment actions.' William Carter, former federal prosecutor who specialized in environmental crimes

It's not the first time that Volkswagen has been accused of cheating on emissions testing by the EPA. In July 1973, the agency found that VW had installed temperature-sensitive devices that turned off emissions controls on about 25,000 Fastback, Squareback, and bus models. The company agreed to remove the devices and eventually settled with the Justice Department, paying a $120,000 penalty.

Chief executive Martin Winterkorn resigned on Wednesday, and Volkswagen announced it would set aside $7.3 billion to cover the cost of the scandal, but even that may not be enough.

The company has apologized, but has not yet detailed who was responsible for the defeat devices.

German media reported Sunday that Volkswagen had received warnings years ago about the use of illegal tricks to defeat emissions tests. Bild am Sonntag said VW's internal investigation has found a 2007 letter from parts supplier Bosch warning Volkswagen not to use the software during regular operation. Frankfurter Allgemeine Sonntagszeitung said a Volkswagen technician raised concerns about illegal practices in connection with emissions levels in 2011.

A Volkswagen spokesman declined to comment on the reports.

The Clean Air Act allows for fines of up to $37,500 for each of the 482,000 suspect VWs sold in the United States, potentially totaling more than $18 billion. Attorneys general for

nearly 30 states and the District of Columbia have announced a coordinated investigation and said they are issuing subpoenas for company records.

There's also a high likelihood of class-action lawsuits by angry VW owners.

''They're facing a tsunami of possible state and federal enforcement actions, and a potential large number of violations — including administrative, civil, and criminal,'' said William Carter, a former federal prosecutor in Los Angeles who specialized in environmental crimes and served as general counsel of the California Environmental Protection Agency.

Investigators will almost certainly look for any false statements made to the EPA and for signs that VW has tried to conceal wrongdoing or obstruct regulators. Fraud charges could be considered if evidence emerges that company executives used the Internet or the mail system to carry out the deception. And money laundering allegations will be explored if investigators suspect that VW sent illicit proceeds overseas.

''If a software package such as this were intentionally designed to defeat the emissions testing, there may well be e-mail traffic, meetings, records that would establish that intent,'' said Gregory Linsin, a former environmental crimes prosecutor at the Justice Department.

But Linsin said he expected the Justice Department also to take into account the multiple investigations likely to take place worldwide, and to not punish the automaker in a way that jeopardizes its ability to stay in business.

The problems at VW come as the Justice Department faces growing pressure to prosecute individual executives and employees for corporate misdeeds. The last two major criminal investigations against auto companies — Toyota and General Motors — yielded massive fines over car safety problems but have resulted in no prosecutions of executives. Those outcomes dismayed consumer watchdog groups and grieving victims' relatives, who demanded better accountability for failure to disclose vehicle defects.

A memo this month by Deputy Attorney General Sally Yates sought to reaffirm the Justice Department's commitment to prosecuting employees and executives, directing among other policy mandates that corporations pushing for credit for cooperating with the government must first turn over evidence against individuals.

''Volkswagen has a fundamental choice to make,'' said Uhlmann, the former prosecutor. ''That is whether it intends to cooperate and seek leniency, or whether it wants to fight the charges. Every indication over the last several days from Volkswagen is that it intends to cooperate.''

Asked whether that meant he expected company executives to voluntarily come to the United States to stand trial, he laughed.

''Absolutely not,'' he said.

AP (via Dallas Morning News):
http://www.dallasnews.com/business/headlines/20150927-sell-sue-or-stay-put-considerations-for-volkswagen-owners.ece

Sell, sue or stay put: considerations for Volkswagen owners
Tom Krisher and Dee-Ann Durbin
Updated: 27 September 2015 11:10 PM

DETROIT — If you're driving a diesel-powered four-cylinder Volkswagen, you're stuck with a fun-to-drive machine that's belching unhealthy pollutants from its tailpipe.

Until the company figures out how to fix its bogus emissions controls, there isn't much you can do about your dirty diesel.

Following disclosures that Volkswagen developed software for its 2-liter diesel engine that could better control pollutants during testing than in real-world driving, there's a lot up in the air for owners of Jettas, Golfs, Passats and Beetles and Audi's A3.

Here are some things to consider if you're thinking of suing, selling or are unsure of what to do next.

The problem

VW's software turned on pollution controls for government tests, which are done on a treadmill device called a dynamometer. When the software deduced that the cars were back on the street, the controls went off and the cars polluted too much. About 500,000 of the cars were sold in the U.S.

VW hasn't said how it will fix the problem.

Owners worry the repairs will cut fuel economy and performance — the reasons they bought the "clean" diesels in the first place.

"I really hope they fix this thing," said Zandy Hartig, an actress in Los Angeles who owns a diesel 2013 Jetta SportWagen. "I assume since they did it on purpose they can undo it."

The EPA has told VW to fix the cars so they comply with pollution regulations, but there's no word from the company on how or when that will be done. The EPA said it could take a year.

"We understand that owners of the cars affected by the emissions compliance issues are upset," VW said on a consumer website launched Sunday. The company asked for patience and said it would address the issue as fast as it can. A spokeswoman wouldn't comment further.

A recall fix may be coming soon for 2015 and 2016 models, neither of which can be sold until repairs are made. Mike Jackson, CEO of AutoNation, the country's largest auto dealership chain, said that he was told by VW officials that a software change will bring the last two model years into compliance.

But it's a mystery how the company will fix models from 2009 through 2014, including whether software and equipment changes will be needed, he said.

Did my car lose value?

Worried about their cars losing value, some owners might rush to put the car up for sale.

Eric Ibara, senior analyst for Kelley Blue Book, is encouraging owners to hang on to their VWs, at least until the company comes up with a fix.

Ibara said the impact on VW's resale values may not be known for two or three weeks. The price that dealers agree to pay for vehicles being auctioned this week will be the first indication.

VW diesels traditionally have higher resale values than gasoline counterparts, but the scandal might erode that premium, Ibara said, especially if the fix cuts mileage or impacts their sporty performance.

If repairs are made, history shows there might not be a lasting impact. General Motors' residual values weren't affected by ignition switch recalls, and Toyota's car values returned to normal within a year of an unintended acceleration crisis.

Some owners are hoping for rebates, while a consumer group called on VW to buy back the diesels.

Legal action?

Joining a lawsuit against VW is one option for owners, although it is likely to take years to get any relief.

Several U.S. lawsuits have been filed, some alleging the cars' values will fall because of the scheme.

Consumers could have some success in the courtroom. In 2012, for example, Toyota agreed to pay more than $1 billion to resolve hundreds of lawsuits filed by owners who said their vehicles lost value after the company's unintended acceleration problems.

Also, politicians are calling on the Federal Trade Commission to investigate, because VW often advertised the cleanliness of the vehicles. The FTC, which monitors advertising claims, can seek remedies for all of the car owners.

Don Marron, 58, a banker from Allentown, Pa., wants Volkswagen to take back his 2012 SportWagen and apply the credit toward a new car. He'd also consider a repair that didn't compromise performance or fuel economy.

"I'm going to wait and see what they do, but I'm not going to do nothing," he said. "It's just dumb that they did this. How could they think that it wasn't going to be discovered? What arrogance, what bad judgment."

WSJ:
http://www.wsj.com/articles/auto-parts-makers-hit-by-vw-scandal-1443395198

Auto-Parts Makers Hit by VW Scandal
Suppliers move to defend diesel technology, fearing shift toward alternatives
By JEFF BENNETT
Updated Sept. 27, 2015 7:50 p.m. ET

Auto-parts makers with big exposure to the diesel-car market are racing to salvage the technology's reputation in the wake of the Volkswagen AG emissions-cheating scandal.

Shares of the parts makers, which include Tenneco Inc., BorgWarner Inc., Delphi Automotive PLC and Continental AG, were pummeled last week following the Environmental Protection Agency's disclosure that VW cheated for years on emissions tests of its diesel-powered cars.

The parts industry's focus has shifted to defending the viability of diesel technology amid concerns that betrayed consumers or auto makers, which face tighter government scrutiny of diesel, will turn their attention to hybrids and electric-powered vehicles.

"You can't have an event like this without questions being raised, but that doesn't mean the technology doesn't work," said Terrence Hahn, chief executive of Honeywell International Inc.'s $3.8 billion Transportation Systems unit.

"We have seen proven results around clean-diesel technology, and we don't want what one auto maker has done to tarnish the industry or the technology," Mr. Hahn said.

Wall Street wasn't convinced, however. Shares of Honeywell, a major supplier of the turbochargers often used to make diesel-powered cars peppier, fell 10 cents Friday to $93.52, down about 5% from their close on Sept. 18. That was the day the EPA accused VW of installing illegal software that sharply reduces nitrogen-oxide emissions, but only when the cars are undergoing strict emission tests.

VW later acknowledged its use of the software and issued an apology.

The company promised to find a remedy to repair the 482,000 VW diesel cars in the U.S. as soon as possible. On Sunday, it launched the website vwdieselinfo.com to tell VW diesel

owners about the company's plans to fix their vehicles.

Shares of Tenneco, which makes emissions systems and gets 8% of its revenue from VW, sank almost 8% last week, while those of BorgWarner, which generates 17% of its revenue from the auto maker, fell 6%, finishing the week at $40.

BorgWarner recently opened plants in Portugal and South Korea, partly to produce more components used in starting diesel engines.

Continental, a German supplier of engine components, also was under pressure. Its stock lost nearly 6% of its market value last week.

Closely held Robert Bosch GmbH, the German giant that supplied the components now at the center of the emissions probe, has said VW was responsible for how the parts were installed.

On Friday, the EPA indicated it would step up scrutiny of diesel vehicles by overhauling the way it oversees the industry's compliance with emissions standards.

The regulator sent a letter to auto makers saying that it will conduct tests of 2015 and 2016 vehicles under normal driving conditions, rather than accepting lab results, as it has done in the past.

In the U.S., diesel engines are largely confined to heavier trucks, with diesel-powered cars representing just a small part of the passenger-car market. But diesel is dominant in Europe, accounting for more than 50% of the passenger-car market in 2015, according to Barclays.

Before the scandal broke, J.D. Power & Associates expected diesel to expand to 7% of the U.S. light-vehicle market by 2017 from 3% this year.

Barclays analyst Brian Johnson suggests those growth expectations need to change, both in the U.S. and Europe. And that will squeeze some parts makers.

"Whatever the specifics that emerge from a VW investigation, we believe strongly that the VW scandal will heighten the pressure on diesel in Europe," he said in a research note last week.

"The end result of the VW issues will be to accelerate a move away from diesel in the European mass market, pressuring suppliers leveraged to diesel," Mr. Johnson said.

Mike Jackson, chief executive of AutoNation Inc., the largest U.S. auto retailer, said it would tough to rebuild trust with potential diesel buyers in the U.S. "It is another black eye for diesel engines overall," he said.

Mr. Johnson of Barclays added that auto makers might need to accelerate development efforts of electric vehicles, hybrid and more-efficient gasoline engines.

That could help parts makers, since many of the same companies will have to supply those component. But their investments in diesel-powered cars could be lost if the industry shifts to those alternatives.

Telegraph (UK):
http://www.telegraph.co.uk/finance/newsbysector/industry/11895848/BREAKING-2.1-million-Audi-cars-fitted-with-VW-emissions-cheat-devices.html

VW scandal: German prosecutors probe Winterkorn as Volkswagen emissions-rigging crisis spreads to 2.1 million Audi cars and Skoda models
By Julia Bradshaw10:31AM BST 28 Sep 2015

Prosecutors in Germany have opened a criminal investigation into former Volkswagen chief executive Martin Winterkorn in the wake of the emissions-rigging scandal.

The probe is understood to concentrate on accusations of fraud after it was revealed that VW had fitted 'defeat' devices in millions of its diesel cars worldwide to cheat government emissions tests.

The investigation aims to establish who was responsible, according to the statement from prosecutors in Braunschweig, Germany, and will look at Mr Winterkorn's role in the worst crisis to hit VW in its 78-year history.

The prosecutors have also received a number of criminal complaints, including one from Volkswagen itself.

Winterkorn quit saying he was "not aware of any wrongdoing on my part"

Under the German system, anyone can file a criminal complaint with prosecutors, who then must examine the complaint and decide whether there is enough evidence to open a formal investigation and for charges to be brought.

It is essentially the equivalent of a police investigation in the UK.

Prosecutors say it is too early to determine if and when they may try and interview Mr Winterkorn himself.

"This is a very broad case and in other such investigations it has taken many months, sometimes years," a spokesman said.

Mr Winterkorn stepped down as CEO last week and was replaced by former Porsche boss Matthias Mueller after the emissions-rigging scandal wiped billions of pounds off the value of VW and tarnished its previously solid reputation for reliability and quality.

Mr Winterkorn has denied knowing about the pollution-cheating software, and issued a statement at the time of his resignation saying: "I am doing this in the interests of the company even though I am not aware of any wrongdoing on my part."

Dr Hans-Christoph Hirt, a director at fund manager Hermes, criticised VW's choice of corporate insiders to take charge of the company, saying the move "raises some real doubts whether the key shareholders have recognised the need for fundamental reform and a real new beginning".

He said: "Following intensive engagement with Volkswagen on corporate governance issues between 2006 and 2009, we have repeatedly raised concerns about aspects of Volkswagen's corporate governance.

"We plan to attend the Extraordinary General Meeting of Volkswagen on November 9 and on behalf of a group of investors will explain our concerns and suggest changes to the company's corporate governance and culture to other shareholders and the management and supervisory boards."

The news came as Audi announced that the device used in parent company Volkswagen's cars to manipulate emissions tests was also fitted in 2.1 million of its own luxury cars.

Of the 2.1 million autos, some 1.42 million diesel-powered Audi vehicles are registered in Western Europe, with 577,000 in Germany.

There are almost 13,000 cars containing the cheat software in the United States, a spokesman for Ingolstadt-based Audi said today.

The engine in question was built into 1.6-litre and 2-litre turbo diesel models in the A1, A3, A4, A6, TT, Q3 and Q5 ranges.

The cars involved have engines in the "euro 5" emissions category. Those with the newer "euro 6" engines aren't affected by the emissions scandal.

"We're working at full speed to find a technical solution," said Juergen de Graeve, a spokesman for Audi.

"Once we have that solution, we'll write to customers and we'll upgrade the cars so that they're within emissions regulations."

Skoda, which is also part of the VW family, has said that 1.2 million of its cars worldwide contain the software cheat, according to reports.

Volkswagen shares have fallen by more than 7pc so far today.

It has also emerged that VW has suspended the R&D chiefs of its core VW brand, luxury division Audi and sports-car maker Porsche, sources familiar with the matter told reporters.

The carmaker's supervisory board last Friday agreed to put a number of employees on leave until the details of affair were cleared up.

VW sparked global outrage last week when it admitted that 11 million of its diesel cars are fitted with special gadgets that activate pollution controls during tests but secretly turn them off when the car is on the road.

The deception has wiped billions off the value of the car giant and is set to land the German auto maker with substantial penalties and recall costs as governments and regulators around the world launch investigations - some of the criminal - into the scandal.

The nations carrying out probes include the UK, South Korea, India, Brazil, Australia, France, Italy, South Africa and Norway - whose economic crime unit has opened an investigation.

The US Justice Department has also launched a criminal probe.

Executives at VW have been accused of masterminding the emissions scandal from the company's headquarters in Wolfsburg.

The chain of command of those involved in the rigging deception stretched all the way back from the US to VW's home patch, it has been claimed, with executives in Germany controlling the key aspects of tests which the firm now admits were manipulated.

It was said that the cars that missed US emissions targets were reported to managers in Wolfsburg.
Testers at a California site evaluated vehicles and results were sent back to Germany before being passed to the US Environmental Protection Agency.

If any car failed to meet emissions targets, a team of engineers from Volkswagen headquarters or Audi's base in Ingolstadt was flown in.

UK Prime Minister David Cameron has condemned Volkswagen over its rigging of emissions tests.
"If companies are breaking the rules and fiddling their figures, that is unacceptable," Mr Cameron said as he flew to New York for a visit to the United Nations. "Emissions standards matter and they have to be properly policed and delivered."

Any move to restrict sales would be "all a matter for the Transport Department," he said.
German authorities have also demanded the carmaker present a timetable for fixing affected vehicles.

The regulators have asked VW to come up with a plan by October 7 to show when its cars will meet emissions requirements.

The German government has also insisted that it did not know about the rigged diesel emissions tests at VW before the story broke.

"The transport minister found out about the allegations of manipulation the weekend before last," a spokesman said.

"We had no previous knowledge that this system was being used."

Volkswagen has set aside €6.5bn to cover damages including fixes for the vehicles, potential regulatory fines and lawsuits, but the cost of the fallout is expected to be much larger.

The FBI in Detroit is reportedly handling a US criminal investigation of the German company, while 27 state attorney generals have unleashed a joint investigation into the blighted car maker.

Thse 27 states are reportedly going to send subpoenas to the company - these are essentially writs compelling testimony or evidence to be produced or face a penalty.

Private law firms are also lining up to take on VW, with a class action suit already being filed by a Seattle law firm.

The automobile giant already faces at least 60 lawsuits filed in federal courts in the US by consumers alleging the company committed fraud by cheating on emissions tests, which means their cars might not be as efficient as they believed them to be.

Dutch investor group VEB, which represents shareholders, has issued a liability claim against Volkswagen for the losses incurred by investors in the wake of the emissions fraud.

The group said: “The liability in question concerns the incorrect, incomplete and misleading information provided by Volkswagen…this manipulation kept the Volkswagen share price artificially high.

“In doing so Volkswagen acted unlawfully; not only towards car owners but also its own shareholders.”

Meanwhile, European environmental organisation, Transport & Environment, has said it has found some new models of Mercedes, Volkswagens, BMWs and other new cars consume much more petrol than lab tests claim, according to reports from PA.

The organisation said it had found no proof the cars are equipped with the same sort of "defeat devices" installed on diesel-powered Volkswagens, but called on European Union governments to broaden their probes into the scandal to cover petrol cars as well.

Both the EU and US have announced plans to crack down on the way car emissions are measured.

Currently, manufacturers test emissions in near-perfect lab settings, using smooth tyres unsuitable for roads, engine lubricants so expensive they're beyond the reach of most consumers and even clip off wing mirrors to achieve required emission results.
US regulators and the European Commission have both said they will introduce rules forcing manufacturers to test car emissions under real world road conditions.

The EU is expected to introduce new legislation in early 2106, although French ministers on Thursday called for this to be brought forward to before the end of the year.

New VW boss Matthias Mueller has pledged to win back the trust of customers.

"My most urgent task is to win back trust for the Volkswagen Group by leaving no stone unturned and with maximum transparency, as well as drawing the right conclusions from the current situation," he said on Friday.

Despite the turmoil at VW, the European Central Bank has not suspended the purchase of assets backed by VW loans, under its quantitative easing programme.

Contrary to reports over the weekend, the latest list of eligible collateral purchased by the ECB still includes securities issued by the carmaker.

Dispatch Times:
http://www.dispatchtimes.com/what-to-do-if-you-have-volkswagen-affected-by-the-emissions-scan/106617/

What to do if you have Volkswagen affected by the emissions scan
BY NEWSMEDIAON SEPTEMBER 28, 2015

Regulators will add more spot-checks to cars already on the road as part of a toughening of USA environmental oversight following Volkswagen's admission that it fitted as many as 11 million diesel cars worldwide with software that rigged pollution tests.

The software tells a auto when it is under an official test, triggering emissions control systems that do not seem to be operating under normal driving conditions.

Volkswagen appointed Matthias Mueller as its new chief executive officer, to help the German automaker recover from a scandal over its rigging of USA vehicle emissions tests.

"We are not going to tell them what these tests are; they do not need to know", said Christopher Grundler, director of the EPA's Office of Transportation and Air Quality.

EPA officials insisted on a call with reporters Friday that the previous testing procedures were sophisticated and sufficient to accurately detect the emissions from the diesel cars as long as a manufacturer is not deliberating trying to cheat the process.

The EPA move comes amid a widening scandal over Volkswagen's diesel vehicles, as the automaker has admitted it installed a cheat device to remove nitrous oxide from exhaust emissions during lab testing. Volkswagen CEO Martin Winterkorn issued an apology, stating that he was "deeply sorry that we have broken the trust of our customers and the public".

The EPA's findings regarding the scandal saw that 482,000 cars in the U.S. were involved including the brands made by VW such as the Audi A3 and the VW models Jetta, Beetle, Golf and Passat.

The US Department of Justice (DoJ) has said that the United States would be taking part in an investigation by the Environmental Protection Agency (EPA) into the vehicle company.

Why did successive governments not discourage the proliferation of diesel vehicles which now account for about half of new cars in Britain?

The Air Resources Board sent a letter to all vehicle manufacturers Friday notifying them of the change that will be effective immediately.

Private owners of the 2009-15 VW and Audi models equipped with the violating 2.0-liter diesel may continue driving the cars, and do not have to do anything until Volkswagen of America and the EPA agree on a timeline for a recall.

From: Gong, Kristiene
Sent: Friday, September 25, 2015 3:03 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/25/2015

The Atlantic:
http://www.theatlantic.com/business/archive/2015/09/volkswagen-scandal-cheating-emission-virginia-epa/407425/

The Academic Paper That Broke the Volkswagen Scandal
Last year, a group of researchers at West Virginia University uncovered one of the biggest frauds in automotive history while working under a small $50,000 grant.
BOURREE LAM 1:23 PM ET

Every day since the story first broke a week ago, the ripples of Volkswagen's scandal have extended further and further. Initially, the Environmental Protection Agency ordered Volkswagen to recall nearly half a million vehicles after discovering illegal devices intended to cheat emissions testing. Then, Volkswagen announced the number of vehicles affected is closer to 11 million worldwide—and that the company has set side $7.2 billion to fix the problem. Volkswagen's CEO at the time, Martin Winterkorn, soon resigned.

The company's board is expected to pick Matthias Mueller, the chief executive of Porsche, to take over. There are reportedly nearly 30 class-action lawsuits pending from car owners in all 50 states, plus 5 provinces in Canada. All these furious drivers bought their cars believing that they were highly fuel-efficient—which appears to not be the case, affecting their resale values significantly.

But how did this whole thing begin? At a small lab in West Virgina, it turns out. In 2012, a group of researchers at West Virginia University won a $50,000 grant from the International Council on Clean Transportation to do performance testing on clean diesel cars. Arvind Thiruvengadam, a research assistant professor in mechanical and aerospace engineering, told NPR this week that the team was merely excited do the research—which involved driving the clean diesel cars outside the lab—and write a journal paper based on the data. They never expected that they would discover one of the biggest frauds in automotive history.

When Thiruvengadam and his colleagues tested Volkswagen's clean diesel cars, they found discrepancies up to 35 times the expected emissions levels. The researchers suspected cheating, but couldn't be sure. David Carder, another researcher on the West Virginia University team, told Reuters that the fallout at hand is surprising because this data was made public over a year and a half ago.

The stakes were upped when the Volkswagen cars in question were tested by the California Air Resources Board (CARB) in an investigation starting May of last year, and the CARB and EPA started discussions with Volkswagen on why there were such discrepancies. Volkswagen insisted to EPA officials that the discrepancies were due to a technical issue rather than deliberate cheating. Only when the EPA threatened not to approve Volkswagen's 2016 clean diesel cars for sale in the U.S. did the company finally fess up.

Volkswagen will survive this scandal (even though its stock has plunged 30 percent, wiping out a quarter of its market value), but now the future of diesel cars are at stake and it's expected that the consumers who wanted clean diesel cars for their greenness will likely switch to hybrids, while those who care for performance might try to dodge the recall. Either way, Volkswagen will be held responsible for clean diesel's coming existential crisis.

From: Gong, Kristiene
Sent: Friday, September 25, 2015 2:42 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/25/2015

International Business Times:
http://www.ibtimes.com/does-epas-response-volkswagens-emissions-cheating-go-far-enough-2114563

Does EPA's Response To Volkswagen's Emissions Cheating Go Far Enough?
By Cole Stangler

Auto regulators are now on the offensive after being deceived by Volkswagen for years. They unveiled a response Friday to the company's stunning admission that it systematically cheated on emissions tests from 2009 to 2015. In a letter to automakers, the U.S. Environmental Protection Agency said it will bolster testing procedures to detect so-called defeat devices like the ones Volkswagen used to shut down pollution control systems outside of testing conditions.

Jesse Prentice-Dunn, a policy analyst at the Sierra Club, applauds the move. But he says "long-term" fixes are still needed. "The testing regime needs to be revamped."

Critics have long said as much. Under the current testing system, automakers in the United States conduct their own examinations and report the data to federal officials. The EPA, meanwhile, conducts spot checks, but its resources are stretched thin.

Dan Becker is the director of the safe climate campaign at the Center for Auto Safety. For companies to respect emissions standards, he says, officials need to remove the tests from private hands and transfer them to labs with federal supervision. "Right now, you've got the foxes in control of the chicken coop, and that's never going to be a good show."

In an ideal world, Becker says, automakers would simply follow the law. But in the last few decades, companies have shown a remarkable penchant for gaming the standards, and the current structure of the testing system makes it exceedingly easy to do so.

"If these companies were being honest, we wouldn't need an elaborate system to make sure they don't cheat," Becker said. "But they've proven that they do cheat." Not just Volkswagen -- but "virtually every major automaker," he asserted.

A History of Gaming The System

It started in the 1970s, just after the EPA was created and began to regulate auto emissions under the Clean Air Act. Volkswagen, in fact, was among the first to equip its cars with defeat devices to override emissions control systems. In 1973, it confessed to installing them on 25,000 cars. The following year, Chrysler was forced to recall more than 800,000 cars after it was found to have installed a similar device in radiators.

The 1990s saw a couple of major scandals. In 1995, General Motors settled with the Justice Department and the EPA for $45 million, acknowledging it installed a computer chip in 500,000 Cadillacs that tripled the amount of carbon monoxide output when the cars' heating and cooling systems were running. Three years later, Caterpillar, Mack Trucks and Volvo Trucks reached a similar settlement, worth $1 billion, for equipping trucks with defeat devices.

Kia and Hyundai followed suit more recently. Last November, the South Korean

corporations copped to overstating fuel economy standards on 1.2 million cars from 2010 and 2012, settling with the Justice Department and the EPA for $300 million.

A representative for the Alliance of Automobile Manufacturers, a trade group that represents automakers operating in the United States, declined to comment.

What Is To Be Done?

The Sierra Club's Prentice-Dunn says one path to reform could simply be to increase the number of spot checks. Indeed, Christopher Grundler, director of the EPA's Office of Transportation and Air Quality, recently told the Associated Press that the agency may soon do this.

Grundler was less forthcoming about the EPA's plans to enhance detection of defeat devices -- the subject of Friday's letter to automakers. On a call with reporters, he wouldn't say what changes the agency is enacting to audit lab results submitted by car companies.

"They don't need to know," he said, of the automakers. "They only need to know that we will be keeping their cars a little bit longer, and we're going to driving them more."

Becker says more oversight is a good step, but regulators need to go further by eliminating their reliance on companies' test data altogether.

"This is an industry that has proven it's not trustworthy," said Becker. "The EPA shouldn't trust them when they say, 'our vehicles meet your standards, everything's just peachy keen.' The government needs to set up a better testing system and not rely on the auto companies' assertions."

He's not sure exactly how that would look -- whether it would be in-house or conducted at independent labs with federal supervision -- either way, he says, it would need to be firmly outside the control of companies. Taxpayers, in theory, could cover a portion of the cost, but companies should be forced to foot most of the bill.

Congressional Republicans, who have made frequent targets of the EPA, would likely oppose such a plan. Since 2010, the agency has seen its budget decline by a fifth, or about $2 billion. Earlier this month, 20 Republican members of Congress filed articles of impeachment against Gina McCarthy, head of the agency.

Luke Tonachel, director of clean vehicles and fuels at the Natural Resources Defense Council, says all this makes it harder for the agency to do its job. "If the EPA's resources are constantly under attack, it's only gonna be harder for them go out and catch the cheaters."

Fortune:
http://fortune.com/2015/09/25/gm-volkswagen-emissions/

Former GM Vice Chair: "I almost feel sorry" for Volkswagen
by Chris Matthews

Bob Lutz says the competition wondered how VW could get low emissions cheaply

For six years, Volkswagen has been installing software in its cars to help them cheat on EPA emissions test. As former GM Vice Chair Bob Lutz told CNBC Friday, the rest of the industry was wondering just how the company was able to get clean emissions so cheaply.

Lutz said that he consistently pressed his engineers to figure out what his competitor was doing, ""They said, 'We can't answer that question," according to Lutz. "Honda asked the same question. They couldn't figure it out either because with near identical engines and hardware from the same suppliers, they could not get themselves to pass."

Lutz also predicted that to fix the problem will be, "incredibly expensive" after factoring in government fines and consumer lawsuits for complaints like loss of value. He even went so far to say that he "almost" feels sorry for his former competitor.

From: Gong, Kristiene
Sent: Friday, September 25, 2015 2:11 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/25/2015

International Business Times:
http://www.ibtimes.com/volkswagen-whistleblower-we-gave-epa-diesel-emissions-data-2014-2114511

Volkswagen Whistleblower: "We Gave EPA The Diesel Emissions Data In 2014"
By Mike Brown

The Volkswagen scandal has shaken the automotive world. It all started with two men: Peter Mock and John German. The pair worked with West Virginia University to try to show that clean emissions tech doesn't necessarily effect automotive performance. Instead, they discovered that the chosen cars were pumping 40 times more emissions into the air than they were supposed to. They submitted their findings to the California Air Resources Board and the federal Environmental Protection Agency.

This week, German, senior fellow at the International Council on Clean Transportation, suddenly became one of the key figures in a story about how the global car manufacturer had cheated on EPA emissions tests. The shocking revelations have had widespread impact on the industry and started an international conversation on emissions testing. They also cost Volkswagen CEO Martin Winterkorn his job. Here, German speaks to International

Business Times about how Volkswagen got away with it, the wider implications, and what happens next.

International Business Times: Now, as I understand it, Volkswagen was using a "defeat device" to measure the conditions of the car, but this wasn't actually a device. It was a piece of software, correct? What was that software measuring for?

John German: We don't know. You are correct it is software, it has to do with the computer looking for the conditions under which test procedure was conducted, and if it detects the conditions, the emission controls behave the way they were designed. But if it does not detect those conditions, it switches to a different control where it reduces the effect of the system. The specifics as to how they reduce effectiveness, though, we don't know. There's quite a number of ways they could detect how they could see that the car was being tested.

IBT: Who could have known about this?

German: One aspect that's really interesting is that we turned data and report over to CARB and the EPA back in May 2014 and they discussed the problems with Volkswagen. Then in December 2014, Volkswagen issued a field fix, and they reflashed the computers in the cars to install the field fix. A few months later they assessed, and found the defeat device was still in the field fix. That is incomprehensible to me, so the interpretation is that this was only a relatively small part of the company.

IBT: Is this something that's ever happened before?

German: There have been a number of other defeat device cases. The best-known case was in the late 1990s with heavy-duty engine manufacturers, ones for really big freight trucks. They did something similar; they were concerned with driving long distances. So they looked for a steady state highway speed for more than x mins, after which they would change calibrations, pushing the NOx up.

IBT: But I'm assuming before they didn't have as advanced computers and electronics. How did they control it before?

German: The systems were simpler. Before NOx after treatment, it was all in calibration. One example of this was what's known as exhaust gas recirculation. That was the first step of control. You could put in one of those to reduce NOx, but it would also increase fuel consumption, so you could switch it off.

IBT: When will we find out what Volkswagen was doing? Are we talking more in months or years?

German: We will only find out if CARB or EPA reveal it. It might be part of the settlement with Volkswagen, as part of the legal agreement. There is a good chance that the EPA will release the info, but we're probably talking more in months. At this stage, though, it's definitely in Volkswagen's interest to get it fixed and behind them as fast as possible.

IBT: Could we conduct tests to find out for ourselves how Volkswagen were doing this?

German: Maybe. It would be difficult. The kind of time and expertise it takes to reverse-engineer calibrations ... these computers are really powerful and complex, and it would take a large amount of time and expertise.

IBT: But we know the car was looking for certain conditions. What are these conditions they could have been measuring for?

German: There are several factors. On an official test the non-drive wheels don't spin, the front wheels do not turn. The test is run at a consistent ambient temperature. It's always run with a cold engine, and the test has a defined speed trace, i.e. the speed for each second. Volkswagen could have looked for any of those.

IBT: Thank you for your time, this has been very interesting. Is there anything else you wanted to say about this that you don't think we covered?

German: The main point is that governments need to do a better job of oversight and enforcement. Worldwide, in China, India, Brazil ... the primary lesson is that there needs to be better oversight and more data.

CBC News (Canada):
http://www.cbc.ca/news/business/volkswagen-emissions-testing-1.3243656

EPA works with Canadian regulators to retest VW vehicles
U.S. regulators warn they will revamp testing protocols after learning of VW cheat device

The U.S. Environmental Protection Agency is looking to revamp the way it tests emissions for all automobiles in the wake of the scandal over Volkswagen's manipulation of emissions data.

The EPA will also be working closely with Environment Canada, which has an "excellent laboratory," to co-ordinate widespread testing around the Volkswagen emissions, EPA officials said in a conference call on Friday.

Affected vehicles have yet to be recalled, but the EPA said it is looking for "recall solutions." Part of the problem is that there is no fix that won't negatively impact vehicle performance.

An estimated half million vehicles in the U.S. are affected, with Environment Canada estimating 100,000 VW diesels are in service in Canada.

The EPA said it is sending a letter to automakers outlining plans for more extensive testing of all vehicle models.

That echoes an initiative by European regulators, who plan to move in 2017 to a system of road testing for vehicle emissions standards.

Light commercial trucks

The EPA move comes amid a widening scandal over Volkswagen's diesel vehicles, as the automaker has admitted it installed a cheat device to remove nitrous oxide from exhaust emissions during lab testing.

On Friday, Germany's transport minister said that light commercial trucks made by Volkswagen appeared to have the same software geared toward cheating on U.S. emissions tests.

Transport Minister Alexander Dobrindt told lawmakers Friday that 2.8 million vehicles in Germany may be affected.

Meanwhile, Daimler AG, the maker of Mercedes cars, is rejecting claims by a German environmental group that it appears to have been involved in manipulation of emissions data.

The Deutsche Umwelthilfe group said Friday it had information that almost all German manufacturers of diesel cars exceed emissions limits and speculated that the cars were declared road-worthy by regulators because of cheat devices.

"We sharply deny the allegation that we manipulated our cars during emissions tests. We never did and do not now use a defeat device," Daimler said in a statement.

Questions over emissions testing

Volkswagen cars as far back as 2009 are equipped with the defeat software that is geared toward passing emissions standards.

The revelation has put the EPA, and testing agencies around the world, on the alert.

Chris Grundler, head of the EPA's office of transportation and air quality, was clearly on the defensive, saying the EPA had left it to European regulators to do more extensive tests of diesel as the fuel is in wider use there.

It wasn't the EPA that uncovered the high nitrous oxide emissions from VW diesel cars, but the International Council on Clean Transportation (ICCT), a nonprofit research organization based in Virginia.

"Do I wish we had uncovered it sooner? Absolutely," he said.

VW was able to fool the EPA because the agency only tested the cars on treadmill-like

devices called dynamometers and didn't use portable test equipment on real roads. The software in the cars' engine-control computers checked the speed, steering wheel position, air pressure and other factors to determine when dynamometer tests were under way. It then turned on pollution controls that reduced the output of nitrogen oxide, an ingredient in harmful ozone, the EPA has said.

The agency does have on-road testing equipment, but it is used to monitor automaker gas mileage estimates and heavy-duty diesel trucks, which create more emissions.

"It's not a question of equipment or technology or capability. It's a question of where we deploy those resources," Grundler said.

Any new testing will include investigations that will uncover any software designed to fool emissions testers, Grundler said.

More extensive road testing is also on the way, he warned automakers, though he did not specify exactly which tests the EPA plans.

The scandal has also exposed holes in the European testing system, where tests are done in laboratory conditions on special pre-production models provided by the manufacturers. Norway, France and Italy announced moves today to investigate VWs sold in their countries.

Europe's tests have not been upgraded since 1996 and critics say its testing is less rigorous than North American testing.

The EU has proposed real-world testing from 2017, with new proposals to close loopholes and design testing to more closely resemble real-world road conditions.

ICCT testing of diesel cars hints at trouble for many automakers around diesel emissions, with poor results for Volvo, Renault and Hyundai as well as Volkswagen.

From: Gong, Kristiene
Sent: Friday, September 25, 2015 1:26 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/25/2015

Detroit Free Press:
http://www.freep.com/story/money/cars/2015/09/25/epa-expands-emissions-tests-wake-vw-scandal/72794218/

EPA expands emissions tests in wake of VW scandal
By Greg Gardner
The EPA also will test diesel vehicles produced by other automakers.

The U.S. Environmental Protection Agency will introduce new tests to detect devices like the one Volkswagen used to cheat on its emission test to comply with the Clean Air Act, agency officials said today.

The German automaker said Matthias Mueller, currently the head of its Porsche unit, will become CEO, replacing Martin Winterkorn who resigned earlier this week because of the emissions cheating scandal.

The EPA apply the new regimen to diesel vehicles produced by other automakers. The agency is also asking owners to allow EPA researchers to test their diesel vehicles to learn more about how the German automaker disguised their violations, that could lead to a fine of up to $18 billion in the U.S. alone. More broadly Volkswagen has said 11 million vehicles worldwide used some type of software to game various countries' environmental standards.

"We're going to adapt new practices and more demanding tests to improve our enforcement," said Chris Grundler, director the EPA's office of transportation & air quality. "We are not going to tell manufacturers what these new tests are. They don't need to know."

In the U.S., the EPA found that 482,000 Volkswagen cars sold between the 2009 and 2015 model year used a defeat device when testing the vehicles.

They include:

Jetta (model years 2009-15)
Beetle (model years 2009-15)
Audi A3 (model years 2009-15)
Golf (model years 2009-15)
Passat (model years 2014-15)

Without the defeat devices, which were deactivated after Volkswagen met the emission requirements, the VW and Audi vehicles were emitting nitrogen oxides (NOx), a greenhouse gas, at levels up to 40 times the permissible standard.

Grundler and Janet McCabe, EPA acting assistant administrator for the office of air and radiation, asserted that neither their agency nor the California Air Resources Board, which can also penalize Volkswagen and Audi, don't allow any manufacturer to "self-certify," or conduct their tests without regulatory involvement.

EPA and CARB uncovered the defeat device software after independent analysis by researchers at West Virginia University, working with the International Council on Clean Transportation, a nongovernmental organization.

Grundler said EPA has the money and staff to expand its emission testing.

"We have the equipment. We have the people. We have 23 of these measurement systems and they are not cheap," he said.

Washington Post:
http://www.washingtonpost.com/business/economy/epa-to-begin-more-rigorous-testing-of-all-diesel-cars-after-vw-scandal/2015/09/25/f20fa39a-6393-11e5-8e9e-dce8a2a2a679_story.html

EPA to begin more rigorous testing of all diesel cars after VW scandal
By Thad Moore

Federal regulators are launching more aggressive testing of diesel-engine cars across all manufacturers in the wake of the Volkwagen emissions-cheating scandal, the Environmental Protection Agency said Friday.

The EPA also says it will add additional tests designed to ferret out "defeat devices" like the software VW used to circumvent emissions tests.

The agency had been focused its diesel testing on big-rig trucks because they are more common than diesel cars and account for more pollution in the U.S., said Christopher Grundler, director of the EPA's Office of Transportation and Air Quality.

The EPA will begin testing cars Friday, Grundler said, and it will seek out test vehicles from rental car fleets and consumers. The agency doesn't know how long the testing would take, but Grundler said it is working with regulators in California and Canada to speed the process.

VW acknowledged that 11 million of its vehicles worldwide, including nearly 500,000 in the United States, were involved in a deception that allowed the vehicles to pass emissions tests while emitting nitrogen oxide at up to 40 times the federal standard. Its' CEO, Martin Winterkorn, stepped down this week and the company is under criminal investigation and faces billions in fines. VW also set aside more than $7 billion to fix the problems with its cars and begin to repair its reputation with customers.

Neither the EPA nor Volkswagen have said how long it will take to fix the nearly half-million cars in the U.S. with defeat devices. But it expects cars in the 2015 model year will be patched "relatively quickly," Grundler said.

Older versions of the Passat should be fixed soon after that, but other models will take longer because designing a solution "will require additional engineering development that will take longer," Grundler said.

US News & World Report:

http://www.usnews.com/news/articles/2015/09/25/epa-beefing-up-emissions-tests-in-wake-vw-audi-cheating-scandal

EPA Beefing Up Emissions Tests in Wake of VW Scandal

The agency also says it plans to test gasoline and diesel vehicles that are on the road today.

By Alan Neuhauser

One week after Volkswagen copped to cheating on federal emissions tests of popular VW and Audi "clean-diesel" cars, the Environmental Protection Agency sent a letter to vehicle manufacturers Friday announcing it was toughening its emissions tests. The agency also will be launching audits of every current make and model of light-duty diesel passenger vehicle, reflecting concern that cheating might be widespread.

The expanded checks will include on-road testing to better emulate real-world driving conditions. Some critics had previously alleged that the tests were outdated and easily outsmarted. The new audits will also include gasoline vehicles, an EPA official said

In this photo taken Feb. 14, 2013, a Volkswagen logo is seen on the grill of a Volkswagen on display in Pittsburgh. The Environmental Protection Agency (EPA) says nearly 500,000 Volkswagen and Audi diesel cars built in the past seven year are intentionally violating clean air standards by using software that evades EPA emissions standards.

RELATED

Volkswagen Sees Billions Erased From Market Value After Rigging Claims

The agency also confirmed that affected VW and Audi vehicles – diesel Passats, Jettas, Beetles, Golfs, and A3s, together numbering around 500,000 cars in the U.S. – would be recalled as the German auto group devises solutions to make the cars compliant with U.S. air standards.

"These violations are very serious," Janet McCabe, acting assistant administrator for the EPA's Office of Air and Radiation, said during a call with reporters. "VW was concealing the acts from EPA, from the state of California, and from consumers."

The California Air Resources Board tests vehicle emissions and was among the groups that uncovered the cheating regimen.

Volkswagen Group CEO Martin Winterkorn resigned Wednesday amid the continuing fallout from the scandal, stating he was "shocked by the events of the past few days" and "stunned that misconduct on such a scale was possible in the Volkswagen Group."

VW and Audi may ultimately face a penalty of up to $18 billion, or $37,500 per vehicle in violation. By comparison, Hyundai and Kia were penalized $300 million last year for overstating vehicles' fuel economy and greenhouse gas emissions.

The Justice Department has also reportedly opened a criminal investigation of Volkswagen

AG.

EPA officials intimated that they expected VW and Audi penalties – as well as the expanded audits – to reflect the flagrancy of the violations. The cars, from model years 2009 through 2015, contained "defeat devices" buried in the software governing their engine controls. These lines of code automatically reduced emissions of nitrous oxide, or NOx, during tests, then switched off the restrictions during normal driving.

The cars were found to emit as much as 40 times the legal limit of NOx, the EPA said, which causes smog and a range of health problems. With 11 million of the vehicles on the road worldwide, one "back-of-the-napkin" calculation by Vox's Brad Plumer found they churned out as much as 20 times the NOx of a typical power plant, contributing to anywhere from dozens to hundreds of premature deaths.

"The facts before us show us that this firm sadly developed a very sophisticated scheme to defeat this test using software very deep in the engine control," Christopher Grundler, director of the EPA's Office of Transportation and Air Quality, said during Friday's call.

The EPA is partnering with the California Air Resources Board and bringing about Environment Canada – that nation's version of the EPA – to carry out its audits of gas and diesel vehicles. The agency said it would test cars from private owners who volunteer, as well as vehicles from rental companies. Officials declined to speculate how long the testing would take or how much it would cost the agency, but did acknowledge that expected recalls of VW and Audi vehicles would take longer for older models.

"We expect the first generation of vehicles, all pre-2015 vehicles except for the Passat, will require additional engineering … that will take longer," Grundler said.

VW's four-cylinder diesel vehicles for 2016 also have not yet received required emissions certification from the EPA because officials aren't yet certain the vehicles will perform as required.

The EPA's testing procedures date to 1975 and were most recently updated in the "early 2000s," Grundler said, when they were expanded to reflect aggressive driving, high-speed driving, and driving in hot and cold weather.

In light of the VW and Audi practices, he added, "we are going to be adopting some new approaches and new tests as a continuous improvement of our oversight."

CNBC:
http://www.cnbc.com/2015/09/25/epa-expect-range-of-penalties-for-vw-amid-scandal.html

EPA: Expect range of penalties for VW amid scandal
Fred Imbert

The Environmental Protection Agency said Friday it will be cracking down on Volkswagen after the German automaker admitted it added software on its vehicles to deceive emissions tests.

The EPA said it will hit the company with a range of penalties as a result of the investigation, but added that it has not issued a recall since the discovery.

"We are upping our game," Chris Grundler, head of transportation and air quality at the Environmental Protection Agency, told reporters in a teleconference.

The automaker, one of the largest car companies in the world, could face fines of $37,500 per vehicle in the U.S., the EPA said last week. With around 482,000 of its diesel vehicles sold in the U.S. since 2008, this could mean a penalty of up to $18 billion.

Rain clouds are seen over a Volkswagen symbol at the main entrance gate at Volkswagen production plant on September 23, 2015 in Wolfsburg, Germany. Volkswagen CEO Martin Winterkorn and other members of the supervisory board are believed to be meeting inside the headquarters to discuss the Volkswagen Diesel emission scandal, which affects 11 million vehicles worldwide.

Europe's carmakers caught up in VW storm
The agency also said it has already begun new testing of all diesel-powered vehicles, and is planning even more new tests.

The EPA said it will improve its ability to detect so-called defeat devices or software that can reduce emissions during testing. But it will not tell automakers specifically how it is improving the testing.

"They don't need to know," Grundler said.

It added that the vehicles are safe to drive. Nevertheless, it also said these events make it clear it needs to improve its oversight over automakers and that Canada's Department of the Environment would be an active partner in testing vehicles more quickly.

Volkswagen German-listed shares have fallen nearly 30 percent in the last week, according to FactSet.

From: Gong, Kristiene
Sent: Friday, September 25, 2015 1:07 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/25/2015

LA Times:
http://www.latimes.com/business/la-fi-hy-epa-auto-testing-20150925-story.html

VW cheating scandal prompts EPA to widen testing of diesel cars
By JERRY HIRSCH

Working with regulators in California and Canada, the Environmental Protection Agency launched a new testing program Friday to look at the emissions from every make and model of diesel passenger cars on U.S. roads.

The increased oversight is a response to the discovery earlier this month that Volkswagen was using sophisticated software to cheat on pollution tests on 482,000 diesel vehicles sold in the U.S.

The automaker, which faces a federal criminal investigation and other regulator sanctions, admitted cheating and said the software could be on as many as 11 million vehicles worldwide.

"Clearly this is a concern for air quality and public health," said Janet McCabe, acting assistant administrator of the EPA office of air and radiation. "The Volkswagen violations before us now show that we must continue to improve our oversight."

Both the California Air Resources Board and the Environment Canada will join in the testing.

"This will allow us to move more quickly to test more models," said Christopher Grundler, director of the EPA's office of transportation and air quality.

The agency sent a letter Friday to all automakers explaining that their vehicles will undergo extra scrutiny.

The EPA said it now will test or require testing on any vehicle in a setting that emulates normal driving specifically for investigating the presence of a so-called defeat device, the industry term for systems that hide a vehicle's true emissions.

This will be in addition to the five standard emissions tests all new vehicles undergo and may require additional time, the agency said.

The agency and its partners also will use portable devices to measure the real life emissions of vehicles as they are driven on open roads, Grundler said.

Environmental groups welcome testing expansion and said it will deter other automakers from evading emissions regulations.

"EPA is on the job," said Luke Tonachel, director of clean vehicles and fuels project at the Natural Resources Defense Council. "This expansion of testing will is another signal that cheating will not be tolerated."

There is no evidence at this point to suggest that any other companies are cheating.

After tips from researchers in Europe and the University of West Virginia, California and federal regulators discovered that VW had buried an algorithm in 100 million lines of computer code in its vehicle electronics that allows the cars to emit up to 40 times the legally allowed amount of nitrogen oxide.

The cars met environmental regulations when tested on a dynamometer -- a kind of treadmill for vehicles -- in a laboratory. But they spewed pollution when driven on roads.

VW's software senses the testing environment by analyzing a variety of data -- steering position, speed, duration of engine operation, barometric pressure and changes in the car's performance.

The affected cars are the 2009 to 2015 Volkswagen Jetta TDI, 2009 to 2014 Volkswagen Jetta SportWagen TDI, 2012 to 2015 Volkswagen Beetle TDI, 2013 to 2015 Volkswagen Beetle Convertible TDI, 2010 to 2015 Audi A3 TDI, 2010 to 2015 Volkswagen Golf TDI, 2012 to 2015 Volkswagen Passat TDI, 2015 Volkswagen Golf SportWagen TDI.

Additionally, Volkswagen suspended new and used sales of the all 2.0-liter TDI four-cylinder diesel engines, including 2015 Beetle, Jetta, Golf, Passat TDI, as well as the Audi A3 TDI. Sales of VW's 2016, 4-cylinder diesel models are held up as they await EPA certification.

Grundler said the EPA is working with Volkswagen to evaluate potential remedies for the diesel vehicles' emission systems. The 2015 models will be the first fixed, followed by the 2012-15 Passats.

Because the range of cars affected include three generations of diesel engines, the remedies for the other vehicles could take much longer to develop.

Other automakers said they are ready for more rigorous testing of their diesel vehicles.

"We are prepared for testing," said Annalisa Bluhm, a GM spokeswoman. "We are not changing our diesel strategy as a result of what is going on with Volkswagen."

The automaker sells diesel pickup trucks and a diesel version of the Cruze sedan.

Bluhm said GM is "committed to the robust emissions compliance of all our vehicles" and expects its employees to know the regulations and "act legally and ethically."

Only about 3% of all autos and light truck sales involve diesel power trains.

According to the Diesel Technology Forum, there are 39 diesel-powered passenger vehicles being sold in the U.S. Those are made by Audi, BMW, Chevrolet, Jaguar, Jeep, Land Rover, Mercedes-Benz, Porsche, Ram and Volkswagen.

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That number will grow, the forum said, by 15 more vehicles within the next year. Among the new entries will be light trucks from GMC, Chevrolet and Nissan.

Meanwhile, other German automakers issued statements saying that they have not gamed emission testing for their diesel offerings.

BMW said it observes "the legal requirements in each country.... Our exhaust treatment systems are active whether rolling on the test bench or driving on the road."

Mercedes-Benz said that it has never used defeat devices to evade testing, in response to allegations by a German environmental group that other automakers' diesels also exceed smog-forming nitrogen oxide emissions. The company said it sticks to all laws and rules and isn't aware of any measurements showing that its vehicles fail to keep to legal requirements.

Mercedes said it supports efforts to develop new testing methods to measure emissions based on real driving conditions.

The VW cheating scandal prompted the resignation of the automaker's chief executive, Martin Winterkorn. The company is expected to name a new CEO later Friday or in the coming days.

Financial Times:
http://www.ft.com/intl/cms/s/0/8c6d5aec-6392-11e5-a28b-50226830d644.html#axzz3mgG3bZd2

EPA warns other carmakers it will test for defeat devices
Chris Bryant in Frankfurt and Barney Jopson in Washington

The US environmental regulator put all vehicle manufacturers "on notice" on Friday that it will intensify its emissions testing on diesel-powered vehicles to discover whether "defeat devices" were being used more widely.

Janet McCabe, acting assistant administrator of the Environmental Protection Agency, told reporters: "We are stepping up our testing activities in response to VW's alleged violation."

The new testing regime will start immediately and Christopher Grundler, director of the EPA's office of transportation and air quality, said that for manufacturers it meant "we'll be keeping their vehicles a little bit longer and driving them more".

The EPA's announcement came as Volkswagen's board gathered to appoint a new chief executive to lead the carmaker, with Matthias Müller, head of Porsche, widely viewed as the favourite candidate.

The supervisory board meeting at VW's Wolfsburg headquarters follows Martin Winterkorn's resignation after eight years at the helm of the group.

Mr Müller is close to the Porsche and Piech families, who together control a majority of VW's voting shares, knows Volkswagen inside out and has a reputation for speaking his mind. The company declined to comment.

The board is also expected to decide on Friday which managers must leave the company over the scandal, with attention focusing on high-level engineers and designers.

VW has been reeling since the EPA revealed last Friday that the group had rigged its diesel cars to pass emissions tests, potentially laying itself open to criminal charges and substantial fines.

The EPA said that VW had installed defeat device software that turned off emissions controls during regular driving and turned them on during an emissions test. The software meant cars emitted up to 40 times the amount of nitrogen oxides that US environmental standards allow.

The EPA said 482,000 vehicles sold in the US since 2008 were affected, but VW later raised that figure to 11m worldwide. It said it would take a €6.5bn charge to cover the costs of the crisis.

A senior official at the EPA told the Financial Times that Volkswagen had orchestrated an unprecedented effort to beat the EPA's rigorous testing regime. "The level of deceit the company went through to game the system was enormous," the official said.

The EPA operated a cutting-edge testing regime to police compliance with clean air regulations, the official said, and it took an "elaborate, aggressive, ongoing, co-ordinated effort" to beat it. "We've seen uses of defeat devices, but nothing to this scale," the official added.

Forbes:
http://www.forbes.com/sites/neilwinton/2015/09/25/vw-struggles-to-agree-new-ceo-but-heres-some-advice-for-the-eventual-incumbent/

VW Struggles To Agree New CEO, But Here's Some Advice For The Eventual Incumbent
Neil Winton ,CONTRIBUTOR

A meeting in Wolfsburg, Germany, of Volkswagen executives to appoint a new CEO was dragging on into the evening, suggesting a lack of agreement on who should replace Martin Winterkon.

Winterkorn resigned this week in the wake of the scandal in which VW duped the EPA with

false diesel data. VW's shares dived on stock markets, and the company's 20-member supervisory board is apparently torn between appointing the media favourite Porsche CEO Matthias Mueller or VW brand chief Herbert Diess to replace Winterkorn.

Max Warburton, analyst with Bernstein Research, said Diess was his first choice.

"He's the best candidate if VW wants to show everyone – internally and externally – that the regime has changed," Warburton said.

Diess was recently hired from BMW so is not tainted by any of the VW scandals.VWLogo.jpg

"Diess would also be the best choice for shareholders who would like other changes after the EPA scandal has been dealt with. Our second vote goes to Hans Dieter Poetsch. He would be a good option in the short-term as VW needs an eloquent, unflappable face to put in front of U.S. Congress and media," Warburton said.

Poetsch, currently VW's finance chief, was nominated earlier this month as the replacement for Ferdinand Piech as Chairman of the board. Poetsch faces a shareholder vote in November to confirm his appointment.

Whoever gets the new CEO job should do the following, Warburton said.

Offer to buy back and scrap every 2.0 diesel sold in the U.S. – all 482,000 of them – cost $6 billion.

Announce that VW will henceforth abandon all efforts to sell diesel engines in the U.S., but will embrace gasoline and plug-in hybrids.

Send the new CEO to the U.S. Monday to meet government officials, the EPA and media.

Announce the immediate suspension of the 100 engineers most closely linked with the engine and software development.

Announce the cessation of all motorsport activities immediately, turning all the funding over the electric, plug-in hybrid and environmental research in a new research facility located in the U.S. employing U.S engineers.

CNN:
http://money.cnn.com/2015/09/25/news/companies/volkswagen-epa-emission-scandal/index.html?section=money_latest

EPA to automakers: We'll test everyone for VW problems
By Chris Isidore and Ahiza Garcia @CNNMoney

Federal regulators are putting U.S. automakers on notice.
The EPA said Friday it will test emissions at every automaker to make sure no other company is trying to dodge pollution regulations like Volkswagen did.

The agency will send a letter to all manufacturers to notify them that it's stepping up its emissions policing.

The EPA said it will test every model of diesel car, SUV and pickup that's now on the road in the U.S. The testing won't include large vehicles such as semi-tractors and buses, which also use diesel.

It added that the new testing procedures will be more vigorous to prevent automakers from cheating, and will more closely approximate the emissions from a vehicle in real-world driving conditions.

Last week, the EPA found that Volkswagen had falsified pollution tests on 482,000 VW and Audi diesel cars in the U.S.

Those models include the VW Jetta, the Passat from 2014-2015, the Beetle and the Golf from 2009 through 2015, and the Audi A3, model years 2009-2015. Audi is owned by Volkswagen (VLKAY) Group.

Volkswagen manipulated software so its cars would seem cleaner when they were being tested. But when they were on the road, the cars pumped out nearly 40 times the legal level of nitrogen oxide. Volkswagen has since admitted it cheated.

EPA officials insisted on a call with reporters Friday that the previous testing procedures were sophisticated and sufficient to accurately detect the emissions from the diesel cars as long as a manufacturer is not deliberating trying to cheat the process.

Since the EPA plans to test older cars that are no longer available from the manufacturers, the agency said it will borrow cars from individuals as well as businesses, such are rental car companies, which own the vehicles it wants to test.

Volkswagen's directors are meeting Friday to name a new CEO after Martin Winterkorn stepped down earlier this week.

Winterkorn said he was unaware of the emissions cheating and apologized for the possible data manipulation in roughly 11 million cars worldwide.

VW has had to set aside €6.5 billion ($7.3 billion) to deal with the issue, but the final total could far exceed that. The automaker is also facing criminal probes from U.S. state attorneys generals and possibly the federal government. The EPA could impose a civil penalty of $37,500 per violation, which would come to $18 billion.

Volkswagen's share price has plunged 50% in the wake of the scandal.

Newsweek:
http://www.newsweek.com/epa-volkswagen-emissions-defeat-device-retest-announcement-376641

EPA to Begin Retesting All Light Diesel Cars on the Road for Defeat Devices
BY ZOË SCHLANGER

The search for more "defeat devices" installed in cars and meant to cheat emissions tests has begun. The U.S. Environmental Protection Agency announced on Friday it would begin systematically re-testing all models of light diesel vehicles currently on the road in the U.S. The goal is to weed out any other potential defeat devices following the discovery that Volkswagen designed and installed software in their cars that for years tricked the EPA's testing system.

"Today we are putting vehicle manufacturers on notice" that there will be additional testing to look for defeat devices, Christopher Grundler, director of EPA's Office of Transportation & Air Quality, said on a call with reporters Friday. "We aren't going to tell them what these tests are, they don't need to know. They only need to know we will be keeping their cars a little bit longer, and driving them a little bit more."

EPA maintains that it has the necessary expertise and equipment to detect defeat devices. However, the regulator did not catch Volkswagen's alleged fraud on the U.S. portion of the 11 million cars globally that contained the defeat device. The cars range from model years 2009 to 2015. According to EPA, the cars 'knew' when they were being tested for emissions, and were able to temporarily present much lower emissions than they did while on the road.

"As you know, the company, very deeply, within 100 million lines of software code, had a very specific algorithm to defeat the test," Grundler said. "They developed a very sophisticated scheme to defeat the test. It was a deliberate attempt to have two calibrations on the vehicle."

Each VW car was able to emit up to 40 times the allowed amount of NOx. EPA still has not calculated the additional amount of NOx the cars contributed to the atmosphere, but Janet McCabe, EPA's acting assistant director, said the agency "need[s] to address this." One estimate puts the number at between 250,000 to 1 million extra metric tons of NOx pollution per year, according to The Guardian.

NOx emissions have been found to contribute to respiratory illness and heart disease as well as early death.

Buzzfeed News:
http://www.buzzfeed.com/danvergano/volkswagen-deception-spurs-epa-to-start-defeat-

device-tests#.huywrmMbNN

Volkswagen Deception Spurs EPA To Start "Defeat Device" Tests Of All Cars
The Environmental Protection Agency will start auditing all cars for "defeat devices" designed to cheat on emissions tests. The decision was spurred by Volkswagen diesel cars violating clean air laws in this fashion.
Dan Vergano

The U.S. Environmental Protection Agency told all major auto companies on Friday that it would now audit cars for emissions test "defeat devices," following revelations that Volkswagen diesel cars cheated on pollution standards.

The environmental agency announced last week that software in Volkswagen diesel cars – perhaps 11 million vehicles worldwide – was designed to turn off exhaust cleaning controls in engines except when the vehicle underwent emissions tests. With the controls off, the vehicle's exhaust contained up to 40 times more pollutants than allowed by law.

"Today we are putting vehicle makers on notice," EPA's Christopher Grundler said during a news conference. Unlike past emissions test, the details of how the agency, along with Canada's environmental agency, will test vehicles for emissions cheating would not be provided to car makers, he said. That will prevent them from writing software allowing cars to recognize when they are being tested and turn on emissions controls.

In the past, the agency had focused on heavy diesel trucks for such tests because of their significant emissions and history of defeat devices, Grundler said. But now all cars will face added inspection for emissions cheating.

Volkswagen's chief, Martin Winterkorn, resigned in light of the revelations on Wednesday. And claims that BMW cars might have similar emissions questions affected the company's stock on Thursday, leading to a 9.7% drop.

The nonprofit International Council on Clean Transportation (ICCT), which had helped alert EPA to the Volkswagen emissions cheating, said in a statement last week that "defeat devices" are a worldwide problem in cars. European studies, "repeatedly found large and growing gaps between real world emissions and the regulatory certification levels."

"This is a global problem that will require a coordinated global solution," said ICCT's Drew Kodjak.

From: Gong, Kristiene
Sent: Friday, September 25, 2015 11:46 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/25/2015

The New York Times:
http://www.nytimes.com/2015/09/26/business/epa-to-bolster-testing-because-of-volkswagen-scandal.html?_r=0

E.P.A. to Bolster Testing Because of Volkswagen Scandal
By THE NEW YORK TIMES SEPT. 25, 2015

Government regulators said Friday that they planned to step up the testing requirements of cars in the wake of the Volkswagen scandal.

The Environmental Protection Agency, which disclosed last week that it had learned that Volkswagen diesel cars had equipment to evade smog-testing standards, said it had sent a letter to manufacturers of gasoline and diesel cars saying that regulators would be looking for so-called defeat devices in all vehicles.

The agency said Volkswagen had used a device programmed to fool emissions testers into thinking that the car was emitting much less pollution than it was during regular driving.

"Manufacturers should expect that this additional testing may add time to the confirmatory test process," the E.P.A. wrote in its brief letter. The agency said that the new procedures would start immediately and that the California Environmental Protection Agency and Canada's environmental regulators were involved with the stricter requirements.

"We are not going to tell them what these tests are, and they don't need to know," Chris Grundler, director of the agency's office of transportation and air quality, said during a conference call with reporters.

Bloomberg:
http://www.bloomberg.com/news/articles/2015-09-25/u-s-epa-said-to-alter-diesel-emissions-tests-due-to-vw-cheating

U.S. EPA Toughens Emissions Oversight After VW Cheating
Jeff Plungis
September 25, 2015 — 8:42 AM EDT Updated on September 25, 2015 — 10:41 AM EDT

U.S. environmental regulators will add more spot-checks to cars already on the road following Volkswagen AG's admission that it fitted as many as 11 million diesel cars worldwide with software that rigged pollution tests.
"We are upping our game," said Christopher Grundler, director of the Environmental Protection Agency's Office of Transportation and Air Quality.

The U.S. Justice Department is conducting a criminal investigation of Volkswagen, and the company said it's cooperating with regulators. The admission has marred the reputation of the world's largest automaker and sent its shares to the lowest levels in years. Volkswagen's board is expected to name a successor Friday to former Chief Executive Officer Martin

Winterkorn, who resigned this week.
The EPA is sending a letter Friday to automakers informing them that emissions monitoring is being enhanced. Grundler wouldn't say what changes the agency will make to the testing.

"They don't need to know," Grundler, speaking to reporters on a conference call, said of the automakers. "They need to know that we will be keeping their cars a little bit longer." Grundler earlier told the Associated Press that the agency may add on-road testing. It already has on-road testing ability but it's only been used to check carmaker gas mileage estimates and diesel trucks, two situations in which they had uncovered emissions cheating in the past.

Past Cheating
The scandal now engulfing VW, which has admitted to outfitting cars with software designed to give false readings on emission tests, is unique both for the number of vehicles involved, and the digital complexity. But it's not the first emissions-cheating case, even for the Wolfsburg, Germany-based company.

In 1973, the EPA accused the automaker of installing defeat devices in cars it wanted to sell in the 1974 model year. VW then admitted it had sold 1973 model year cars with the devices, which consisted of temperature-sensing switches that cut out pollution controls at low temperatures.
General Motors Co. agreed in 1995 to pay $45 million after being accused of circumventing pollution controls on 470,000 Cadillac luxury sedans. The cars' 4.9-liter V-8 engines were tuned to turn off pollution controls when the air conditioning ran, the EPA said at the time.

The current VW case resembles a 1998 case involving seven manufacturers of heavy-duty truck engines: Caterpillar Inc., Cummins Inc., Detroit Diesel Corp., Mack Trucks Inc., Navistar International Transportation Corp., Renault Vehicules Industriels, S.A. and Volvo Truck Corp.
The companies agreed to spend more than $1 billion, including $83.4 million in penalties, to settle the case -- the biggest civil fine to that point for violating an environmental law.

The Hill:
http://thehill.com/policy/energy-environment/254935-epa-steps-up-emissions-testing-after-volkswagen-scandal

EPA steps up emissions testing after Volkswagen scandal
By Timothy Cama - 09/25/15 11:22 AM EDT
The Environmental Protection Agency (EPA) is stepping up its emissions testing for diesel cars in an attempt to root out companies that cheat the tests.

The agency, working with officials in California's air pollution agency and Canada, plans to test every model of diesel car on the road to see if other automakers programmed their cars to skirt the tests like Volkswagen Group did.

"We're putting vehicle manufacturers on notice that our testing is now going to include additional evaluation and tests designed to look for potential defeat devices," Chris Grundler, director of the EPA's transportation office, told reporters Friday.
"We aren't going to tell them what these tests are. They don't need to know," he said. "They only need to know we will be keeping their vehicles a little bit longer and we're going to be driving them a little bit more."

The new procedure comes a week after the EPA announced that Volkswagen had programmed many of its diesel cars sold since 2009 to figure out when they were undergoing EPA tests and change their pollution output to comply with the tests.

In real-world driving, the cars emit up to 40 times more nitrogen oxides than allowed under the Clean Air Act.

Officials with the different agencies hope that their tests can find any emissions problems that were not revealed in the testing that all new cars undergo, which is very standardized and does not usually involve on-road driving.

"We must continue to improve and adapt our oversight, and we will," said Janet McCabe, acting head of the EPA's air pollution office.

The emissions issue, to which Volkswagen has admitted, has quickly evolved into an international scandal, with government officials in Europe, Germany, the United Kingdom, France and elsewhere taking action.

Domestically, the Justice Department is conducting a criminal investigation, and a House committee will soon hold a hearing on the scandal.

Volkswagen's chief executive officer resigned this week, and the head of its United States operations is expected to resign as well.

The EPA initially identified less than 500,000 cars with Volkswagen and Audi branding affected. But the company later said the problem extended to 11 million cars worldwide, although the issue only applies to United States emissions standards.

The EPA has 23 devices for testing on-road driving emissions, but Grundler said those have usually been dedicated to heavy-duty truck use.

Grundler and McCabe repeatedly declined to outline the new test procedures, saying they do not want automakers to try to defeat them.

"The smart engineers at EPA, California Air Resources Board and Environment Canada have come up with clever ways to do this," Grundler said.

The announcement does not change the standard testing that applies to new vehicles. Instead, the EPA is using its authority to test cars currently in operation, including those

from rental car fleets and individual consumers.

The new tests started Friday, Grundler said, declining to say how long it would take to test all diesel car models.

From: Gong, Kristiene
Sent: Friday, September 25, 2015 10:58 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/25/2015

AP (via Washington Times):
http://www.washingtontimes.com/news/2015/sep/25/epa-change-diesel-tests-thwart-volkswagen-cheating/?utm_source=RSS_Feed&utm_medium=RSS

EPA to change diesel tests to thwart Volkswagen-like cheating
By Tom Krisher and Matthew Daly - Associated Press - Friday, September 25, 2015

DETROIT (AP) — The U.S. Environmental Protection Agency plans sweeping changes to the way it tests for diesel emissions after getting duped by clandestine software in Volkswagen cars for seven years.

Chris Grundler, head of the EPA's office of transportation and air quality, indicated the agency would add on-road testing to its regimen. VW's sophisticated software allowed its cars to pass tests in the lab and then spew pollution into the atmosphere while on the highway.

The revelations meant unwanted scrutiny for the EPA. Its testing procedures have been criticized for being predictable and outdated, making it relatively easy for VW to cheat. What's more, the EPA did not initially uncover the problem; researchers at West Virginia University did, using on-road testing.

Grundler says the changes are designed to detect software and other methods automakers might use to rig a test.

The EPA and the California Air Resources Board have engineers who are "developing clever ways in which these things can be detected," Grundler says.

He also notes that testing of diesel engines, which make up only 1 percent of the vehicles on U.S. roads, wasn't the top priority for the EPA. The agency did have on-road testing equipment — but it was assigned to monitor automaker gas mileage estimates and heavy-duty diesel trucks, where cheating had been uncovered in the past.

Grundler, who has been with the EPA for more than three decades, says the lack of on-road

testing for diesels "might change in the future." An announcement of the changes could come on Friday.

VW has admitted to installing software on Volkswagen and Audi cars with four-cylinder diesel engines that switches on pollution controls when they are being tested. When the software, called a "defeat device," determines that the cars are back on real roads, the controls are turned off. The EPA says about 500,000 U.S. cars including the Jetta, Golf, Beetle, Passat and Audi A3 have the cheating software, and VW says a total of 11 million cars have it worldwide.

VW was able to fool the EPA because the agency only tested the cars on treadmill-like devices called dynamometers and didn't use portable test equipment on real roads. The software in the cars' engine-control computers checked the speed, steering wheel position, air pressure and other factors to determine when dynamometer tests were under way. It then turned on pollution controls that reduced the output of nitrogen oxide, an ingredient in harmful ozone, the EPA has said.

VW started the scheme with the 2009 model year, and may not have been caught without testing performed at West Virginia University on behalf of the International Council on Clean Transportation, a nonprofit group that advises governments on regulations. EPA and California regulators confronted VW with those findings to VW in May 2014. The automaker eventually did a recall late last year, without much improvement, the EPA says.

Only when the EPA and CARB refused to approve VW's 2016 diesel models for sale did the company admit what it had done.

The EPA announced the violations a week ago and said VW could face billions in fines. The agency said the cars are safe to drive but VW will have to pay to recall and fix them. The agency also is going to test diesels from other manufacturers to make sure they don't have similar devices.

Sen. Bill Nelson of Florida is frustrated that regulatory agencies such as the EPA are failing to protect the public. "Seven years is way too long a time that the EPA has been asleep at the switch," he says.

He says the VW case has similarities to those involving General Motors ' defective ignition switches and Takata Corp.'s exploding air bag inflators, where it also took years before those problems were disclosed to consumers.

"When there is this kind of deception, we've got to get these agencies to be able to cut through it and catch it," Nelson says.
It's not the first time the EPA has had to change testing to make sure automakers are playing by the rules. Earlier this year the agency updated gas mileage tests after some automakers were caught with inflated window sticker estimates.

Grundler disputes the notion that EPA would never have caught VW without the outside

help. European regulators were looking into VW's on-road diesel emissions as far back as 2012, and since diesels make up half the cars there, the EPA decided to let Europe take the lead, he says.

"I don't think it's fair to say that this would never have been uncovered," he says. "Do I wish we had uncovered it sooner? Absolutely."

USA Today:
http://www.usatoday.com/story/money/cars/2015/09/25/epa-volkswagen-emissions-testing/72793818/

EPA to road-test cars after Volkswagen emissions scandal
Nathan Bomey, USA TODAY 10:40 a.m. EDT September 25, 2015
The change comes after Volkswagen fooled regulators into believing that its 4-cylinder diesel cars were compliant with emissions rules.

The Environmental Protection Agency told automakers on Friday that it will begin road tests of all new and used vehicle models to examine emissions claims following the exposure of Volkswagen's regulation cheating scandal.

The agency sent a letter to manufacturers notifying them that it will no longer rely exclusively on laboratory testing to validate emissions performance.

EPA also plans to begin testing all diesel models already on the road in the U.S. to check for similar violations.

"EPA may test or require testing on any vehicle at a designated location, using driving cycles and conditions that may reasonably be expected to be encountered in normal operation and use, for the purposes of investigating a potential defeat device," EPA told automakers in the letter.

The agency warned that the new process could mean it will take longer for automakers to secure certification required to sell new vehicles in the U.S.

"We aren't going to tell them what these tests are," said Christopher Grundler, director of the EPA Office of Transportation and Air Quality, in a conference call with reporters. "They don't need to know."

The change comes after Volkswagen fooled regulators into believing that its 4-cylinder diesel cars were compliant with emissions rules by installing sophisticated software to manipulate lab tests.

In reality, 11 million Volkswagen cars worldwide are emitting nitrogen oxides — which can exacerbate respiratory conditions such as asthma — at rates of up to 40 times acceptable U.S. standards.

The scandal has severely damaged Volkswagen's reputation, led to the resignation of the automaker's CEO and called into question the future of diesel cars. Several criminal investigations and numerous lawsuits have also followed.

The automaker set aside more than $7 billion to pay for fixes and fines. The episode is expected to trigger a massive recall.

Fortune:
http://fortune.com/2015/09/25/volkswagen-golf-emissions-epa/

The Volkswagen scandal has sparked a huge change in car emissions testing
by Benjamin Snyder @WriterSnyder SEPTEMBER 25, 2015, 10:39 AM EDT

Critics have wanted this move for years.

The U.S. Environmental Protection Agency will being testing vehicles' ability to meet emissions standards under real-world driving situations, it announced Friday. The agency formerly conducted random testing of vehicles in a way that critics have argued failed to simulate actual driving.

The change comes less than a week after German automaker Volkswagen admitted that 11 million of its diesel vehicles worldwide were loaded with software designed to trick the emissions testing process. About half a million of those vehicles were sold in the U.S.

EPA may test or require testing on any vehicle at a designated location, using driving cycles and conditions that may reasonably be expected to be encountered in normal operation and use, for the purposes of investigating a potential defeat device," reads a letter the EPA sent to automakers Friday, using an industry term for the illicit software found on Volkswagen's cars.

EPA officials said on a call with reporters Friday that the agency is "actively" testing diesel cars to ensure they meet emissions standards following the Volkswagen's revelations. Environmental agencies in the State of California and Canada are spearheading efforts to ensure there's a "broader and more robust presence" of testing, officials added.

The EPA also said it's working with Volkswagen to determine how to modify the affected vehicles already sold in the American market.

Volkswagen's stock price has tanked amid the scandal, which forced Volkswagen AG CEO Martin Winterkorn to resign Wednesday.

From: Gong, Kristiene
Sent: Friday, September 25, 2015 10:47 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn,

John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/25/2015

WSJ:
http://www.wsj.com/articles/epa-to-overhaul-air-emissions-testing-in-wake-of-volkswagen-cheating-revelation-1443187913

EPA to Overhaul Air-Emissions Testing in Wake of Volkswagen Cheating Revelation
By AMY HARDER
Sept. 25, 2015 9:31 a.m. ET

WASHINGTON—The U.S. Environmental Protection Agency is overhauling the way it polices auto-maker compliance with air-emissions standards after Volkswagen cheated on its testing for seven years, an agency official said Friday.

The EPA is sending a letter to auto manufacturers to explain that it may test or require testing of vehicles in an environment that would resemble normal driving conditions, the official said.

The EPA's current protocol doesn't test under real-word driving conditions, and requires auto makers instead to submit design certificates for compliance. The EPA has conducted random testing, but those are done in a controlled environment. Volkswagen had installed software designed to evade those tests.

Since at least 2008, Volkswagen has been using software, dubbed defeat devices, in several light-duty diesel models around the world—nearly a half-million cars in the U.S. and as many as 11 million world-wide—that disabled air-emissions controls under normal driving conditions.

The EPA's announcement Friday caps a tumultuous week for Volkswagen, whose CEO resigned following the revelations, and for the U.S. government, which scrambled to respond to the German auto maker's cheating.

The Justice Department is pursuing a criminal investigation.

"We have to be concerned about whether or not there are other defeat devices out there that we have not been able to detect," EPA Administrator Gina McCarthy said at an event hosted by The Wall Street Journal this week. "This was particularly difficult for us to detect. We got there."

It wasn't immediately clear Friday how comprehensive the new testing in normal driving conditions would be. Some experts have been calling on the agency to conduct such testing.

"The most important change that could take place is if EPA started incorporating real-world testing throughout their compliance process," said Drew Kodjak, executive director of the

International Council on Clean Transportation, a nonprofit research organization. The organization, alongside West Virginia University researchers, uncovered the testing anomalies in two Volkswagen model cars in 2014.

"The agency certainly has the authority to do this type of thing, but typically doesn't do them because, frankly, they're quite expensive," Mr. Kodjak said on Thursday.

In 2014, Mr. Kodjak's group and the university researchers conducted emissions testing, including under normal-driving conditions, that found two Volkswagen cars—a 2012 Jetta and 2013 Passat—had significantly higher nitrogen oxide emissions during normal driving conditions than what was certified with the EPA. Another car the researchers tested, a diesel-powered BMW, didn't have higher nitrogen oxide emissions.

Fortune:
http://fortune.com/2015/09/25/volkswagen-scandal-epa/

EPA to change diesel tests to prevent VW-like cheating
by Chris Matthews @crobmatthews SEPTEMBER 25, 2015, 7:50 AM EDT

Diesel 'wasn't the top priority for the EPA.'

The U.S. Environmental Protection Agency is planning wholesale reform of its procedure for testing diesel engines, following revelations that Volkswagen VLKPY -5.72% installed software in its cars that allowed it to fool regulators into thinking the vehicles were cleaner than they actually were, according to the Associated Press.

Chris Grundler, head of the EPA's office of transportation and air quality, told the news service that his agency would begin testing cars on the road in addition to the tests performed with cars on treadmills.

Grundler told the AP that cars with diesel engines, which make up only 1% of the vehicles on U.S. roads, "wasn't the top priority for the EPA."

"The agency did have on-road testing equipment — but it was assigned to monitor automaker gas mileage estimates and heavy-duty diesel trucks, where cheating had been uncovered in the past," the report said.

The EPA's testing procedures have been criticized for being predictable and outdated, the AP said, potentially making it easier forVW to cheat. And it was researchers at West Virginia University—not the EPA—that uncovered the problem using on-road testing, the AP added. An announcement of the changes could come on Friday.

Financial Times:
http://www.ft.com/intl/cms/s/0/d4feb2e2-628e-11e5-9846-

de406ccb37f2.html#axzz3mgG3bZd2

Volkswagen board gathers to appoint replacement for Winterkorn
Chris Bryant in Frankfurt and Barney Jopson in Washington

Volkswagen's board are gathering to appoint a new chief executive to lead the troubled carmaker out of the worst scandal in its history, with Matthias Müller, head of Porsche, as the favourite candidate.
The supervisory board meeting at VW's Wolfsburg headquarters — which may take several hours — follows Martin Winterkorn's resignation after eight years at the helm of the group.

People close to VW indicated that Mr Müller is the frontrunner in the succession race.
He is close to the Porsche and Piech families, who together control a majority of VW's voting shares, knows Volkswagen inside out and has a reputation for speaking his mind.
The company declined to comment.

The board is also expected to decide on Friday which managers must leave the company over the scandal, with attention focusing on high-level engineers and designers.

VW has been reeling since the US Environmental Protection Agency revealed last Friday that the group had rigged its diesel cars to pass emissions tests, potentially laying itself open to criminal charges and substantial fines.

The EPA said that VW had installed "defeat device" software that activated technology designed to reduce emissions from the vehicles only when it detected that they were being tested. The emissions then returned to much higher levels during regular driving.

The EPA said 482,000 vehicles sold in the US since 2008 were affected, but VW later raised that figure to 11m worldwide. It said it would take a €6.5bn charge to cover the costs of the crisis.

A senior official at the EPA told the Financial Times that Volkswagen had orchestrated an unprecedented effort to beat the EPA's rigorous testing regime. "The level of deceit the company went through to game the system was enormous," the official said.

The EPA operated a cutting-edge testing regime to police compliance with clean air regulations, the official said, and it took an "elaborate, aggressive, ongoing, co-ordinated effort" to beat it. "We've seen uses of defeat devices, but nothing to this scale," the official said.

From: Gong, Kristiene
Sent: Thursday, September 24, 2015 5:36 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne

Subject: RE: Volkswagen Clips 9/24/2015

Reuters:
http://www.reuters.com/article/2015/09/24/usa-volkswagen-deception-idUSL1N11U1OB20150924

INSIGHT-After year of stonewalling, VW stunned US regulators with confession
WASHINGTON/DETROIT SEPT 24 | BY TIMOTHY GARDNER, PAUL LIENERT AND DAVID MORGAN

The confession of cheating that's embroiled Volkswagen AG in one of the biggest scandals in auto industry history came on a cool California morning, on the sidelines of an academic conference focused on green transportation.

After more than a year of stonewalling investigators, Volkswagen stunned two senior officials with the U.S. Environmental Protective Agency and California's environmental watchdog by admitting the automaker hacked its own cars to deceive U.S. regulators about how much their diesel engines pollute.

That disclosure on Aug. 21, confirmed by two people with knowledge of the exchange, shows Volkswagen buckled to pressure from environmental regulators almost a month earlier than the scandal was made public. The admission to regulators came after a year during which VW officials insisted to regulators that tests on its diesel cars showing a spike in pollution levels on the road were in error.

U.S. officials exposed the deception on Sept. 18, triggering Volkswagen's admission that it had installed software in its cars to detect when they were being tested and alter settings to conceal the true emissions of 11 million cars sold worldwide. The delay between VW's confession and the U.S. exposure of the scandal occurred as regulators prepared their response to the disclosure.

As a result, Volkswagen, the world's largest automaker by sales, faces EPA fines that could reach $18 billion, class action and other lawsuits that could add billions of dollars more in liability and a U.S. criminal investigation. VW's leadership is in turmoil after chairman Martin Winterkorn was forced to resign and sources said other executives including the head of U.S operations were soon to follow.

Now, the story of how investigators unraveled systemic cheating in the face of consistent denials from the company may have implications for the sanctions VW will face and for an auto industry certain to face more scrutiny about its environmental claims. The company's lack of cooperation could figure into punitive action by the government.

At first, regulators were surprised that Volkswagen would make its confession at the conference, held in Pacific Grove, California. Minutes before Christopher Grundler, director of the EPA's transportation and air quality office, was to deliver a 9 a.m. speech to the conference, a Volkswagen representative told him about the deception. At the same

meeting, representatives of the California Air Resources Board, a state agency that had been pushing VW hard, were also given a verbal notice of the deception, people with knowledge of the events said.

Volkswagen declined to comment on the sequence of events described to Reuters. It isn't clear who the VW representative was who delivered the news of the deception to Grundler and the CARB. Stuart Johnson, head of VW's engineering and environmental office in the United States, was registered to attend the Aug. 21 conference, which was organized by the University of California, Davis. Johnson, who still works for VW in Auburn Hills, Michigan, did not respond immediately to a request for comment.

Norbert Krause, who was head of VW's U.S. environmental office until 2009 and who retired from VW in 2011, said nobody at Volkswagen of America was involved in the process of engineering the diesel cars.

"I don't know anything about the modification of the software," Krause said when reached by telephone in Germany. "The software was okay when we certified the vehicle and we made our durability runs. Everything was fine."

DECEPTION ACKNOWLEDGED

A formal acknowledgement of the deception came on Sept. 3, when the EPA and California officials held a conference call with Volkswagen executives in Germany and the U.S. During the call, the automaker went over written details provided to the participants explaining how software used in its diesel cars was able to manipulate emissions tests in the United States.

That admission came after the EPA threatened to withhold approval for the company's 2016 Volkswagen and Audi diesel models, according to a letter sent by the EPA to Johnson and VW's attorney. The letter detailed some of the timetable of the EPA's actions.

So ended 15 months of back-and-forth between Volkswagen and U.S. and California regulators who had come to suspect that the diesel engines were producing higher nitrogen oxide emissions during normal driving conditions than what was certified by the EPA and California, people involved said. Nitrogen oxide emissions have been linked to smog and acid rain.

Volkswagen had heavily marketed what it called "clean diesel" engines starting in 2008 with the 2009-model Jetta TDI. It appeared to have found a sweet spot between high-performance and fuel-efficiency with a zippy, fun-to-drive car that topped 40 miles per gallon in highway driving. Named "Green Car of the Year" at the Los Angeles auto show in 2008, the Jetta TDI was seen as a breakthrough in a country where diesel passenger cars occupy a tiny niche compared with Europe, where they are about half of the market.

GRANDFATHER'S DIESEL

"It's not your grandfather's diesel," Krause said in a September 2008 presentation to U.S. regulators, according to a video of the remarks.

Krause and other VW officials promised a diesel that would meet pollution laws in all states, including California where diesel engines had long been associated with smog and cancer-causing soot.

By that point, VW and other automakers had lobbied for almost a decade for regulators to give diesel another chance. In 2000, VW and other companies with an interest in promoting diesel, including Mazda, formed the Diesel Technology Forum to lobby for increased use in the United States as a way to reduce reliance on imported oil. In 2005, an energy bill signed by President George W. Bush offered tax credits for diesel buyers. That gave the first wave of diesel Jetta buyers an income tax credit of $1,300 each.

In 2009, after the new Jetta went on sale, VW dealers initially sold out, including in California where regulations had effectively shut the market to diesels earlier in the decade.

Around the same time, in Europe, regulators were skeptical. A European Commission study concluded in 2013 that European car makers were exploiting test loopholes. Separate findings by the EC's Joint Research Centre showed a discrepancy between test results and real world performance in European diesel engines.

California began its inquiry after EC regulators sought to obtain American data on the on-road emissions performance of diesel engines, said Stanley Young, CARB's communications director. The Europeans had a working theory that diesels should run more cleanly in the United States, where regulations are stricter, than in Europe.

To produce that data, they commissioned the U.S.-based nonprofit International Council on Clean Transportation in February 2013, which hired researchers at a West Virginia University lab.

The WVU researchers placed emission-monitoring equipment on a rented 2012 Jetta and a 2013 Passat. Over seven weeks in spring 2013, they drove the cars around Los Angeles and up the West Coast to Seattle, comparing them to a BMW X5 sport-utility with a diesel engine, said Daniel Carder, who led the WVU team. While the BMW's emission results came in under what the vehicles produced in laboratory tests, those of the Jetta were 15 to 35 times higher than the legal limit and the Passat 10 to 20 times higher.

Soon after, the same rental cars tested by WVU were monitored in CARB's El Monte, California, test facility east of Los Angeles. There were no irregular emissions.

Over the next 12 months, the West Virginia University researchers analyzed the data. They presented their findings at a March 31, 2014, conference in San Diego partly sponsored by California regulators and the EPA.

EXECUTIVES ON ALERT

"That data put our executives on alert that there was clearly a problem for the U.S. and California," said Young, the CARB official.

At meetings between California officials and Volkswagen that began in the summer of 2014, engineers from the German carmaker tried to "discredit the findings" by challenging the data and methodology of the study, Young said. "They were recalcitrant," he said. "It was a range of issues. Every time it was something different."

Among other things, VW said that "our calibration was off" and that the discrepancies had to do with "the conditions under which the test was done," Young said.

On Dec. 2, Volkswagen shared the results of its own tests, blaming its increased emissions on "various technical issues and unexpected in-use conditions," according to the EPA. Then Volkswagen agreed to recall vehicles to fix their engine-control software.

Engineers at CARB kept testing and found the proposed software fix did not significantly reduce emissions. A break came when they looked at diagnostic data stored in the cars' own computer system.

"We discovered some very strange anomalies," Young said. "For instance, the car was running more cleanly when it was cold than when it was warm, which is the opposite of what every other car does - because once you warm a car up that's when it begins to deliver its best pollution controls. This was not the case. So clearly something else was going on. Over time we assembled enough proof and questions that they could no longer provide any reasonable explanation for what was going on."

On July 8, CARB shared its results with VW, but there was no change in Volkswagen's position. Some officials privately questioned whether Volkswagen was deliberately violating the federal Clean Air Act by installing defeat devices -- software programmed to switch engines to a cleaner mode during official emissions testing, according to a person involved in the process.

During normal driving, the software then shuts off, enabling cars to emit as much as 40 times the legal limit of pollutants.

In early August, Oliver Schmidt, who followed Krause and preceded Johnson in VW's U.S. engineering and environmental office, attended a conference in Traverse City, Michigan and told regulators Volkswagen stood by its conclusions that the problem was technical, said people involved said. Schmidt declined to speak to Reuters.

"I'm just amazed," said Alan Lloyd, who headed CARB from 1999 to 2004 and helped open California's market to diesels. "Why someone would think they could cheat in this way and get away with it is beyond me."

AP (via ABC News):
http://abcnews.go.com/Business/wireStory/volkswagen-scandal-tarnish-made-germany-image-34017356

Will Volkswagen Scandal Tarnish 'Made in Germany' Image?
By DAVID RISING, ASSOCIATED PRESS
BERLIN — Sep 24, 2015, 4:54 PM ET

The "Made in Germany" label has stood for precision and reliability for decades, but since Volkswagen admitted to cheating on U.S. car emissions tests, many are questioning whether the automaker's problems could taint the rest of the country.

It's the second serious blow to a major German company's reputation in six months, following the tragic crash of a Germanwings jet that killed 150 people. Parent company Lufthansa has faced questions over why it failed to identify the psychological issues suffered by the pilot who intentionally flew the plane into a French mountain.

Will such crises tarnish the hard-won, valuable reputations for quality of other German brands, such as BMW, Daimler or Bosch?

Experts say VW's problems could hurt the economy in the short term due to the company's sheer size, but that long-term damage to the country is unlikely.

That doesn't mean others won't try to capitalize. Companies will try to grab market share. And across Europe, people in countries that have been lectured by Germany for years about the virtues of financial honesty could be feeling smug.

"Not only does this make Germany look bad, I think that Germany has been very good at moralizing to the rest of Europe about the financial crisis and other things," said Michael Hewson, chief market analyst for CMC Markets in London.

"Germans have a word for it — 'schadenfreude' — and Germany's getting a big dose of it now," he said, referring to the German word for taking pleasure at the misfortune of others.

Indeed, Internet memes of VWs covered in clouds of smog were already making the rounds, and media commentators were quick to pounce on the issue.

"In Europe, there is a strong dose of schadenfreude ... after the Germans, and primarily Chancellor Angela Merkel, have for years been giving lectures others," wrote Thilo Schaefer for Spain's La Marea news magazine.

Still, in Lufthansa's case, the airline has not appeared to suffer any serious damage following the March crash.

Volkswagen's case could prove more costly for the company, though by how much is still unclear. CEO Martin Winterkorn resigned Wednesday and the company is expected to

name a replacement Friday.

The EPA accused VW of installing the so-called "defeat device" in 482,000 cars sold in the U.S. VW later acknowledged that similar software exists in 11 million diesel cars worldwide and set aside 6.5 billion euros ($7.3 billion) to cover the costs of the scandal.

It still faces possible criminal investigations and maybe as much as $18 billion in U.S. fines. The final cost could also depend on a host of class action lawsuits being filed by consumers who feel duped.

This is by no means the first time in recent years that a major German company's reputation for probity has taken a huge knock — though perhaps the first time that the damage has stemmed directly from a product that was popular with consumers.

Volkswagen itself was at the center of an unappetizing scandal less than a decade ago — before Winterkorn took over — that resulted in criminal convictions for the company's then-personnel chief and employee council chief, among others. That case centered on allegations that VW's influential employee representatives received illegal privileges, including lavish foreign trips involving prostitutes paid for by the company. The probe started after Volkswagen alerted prosecutors to possible wrongdoing.

Industrial conglomerate Siemens AG acknowledged dubious payments of up to 1.3 billion euros in a bribery case that came to light in 2007 and prompted the departure of the company's then-CEO and board chairman.

The company's biggest bank, Deutsche Bank, has also struggled to put behind it lawsuits and legal issues that in some cases date back years.

In April, Deutsche Bank agreed to pay $2.5 billion to authorities in the U.S. and Britain to settle allegations its traders rigged important market interest-rate benchmarks used to determine rates on a variety of debt.

Hartmut Dziemballa, who conducts image research for Germany's GfK institute with a focus on the automotive and airline sectors, said past scandals have not had lingering effects and that he didn't expect the Volkswagen scandal would significantly affect other German manufacturers — even car companies.

"The quality and the German engineering is still there, and people know that," he said.

Still, if a scandal with any brand has the potential to smear the whole "Made in Germany" label, it's Volkswagen, which is deeply interconnected with the country's people and politics.

Germany is the world's third largest exporter, vehicles are its largest export, and Volkswagen is its largest automaker. It employs over half a million people globally.

It's the largest single employer in its home state of Lower Saxony, which owns 20 percent of the company and whose governor and economy minister sit on its board of directors. VW's former personnel director Peter Hartz was also an adviser of former Chancellor Gerhard Schroeder, and today's welfare system is still called "Hartz IV" after his reforms.

Carsten Brzeski, an analyst with ING in Frankfurt, said while "the reputational damage is currently impossible to assess," because of its size even if the main impact of the scandal is limited to Volkswagen it could have serious economic effects on the German economy overall.

"While the German economy defied Greece, the euro crisis and the Chinese slowdown, it could now be facing the biggest downside risk in a long while," he said in a research note.

Analysts say there is the possibility that the fallout from the scandal might affect other car companies, whether through the need for tougher regulation or a shift away from the diesel engines at the center of the U.S. scandal.

Vice Chancellor Sigmar Gabriel told reporters at the auto show in Frankfurt after the news broke that the VW scandal would mean nothing to the "Made in Germany" label — before adding "I hope."

From: Gong, Kristiene
Sent: Thursday, September 24, 2015 4:18 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/24/2015

AP (via Lansing State Journal):
http://www.lansingstatejournal.com/story/news/local/2015/09/24/dealers-owners-frustrated-vw-scandal/72750326/

Dealers, owners frustrated over VW scandal
Associated Press 3:21 p.m. EDT September 24, 2015

LOS ANGELES — Bob Rand bought his Volkswagen Passat last year for its clean emissions and high gas mileage. He liked the car so much he convinced his son and a friend to buy one, too.

Now, as Volkswagen comes clean about rigging diesel emissions to pass U.S. tests, Rand is desperately trying to sell the fully loaded model with white leather seats for $10,000 below what he paid. His sole bite has been from a man who offered $7,500 on speculation that he could resell it in Mexico.

“Volkswagen was somebody that you could rely on for cutting-edge products and quality and all those things and now you find out that they’re not above lying just flat out,” said

Rand, who plans to join a class-action lawsuit against VW. "That's probably about as bad a thing as a company can do is lie to your face when you're buying a $35,000 car."

Rand's anger at the world's top-selling car company was echoed Wednesday by private dealers, auto wholesalers and owners across the U.S. as fallout from the smog test trickery mounted.

The EPA first disclosed Friday that stealth software makes VW's 2009-2015 model cars powered by 2.0-liter diesel engines run cleaner during emissions tests than in actual driving. On Wednesday, Volkswagen CEO Martin Winterkorn resigned and took responsibility for the "irregularities" found by U.S. inspectors — a scandal that has wiped out billions in the company's market value and raised the possibility of criminal investigations and billions more in fines.

The revelations left dealers sitting on hundreds of diesel cars they could not sell. Many also dealt with a flood of angry calls, emails and tweets from Volkswagen owners who felt betrayed because they believed they had bought a car that polluted less without sacrificing the good gas mileage and performance that comes with a diesel engine.

"I think their feet should be held to the fire. I think apologies don't mean anything when something is so premeditated," said Joe DeCarolis, of Cary, North Carolina, who owns a 2012 TDI Jetta Sport Wagon — a car he bought after careful comparison shopping for its clean emissions and good gas mileage.

Jon Vitale of Fowlerville, Michigan, listed his 2012 Volkswagen Passat for sale on the Internet last month, barely getting any interested callers.

But after finding out about the scandal, he's thinking the news might actually make it easier to sell his car.

"I don't know if the news will help me or hurt me," said Vitale, who bought the car used two years ago for its gas mileage. "I didn't get much interest before the news came out. If someone wants it, maybe they'll pay more because there's a stop sale on the new models."

Dealers can't give customers good answers because Volkswagen hasn't said a whole lot, said AutoNation CEO Mike Jackson, the leader of the largest auto dealership chain in the U.S.

AutoNation's six Volkswagen and eight Audi dealerships in the U.S. are telling customers that the cars are safe to drive and promising to call them as soon as they know more about repairs. "That's not adequate," Jackson said. "We need answers by next week."

A lot of people within VW had to know about the software that turned emissions controls on during government tests and off for regular driving, especially because the scheme went on for multiple years, Jackson said.

"This tells me that it's not a bad apple. It's not a rogue employee. It's deliberate deception," Jackson said. "It's a systemic failure. This took a lot of meetings. This took a lot of engineers. This took a lot of software programmers to put in place and keep in place."

Meanwhile, concern was growing at private dealerships about what to do with inventory that's now gathering dust.

At Volkswagen of Oakland, California, nearly two dozen new diesel cars have no chance of being sold in the short-term, while 25 2016 model vehicles are being held up at the Port of San Diego because they can't pass emissions standards, sales manager Chris Murphy said. Customers have been calling and emailing to demand the dealership buy their cars back or offer refunds.

"We can't afford to buy all those cars back. We're just one dealer," he said, adding that diesel models make up about 30 percent of the business. "This is definitely going to impact our business. We're trying to focus on positive, not negative things because there's nothing we can do."

Williams Volkswagen in Lansing declined to comment on how the company's actions affected its sales. It's the only Volkswagen dealer in the region.

Vitale thinks used models may become more valuable to some people who aren't as environmentally conscious, particularly because Michigan doesn't require emissions testing.

"I got a call a few days ago and the guy asked me about the news, and despite all that, he still wanted it," said Vitale, who is selling the car because he no longer needs it. "It's not illegal to drive in Michigan because there's no emissions testing here."

Volkswagen has taken steps to help out the dealership, Murphy said. That includes guaranteeing reimbursement for sales objectives for two quarters whether or not the goals are met and waiving the interest the local franchise normally pays on unsold cars on their sales floor, he said.

"They're making all the right steps. … I'm just waiting for everything to get uncovered to see how deep this really goes. I'm not mad at anyone except the people higher up who made these decisions," Murphy said.

Lash Volkswagen of White Plains, N.Y., has been scrambling to accommodate affected Volkswagen owners by giving them loaner cars and picking up or dropping off their cars when it's time for repair, said Tom Backer, general manager of the dealership in New York's Westchester County.

Dealers, he said, were told that there will be both software and hardware changes to fix the problem. They're already on 2016 models and are awaiting approval from the Environmental Protection Agency, Backer said. Older models will get the same fixes, he

said.

But not every Volkswagen dealer is fielding calls from angry customers.

Bill Haggerty, a sales manager at a VW dealership in the Chicago suburb of Oak Lawn, Illinois, said he hasn't heard concerns from customers so far. Diesels make up less than 20 percent of his business and draw the most interest from customers looking for better gas mileage, he said.

"We have 200 Volkswagens in stock; three of them are Jetta diesels," he said. "So, it's not like every Volkswagen out there has got a diesel motor in it. They sell an awful lot of cars with good gas mileage and great safety records."

International Business Times:
http://www.ibtimes.com/volkswagen-diesel-scandal-epa-partly-blame-2112674

Volkswagen Diesel Scandal: Is The EPA Partly To Blame?
By Cole Stangler @colestangler c.stangler@ibtimes.com<mailto:c.stangler@ibtimes.com>
on September 24 2015 2:10 PM EDT

Are emissions tests too easy? A Volkswagen car is pictured at a technical and testing center in Zenica, Bosnia and Herzegovina, Sept. 23, 2015. Reuters/Dado Ruvic
Since Volkswagen admitted this week to cheating on pollution tests for years, there has been a flood of outrage. Overwhelmingly, it is directed at the most obvious culprit: the German automaker, which admitted to equipping 11 million of its diesel cars worldwide with software specifically designed to reduce emissions during tests. But some critics argue Volkswagen is not the only one to blame. Are the regulators at fault, too?

"Automakers have been able to exploit lax testing systems in the U.S. and Europe," declared a Bloomberg editorial this week. "Regulators owe it to both car buyers and the environment to make these systems more rigorous."

In the United States, critics say, the Environmental Protection Agency isn't as strong a watchdog as it should be. The editorial board at Bloomberg says the EPA gives automakers like Volkswagen too much latitude in determining testing conditions. The agency doesn't have engineers on hand at the labs that actually conduct the exams, doesn't vary its testing routines enough and should have done more to detect the sneaky software gambit that will likely lead to the recall of some 500,000 cars in the U.S.

The EPA did not respond to requests for comment.

Volkswagen's deception may be particularly widespread and therefore more egregious. But it's not the first company to cheat American emissions standards. Hyundai and Kia acknowledged they overstated fuel economy standards on 1.2 million cars from 2010 to 2012. Last November, the companies agreed to a combined $300 million settlement with

the Justice Department and the EPA for doing so.

Still, Tyson Slocum, director of the energy program at consumer advocacy group Public Citizen, said it's unfair "to claim the EPA is responsible for a very sophisticated deception."

Emissions tests in the United States consist of the following: Automakers put their cars on rollers at various testing sites and run them through a set of federally approved maneuvers. Volkswagen duped the system by writing code into its diesel cars' software that automatically switched them into a sort of "low-emissions mode" during these moves.

Even with a beefed-up team of monitors on hand at testing sites, Slocum said, Volkswagen's trick "would have been very hard to catch." "Stopping a determined criminal is tough," he said, and "at the end of the day, you've got to hold the primary entity accountable."

At the same time, Slocum said, those complaining about the agency's oversight methods or regulatory capabilities should turn to federal legislators.

"Congress is to blame for the EPA's light touch," he said. He scoffed at the "Chicken Little" attacks from federal lawmakers and industry alike that frequently deride the agency as a jobs killer. Since 2010, the agency has seen its budget decline by 20 percent, or about $2 billion. (Earlier this month, before the emissions scandal broke, 20 members of Congress filed articles of impeachment against Gina McCarthy, head of the EPA.)

Europe's testing system, on the other hand, is widely seen as more hands-off than the United States'. Automakers there comply with the New European Driving Cycle, a test that got its last major revision in the 1990s. It takes less time to complete than its American counterpart and doesn't properly simulate real-world conditions, critics contend, and therefore is easier to game. A recent report from the U.K. Committee on Climate Change found the gap between official and real-world emissions of new passenger cars rose from 10 to 35 percent between 2002 and 2014.

Officials from the European Environment Agency did not respond to requests for comment.

Bill Becker is the executive director of the National Association of Clean Air Agencies, a group that represents state and local pollution control agencies. He said "the EPA certainly has a role but they don't deserve a severe whipping about what happened."

Those concerned with preventing similar conspiracies in the future should look toward the judicial system, which has the ability to set a strong deterrent effect, he said. Penalties wield far more influence over automaker behavior than any changes to emissions testing procedures.

"The solution here is for the courts and the Justice Department to impose as severe a penalty as possible," he said, "to penalize so harshly that no other employer would ever consider this again."

From: Gong, Kristiene
Sent: Thursday, September 24, 2015 2:48 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/24/2015

AP (via Washington Post):
https://www.washingtonpost.com/world/europe/board-member-expects-further-resignations-at-volkswagen/2015/09/24/f5ef9382-628d-11e5-8475-781cc9851652_story.html

Germany: VW cars with suspect software in Europe too
By Geir Moulson | AP September 24 at 12:19 PM

BERLIN — The software at the center of Volkswagen's emissions scandal in the U.S. was built into the automaker's cars in Europe as well, Germany said Thursday, though it isn't yet clear if it helped cheat tests as it did in the U.S.

A day after longtime CEO Martin Winterkorn resigned over the scandal, a member of Volkswagen's supervisory board said he expects more executives to step down. The company's supervisory board meets Friday and could announce new resignations then as well as a new CEO.

The U.S. Environmental Protection Agency disclosed Friday that stealth software makes VW's 2009-2015 model cars powered by 2.0-liter diesel engines run cleaner during emissions tests than in actual driving.

The EPA accused VW of installing the so-called "defeat device" in 482,000 cars sold in the United States. VW later acknowledged that similar software exists in 11 million diesel cars worldwide and set aside 6.5 billion euros ($7.2 billion) to cover the costs of the scandal.

The company has told officials that the vehicles in question included VW cars with 1.6-liter and 2-liter diesel engines in Europe, German Transport Minister Alexander Dobrindt said Thursday.

"We don't yet have figures for how many of these 11 million cars that are apparently affected are in Europe," Dobrindt said. "That will be cleared up in the next few days."

Authorities will continue working with Volkswagen to determine what cars exactly are involved.

It isn't yet clear to what extent the scandal affects other brands in the Volkswagen Group, which has 12 brands in all — including Seat, Audi, Skoda and Porsche. It was also not clear whether the software would have led to VW cheating on emissions tests outside the U.S. as

well.

Dobrindt this week set up a commission of inquiry to look into the scandal. The motor transport authority is conducting static and road tests on Volkswagen models and spot tests on cars made by other manufacturers, German and foreign.

In neighboring France, Environment Minister Segolene Royal on Thursday announced random tests of about 100 French cars to ensure that their engines meet pollution standards in the wake of Volkswagen's emissions scandal.

And the European Union's executive Commission called on national authorities "to look into the implications for vehicles sold in Europe and ensure that EU pollutant emission standards are scrupulously respected."

Olaf Lies, economy and transport minister of VW's home state Lower Saxony, which holds a 20 percent stake in the company, said the investigation into the scandal was only just starting.

"There must be people responsible for allowing the manipulation of emission levels to happen," he told rbb-Inforadio.

Winterkorn said Wednesday he took responsibility for the "irregularities" found by U.S. inspectors in VW's diesel engines, but insisted he had personally done nothing wrong.

VW is filing a criminal complaint with German prosecutors, seeking to identify those responsible for any illegal actions in connection with the scandal.

Other auto companies have seen their shares drop, too, though there have been no allegations they cheated emissions tests.

On Thursday, shares in BMW dropped 5.2 percent to close at 75.68 euros after Germany's Auto Bild magazine reported that road tests by the International Council on Clean Transportation showed the BMW X3 xdrive model exceeding European emissions limits by more than 11 times. It did not say what the cause for the alleged problem was.

BMW said in a statement that it was not familiar with the test and would ask the ICCT for clarification. It said that "the BMW Group does not manipulate or rig any emissions tests."

Reuters:
http://uk.reuters.com/article/2015/09/24/uk-usa-volkswagen-letters-exclusive-idUKKCN0RO0AY20150924

Exclusive - VW recall letters in April warned of an emissions glitch
SAN FRANCISCO | BY ALEXANDRIA SAGE

In April of 2015, Volkswagen of America, Inc.(VOWG_p.DE) sent letters to California owners of diesel-powered Audis and Volkswagens informing them of an “emissions service action” affecting the vehicles.

Owners were told they would need to take their cars to a dealer for new software to ensure tailpipe emissions were "optimised and operating efficiently."

The company didn’t explain that it was taking the action in hopes of satisfying government regulators, who were growing increasingly sceptical about the reason for discrepancies between laboratory emissions test results and real world pollution from Volkswagen’s diesel cars.

Officials at the California Air Resources Board and the EPA agreed in December of 2014 to allow a voluntary recall of the company’s diesel cars to fix what Volkswagen insisted was a technical – and easily solved - glitch. The recall was rolled out nationally over a period of months.

On Wednesday, California Air Resources Board spokesman Dave Clegern confirmed that the letters were part of that recall. “This is one of the fixes they presented to us as a potential solution. It didn’t work,” he said.

Volkswagen, which had no obligation at the time it initiated the recall to disclose the discussions that had led to it, declined to comment on the letter.

The controversy came to public attention last week after Volkswagen acknowledged it had deliberately deceived officials about how much its diesel cars polluted.

The recall letter instructed owners of certain 2010-2014 Volkswagen vehicles with 2-liter diesel engines to contact dealers for a software update in order to fix an issue with the malfunction indicator light illuminating.

“If the [light] illuminates for any reason, your vehicle will not pass an IM emissions inspection in some regions,” the letter warned, noting that California required the update before it would renew vehicle registrations.

"The vehicle's engine management software has been improved to assure your vehicle's tailpipe emissions are optimised and operating efficiently," read the letter, which said an earlier software update increased the likelihood of the light illuminating.

It is customary for carmakers to perform updates to their cars through dealerships to fix or update software.

Volkswagen has said that 11 million of its cars around the world could be affected in the scandal that broke last week. The German company has set aside 6.5 billion euros ($7.3 billion) in its third-quarter accounts to help cover the costs of any fallout.

The U.S. Justice Department has launched a criminal probe and at least 25 proposed class actions on behalf of consumers have already been filed in seven states.

WSJ:
http://www.wsj.com/articles/vws-customers-feel-confusion-remorse-1443051169

VW's Customers Feel Confusion, Remorse
Auto owners worry how emissions scandal will affect vehicles' performance, resale value and compliance with clean-air standards
By CHRISTINA ROGERS in Detroit and ERIC SYLVERS in Milan

Deborah Scott went shopping for a new car in 2010 and came back home with a diesel station wagon made by Volkswagen AG. Fuel efficiency, low emissions and a peppy engine won her heart.

Now, she finds herself suffering from a case of buyer's remorse. "I feel very confused," said the 61-year-old retired nurse practitioner from Chattanooga, Tenn.

Less than a week ago, the Environmental Protection Agency said the German maker of her car lied about its diesel-emissions performance and is demanding a fix on nearly 500,000 affected vehicles on U.S. roads. That leaves owners, such as Ms. Scott, wondering how that will affect performance, resale value and compliance with clean-air standards.

"I feel like I'm eventually not going to have the car that I initially agreed to buy," said Eric Schoenecker, a Minnesota owner of a 2013 diesel Jetta. A recent visit to Craigslist.com indicated resale value on cars like his have fallen 20% since the emissions scandal emerged. The EPA says affected Volkswagens emit nitrogen oxides at up to 40 times the standard.

Volkswagen's emissions headache has gone global, with the auto maker now saying 10.5 million additional vehicles could be affected outside the U.S. On Wednesday, the company's chief executive resigned amid a sharp decline in market value and many investigations initiated in various countries.

Buyers, however, are primarily interested in answers that aren't immediately forthcoming.

"All we've received so far are talking points from VW emphasizing that we tell customers this is not a safety issue," Mike Jackson, chief executive of No. 1 car dealer chain AutoNation Inc., said. "They tell us they will get back to us on how they will bring cars into compliance."

Volkswagen representatives said the company is investigating the matter and will be in touch with dealers and buyers as soon as possible.

Dealers say traffic in Volkswagen showrooms is drying up in the U.S., deepening the pressure the auto maker has experienced in recent years as market share has fallen. "As this

story matures, we expect it to have more of an impact on sales," said one dealer, choosing to remain anonymous.

Volkswagen has 650 dealers in the U.S., and sold 238,000 vehicles through August—a 2.8% decline from the same period in 2014 and far below other major auto makers selling cars in America. About 20% of those deliveries are diesel.

At some point, those dealers will need to employ a fix, according to EPA guidelines. Volkswagen, setting aside $7 billion for the crisis, will have to pay for repairs. Meanwhile, cars are likely to pass emissions standards because they are fitted with a device that enables cheating on emissions tests, the EPA said.

Anna Stefanopoulou, a mechanical-engineering professor and engine expert at the University of Michigan, said a permanent fix could be as simple as downloading new software for the car. Or, Volkswagen could be looking at a cost of $2,000 a vehicle if new hardware needs to be installed.

Fuel economy, rated at more than 40 miles a gallon for some diesel models sold by VW, will take a hit. Consumption could rise 5% to 7% at high speeds or other driving conditions because components needed to clean emissions can dent engine performance.

Some doubt the solution will be simple.

"A software fix in the U.S. seems very unlikely because the emissions are so much higher than is allowed," Paolo Martino, a Frost & Sullivan consultant, said. Any adjustment would probably so radically "change the performance of the cars that consumers would no longer want to own them.

Wired:
http://www.wired.com/2015/09/vw-going-pay-smog-scandal-much/

Eric Niiler

VOLKSWAGEN ISN'T GOING to get away with this. You don't (allegedly!) fake emissions data for a few million cars and just walk away. But what the German automaker's punishment will be, and how much it's going to hurt—those are still open questions.

The final decision will be up to lawyers at the US Environmental Protection Agency and Department of Justice. That latter agency has opened a criminal probe into the company's (alleged!) emissions software tampering shenanigans. But based on precedent and the outlines of what Volkswagen actually seems to have done, we can make a few predictions.

If US officials absolutely throw the book at VW, EPA rules stipulate a maximum fine of $37,000 per affected car. At 482,000 cars on American roads, that comes to $18 billion. But according to attorneys who work on these kind of cases, that number is way too high for

what'll actually happen. The biggest fine of this kind to date was $1.2 billion, a criminal penalty that Toyota paid in 2014 for concealing information about faulty ignition switches that triggered sudden accelerations.

But that was for a mechanical breakdown. For a closer analogy we could look back to 1998, when seven truck manufacturers including Caterpillar and Mack together paid $1 billion for installing defeat devices—sounds familiar—in tractor trailer and pickup trucks. A year before, Ford paid a relatively paltry $7.8 million to settle allegations the company violated the Clean Air Act by yes, installing defeat devices—this time in Econoline vans. But the company also paid $2.5 million in emissions offsets and $1 million to study new technology that fought emissions. So it's possible VW might have to pony up for regulatory violations as well as smog offsets for what they actually emitted.

As a matter of process, regulators will want a fine that's big enough to work not only as punishment for VW but as a deterrent to anyone else who might think about trying something similar. It can't just be the cost of doing business. "There aren't a lot of examples of this kind of conduct," said one private attorney who has handled pollution settlements between major companies and the government. "There are a fair number for failure to disclose, or even covering it up. But to actually plan a violation? That's pretty extraordinary. This will be the highest penalty EPA ever assesses."

Yeah, but how high? To figure that out, EPA lawyers have a lot to consider. Specifically, EPA will want to know what kind of economic benefit VW got from rigging emissions controls. The company claimed greater engine power, performance, and gas mileage, and charged more for the engine than a gasoline engine in a comparable vehicle. VW also got a marketing benefit, donning a green mantle by touting its "clean diesel" technology.

On the other hand, EPA regulators will also factor in what VW does to fix the problem. The company said Tuesday it was setting aside more than $7 billion for repairs. EPA might build that consideration into its calculations and lower the fine accordingly.

That's all on the civil, regulatory side. DOJ's criminal probe could lead to prosecutions of the executives in Germany who approved the so-called "defeat device." Like the bumper sticker says, a fine is a tax for doing wrong. Prison time, though? That's a whole other kind of serious.

But if you believe Gilbert and Sullivan and think the punishment should fit the crime, than what was this (alleged!) crime's actual shape? Yes, VW diesel-powered Jettas, Passats, Golfs, and Beetles (and an Audi) polluted more during real-world driving than their annual smog tests said they would. But how much more? Tests performed by the International Council on Clean Transportation in 2013 revealed that the VW cars emitted anywhere from 5 to 35 times more nitrogen oxide pollution than allowed by law. So with the help of some air pollution experts, let's do a little back-of-the-envelope figuring. Making it easy on ourselves, we'll use a midpoint of a 20X increase in emissions. Assuming 482,000 cars in the United States with, oh, say, a 120,000-mile lifetime of a diesel engine, VW's US fleet produced 46,657 more tons of harmful, smog-forming NOx pollution than anyone knew.

Now, cars in California alone emitted 161,000 tons of NOx in 2011, according to EPA. (California has a lot of cars.) But still—that's a lot more smog than anyone planned for.

Vox:
http://www.vox.com/2015/9/23/9383641/volkswagen-scandal-pollution

How many deaths did Volkswagen's pollution scandal cause?
A back-of-the-envelope estimate.
Updated by Brad Plumer on September 24, 2015, 8:58 a.m. ET @bradplumer
brad@vox.com<mailto:brad@vox.com>

This week, Volkswagen admitted that it had secretly rigged as many as 11 million diesel cars worldwide so that their pollution controls only worked when they were being tested by regulators. The rest of the time, while the cars were actually being driven, they emitted smog-forming nitrogen oxides at 15 to 35 times higher than the US legal limit.

So how much extra pollution is Volkswagen's deception responsible for? And, since we know air pollution is already harmful, how many additional deaths might those extra emissions cause? What follows is a very rough, back-of-the-envelope estimate based on what we know so far. (Spoiler: the premature death numbers range from single digits to hundreds per year. Like I said, rough.)

1) How much extra pollution do Volkswagen's cars cause? By my calculations, Volkswagen's 482,000 deceitful US cars are currently adding between 5,800 to 14,200 additional tons of nitrogen oxide pollution (NOx) to the atmosphere per year, assuming the cars are driven the US average.*

Extrapolating that out to 11 million cars around the world, and assuming the rest of the cars are driven the European average, we get somewhere between 86,800 and 212,500 additional tons of NOx emissions per year.**

Now, there are lots of assumptions and simplifications embedded in those estimates, particularly around how many miles VW's cars are actually driven. But that's ... potentially a large amount of extra NOx pollution. At the high end globally, it's 20 times what a typical coal plant without emission controls puts out in a year.

2) How many deaths might that extra pollution cause? We know NOx pollution is harmful — current emissions from all the world's cars, trucks, factories, and power plants already cause various health ailments and contribute to thousands of deaths each year. What we're interested in is the additional toll caused by Volkswagen's illegal pollution.

This is a bit trickier to calculate. Certain types of nitrogen oxides are harmful both both because they can irritate the lungs and because they can help form damaging particulate pollution and smog. Higher smog levels have been linked to respiratory illnesses, increased

asthma attacks, and even premature deaths (especially among the sick or elderly). The complicated part is that the exact levels of smog formation can vary from place to place, depending on sunlight, temperature, local winds, and other factors. What's more, the exact harm can depend on where the pollution occurs, how dense the area is, and so on.

Still, we can get ballpark figures using data from the Environmental Protection Agency, which calculates that every ton of NOx from vehicles in the United States leads to somewhere between 0.00085 and 0.0019 premature deaths. (Note that this only includes impacts from particulate formation, not smog effects, which are harder to quantify. See p. 40 of this report.)

Using these figures, the estimated extra pollution from Volkswagen's US cars can be expected to lead to an additional 5 to 27 premature deaths per year. If we extrapolated worldwide to all 11 million vehicles, that would come to somewhere between 74 and 404 premature deaths each year.***

Again, this is a back-of-the-envelope exercise, not a peer-reviewed scientific analysis. Criticisms and refinements are welcome. But the broader point is that air pollution can cause genuine harm, up to and including killing people. The United States and Europe have been trying to limit that health damage over the last 50 years by putting pollution limits in place. And, by evading those limits, Volkswagen's actions had real consequences.

(As counterpoint, Volkswagen's cheating might have been mildly helpful for global warming efforts. The company appears to have rigged the cars so that they would get slightly better fuel economy. And NOx emissions can have an indirect cooling effect. That said, this effect is likely to be smaller in the grand scheme of things. And this really isn't the way to go about solving climate change...)

Footnotes and updates:

* Here's how I estimate US pollution: the current Tier2-Bin5 lifetime standard for NOx emissions in the United States is 0.07 grams per mile driven. Testing by the ICCT has said Volkswagen's 482,000 clean diesel cars in the United States were emitting NOx at 15 to 35 times that standard, depending on how they were driven. And the average US car is driven 11,244 miles in a year. So multiply those numbers together, subtract out the "legal" pollution, convert to tons, and you get your range of additional pollution caused by VW's cars.

(Note that this estimate is for the current year. VW's cars were obviously sold in stages, so the pollution impact is smaller the further you go back in time.)

** For the global figures, I'm assuming the pollution controls in the remaining 10.5 million Volkswagen diesel cars with a Type EA 189 engine worked the same way and produced similar levels of additional pollution. I've updated this section by also assuming the rest of the cars were driven the European average of around 7,170 miles per year (since most of them were likely in Europe). That lowered the global pollution estimates from an earlier

version.

*** This global estimate of health impacts might well be low, since a simple extrapolation from US data isn't ideal. The World Health Organization's research suggests that NOx pollution can have even higher mortality effects in some parts of Europe (due to higher population density), but we'd really have to know where the rest of Volkswagen's 11 million problematic diesel cars are being driven to get any more precise.

From: Gong, Kristiene
Sent: Thursday, September 24, 2015 2:19 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/24/2015

Bloomberg:
http://www.bloombergview.com/articles/2015-09-23/volkswagen-and-the-epa-s-dirty-little-secret

Volkswagen and the EPA's Dirty Little Secret
87 SEPT 23, 2015 3:50 PM EDT
By Editorial Board

Cheating reflects badly, first and foremost, on the cheater -- and so it is with Volkswagen, whose shocking manipulation of U.S. emissions tests continues to exact a price in market value, legal costs and reputation. At the same time, it's not unreasonable to ask how the cheating happened in the first place, and that question implicates more than just Volkswagen.

For years, automakers have been able to exploit lax testing systems in the U.S. and Europe. Regulators owe it to both car buyers and the environment to make these systems more rigorous.

As things work now in the U.S., carmakers test their own vehicles and send the results to the Environmental Protection Agency, whose engineers review them and, usually, apply a rubber stamp. The EPA allows manufacturers broad latitude in determining test conditions, an invitation to hanky-panky. The agency does some independent, random testing -- but on just 10 percent to 15 percent of new models. Only in rare cases does it test cars that have actually been driven off the lot.

The problems with this regime were obvious even before VW's shenanigans. In 2013, Consumer Reports found that 55 percent of hybrids and 28 percent of turbocharged cars fell short of their EPA fuel-efficiency ratings. Last year, the Justice Department reached a $350 million settlement with Hyundai and Kia for overstating gas mileage. Ford, Mercedes, Mini and other manufacturers have restated their official mileage ratings in the last three years, usually under threat of consumer lawsuits.

Europe, where automakers also test their own vehicles, has its own issues. Just before the VW scandal broke, a European environmental advocacy group released test results showing major discrepancies between lab and real-world emissions in cars made by BMW, Mercedes and Opel. The European Commission has announced that all passenger cars will be undergo "real world" emissions testing starting in 2017.

Any system will inevitably rely on self-reporting to some extent. Government regulators simply don't have the money or personnel to test every new vehicle. But they can enact safeguards on a system that is all too easy for carmakers to game.

First, the EPA should have some of its engineers on hand at the industry labs to oversee compliance. Carmakers have a bevy of little tricks that can increase efficiency -- low-resistance tires, removing side mirrors and taping over cracks between panels -- and while the EPA has done better than the Europeans at closing loopholes, vigilance must be maintained. The agency should also vary the testing routines periodically so that carmakers won't know in advance exactly what they are in for. (The current regime's predictability may well have been a big part of VW's successful deception.) The EPA should consider following the EU's lead with on-the-road studies, for gas mileage as well as pollutants.

Also, the so-called defeat device VW used to game the emissions test was actually a pretty simple software tweak. It shouldn't be too hard for the EPA to invest in some computer forensic capabilities to track what's going on in our increasingly computerized vehicles.

Just as important, there need to be greater consequences for cheating. Any company caught in violation should lose its self-monitoring rights for a number of years. It should have to dig into its own pockets for trials by neutral third parties, such as parts manufacturers, which have the necessary equipment.

What Volkswagen did appears to be in a category all its own, and it deserves special condemnation. But other carmakers game the system, and regulators tolerate it. That is the dirty little secret of emissions and efficiency testing, and the EPA needs to clean it up.

Financial Times:
http://www.ft.com/intl/cms/s/0/bbd61c58-62d7-11e5-9846-de406ccb37f2.html#axzz3mgG3bZd2

EPA surprised by scale of Volkswagen's deceit
Barney Jopson in Washington and Andy Sharman in London

The US regulator that exposed Volkswagen for cheating on emissions tests has been taken aback by revelations that the German carmaker's deception extended to millions of vehicles far beyond American shores.

"It's clear that the company went above and beyond in its efforts to game the system and

deceive consumers. The agency has a very robust emissions testing programme. So this deceit was significant," according to a senior Environmental Protection Agency official close to the investigation.

The EPA announced on Friday that VW had admitted installing "defeat device" software on 482,000 cars in the US.
But VW then shocked the regulator and the markets — sparking a two-day 37 per cent fall in its share price — by revealing that up to 11m vehicles worldwide could be affected.
"It's been surprising to see the scale of the deceit in terms of the number of vehicles impacted," the official said.

On Thursday the German government said VW executives had admitted to manipulating emissions tests on diesel-powered vehicles in Europe as well as the US.
The EPA official told the Financial Times the US regulator had been "engaged" with the German government over the matter even as it continued its own investigation.

"You'll continue to see news coming out of the agency on this" relating to VW, the official added.
The regulator is also "considering what our options are" regarding other auto manufacturers.
Several companies have come forward to say they have not engaged in similar cheating, the official said, and the EPA will continue working to ensure that is the case.

The EPA's concern about VW behaviour relates not just to the installation of defeat devices but to more than a year of dialogue between the regulator and the carmaker, another EPA official said. During that period VW repeatedly sought to attribute the difference between its cars' test results in the lab and on the road to a "technical glitch".

In May 2014, the EPA and a California state regulator were alerted to emissions discrepancies with a 2012 Jetta and a 2013 Passat by researchers at West Virginia University, which had analysed the results with the International Council on Clean Transportation, a non-profit research group.

Laboratory tests showed the VW cars complied with Clean Air Act rules, but when tested on the road the Passat's emissions were five to 20 times the official test result and the Jetta's emissions were 15 to 35 times the lab reading.

The German carmaker is engulfed in the worst scandal in its 78-year history over findings it manipulated diesel emissions test data in the US and Europe to make its vehicles appear less polluting
Following the West Virginia study, VW continued to assert that the increased emissions from the vehicles could be attributed to "various technical issues and unexpected in-use conditions", according to an EPA letter to VW about the violations last week.

VW tried — and failed — to fix the apparent problem with a voluntary recall last December affecting half a million vehicles in the US.

Only when the EPA told VW that it would not certify its 2016 models as emissions compliant did VW admit to the regulator on September 3 that it had used the defeat device. The EPA carried out additional inquiries over the following 10 days to two weeks before deciding that it would send the company the official "Notice of Violation" released last Friday, the senior official said.

Reuters:
http://www.reuters.com/article/2015/09/24/us-usa-volkswagen-idUSKCN0RL0II20150924

Volkswagen boss quits over diesel emissions scandal
BERLIN | BY ANDREAS CREMER

Volkswagen (VOWG_p.DE) Chief Executive Martin Winterkorn resigned on Wednesday, succumbing to pressure for change at the German carmaker, which is reeling from the admission that it deceived U.S. regulators about how much its diesel cars pollute.

"Volkswagen needs a fresh start - also in terms of personnel. I am clearing the way for this fresh start with my resignation," Winterkorn said, following a marathon meeting with the executive committee of the VW board.

The world's biggest carmaker by sales has admitted to U.S. regulators that it programmed its cars to detect when they were being tested and alter the running of their diesel engines to conceal their true emissions.

Volkswagen did not name a successor, but said proposals on management appointments would be made to a full board meeting on Friday.

Porsche chief Matthias Mueller, Audi chief Rupert Stadler and the head of the VW brand, Herbert Diess, are seen as the front-runners to replace Winterkorn, three people familiar with the matter said. Mueller is seen as the favourite among the three due to his years of experience within the group, two of the people said.

Mueller, a former head product strategist, is also a management board member of Porsche SE (PSHG_p.DE), and so close to the Piech-Porsche family that controls Volkswagen.

Winterkorn, who during his eight years in charge oversaw a doubling in Volkswagen's sales and an almost tripling in profit, said he was shocked that misconduct on such a massive scale had been possible at the company.

The carmaker was under huge pressure to take decisive action, with its shares down more than 30 percent in value since the crisis broke.

German Chancellor Angela Merkel had urged Volkswagen to move "as quickly as possible" to restore confidence in a company held up for generations as a paragon of German engineering prowess.

The U.S. Environmental Protection Agency (EPA) said on Friday Volkswagen could face penalties of up to $18 billion.

Since then the crisis has snowballed, with the U.S. Justice Department launching a criminal inquiry, according to a source familiar with the matter. European and Asian countries as well as Canada have also said they are investigating the matter.

Senior members of Volkswagen's board said in a statement they expected more heads to roll as an internal investigation seeks to identify who was responsible for the wrongdoing.

German Economy Minister Sigmar Gabriel said Winterkorn was taking responsibility for decisions made when he was at the helm of Audi, rather than Volkswagen.

WSJ:
http://www.wsj.com/articles/the-vw-emission-bug-1443047920

The VW Emission Bug
Why would the company install a 'defeat device' on its U.S. cars?
Sept. 23, 2015 6:38 p.m. ET

Volkswagen AG's reputation and share price have taken major hits after the Environmental Protection Agency and California Air Resources Board (CARB) last week accused the German auto maker of gaming vehicle-emission rules. VW deserves a keelhauling if the charges are true. But regulators and VW first should produce the motive and method for the alleged malfeasance.

On Friday the EPA in conjunction with CARB charged VW with installing "defeat devices" that disable nitrogen oxide emission controls in five of its clean-burning diesel models. EPA has threatened up to $18 billion in fines for the nearly half million cars VW sold in the U.S. between 2009 and 2015 that contain the device. The Justice Department is investigating.

VW's stock has since plummeted nearly a third. On Sunday CEO Martin Winterkorn promised to cooperate with regulators "to clearly, openly, and completely establish all of the facts of this case," including an external investigation. Volkswagen's U.S. chief Michael Horn apologized and said the company had been "dishonest."

On Tuesday VW said 11 million diesel cars world-wide were equipped with the device and it would set aside $7.3 billion, more than half of its annual profits, to cover penalties and recall costs. On Wednesday Mr. Winterkorn resigned. The slow-rolling revelations raise more questions.

To wit: Who decided to install the bugs, and what was their motivation? Did VW executives approve or know? Do the devices serve a purpose other than evading U.S. emission regulations? The public knows little outside the government narrative provided by

EPA and CARB letters to VW last Friday.

The government investigation was prompted by a 2014 research project between West Virginia University and environmental nonprofit International Council on Clean Transportation, which found that NOx emissions from VW's 2012 Jetta and 2013 Passat soared in real world driving conditions and exceeded Clean Air Act regulations by five to 35 times.

After CARB confirmed the disparity between on-road and lab testing, VW in December 2014 recalled a half million cars to make software fixes. In May CARB reran its on-road test and determined that VW's adjustments didn't significantly reduce NOx emissions. CARB says it then met several times with VW, which suggested potential technical justifications for the discrepancy.

However, after the agencies threatened to withhold government certification for its 2016 diesel models, VW on Sept. 3 said the vehicles contained a "defeat device" to disable NOx emission-controls under normal driving conditions.

According to EPA, a software switch senses whether the car "is being tested or not based on various inputs including position of steering wheel, vehicle speed, the duration of the engine's operation and barometric pressure" and these "inputs precisely track the parameters of the federal test procedure." Under normal driving conditions, the switch activates a separate engine calibration.

In other words, the cars are electronically programmed to produce compliant emissions results only during government testing. On highways and streets, they spew 10 to 40 times as much as allowed under U.S. law.

Defeat devices aren't new or a diabolical German invention. As EPA notes, mechanisms that deactivate emissions controls may serve a legal purpose if they protect vehicles against damage. But manufacturers are then required to disclose to regulators their presence in certification applications, which VW didn't.

Two decades ago GM had to cough up $45 million for installing defeat devices in nearly half a million cars that overrode carbon monoxide controls. In 1998 seven U.S. manufacturers of heavy-duty diesel engines, including Caterpillar and Volvo Truck, settled federal charges of implanting devices that disabled NOx controls for $1 billion.

What regulators don't ever explain is that these defeat devices serve a functional purpose, which is usually to increase performance and fuel efficiency. They want to pretend that emissions regulations are a clean, free ride. Until now, VW—which advertised its environmental friendly and powerful engines—was in on the charade.

Auto experts have posited that VW's defeat device was intended to boost fuel economy and torque, which are two big draws of modern diesel cars. VW's 2015 Passat gets 44 miles per gallon on highways. Trouble is, engines that are designed to burn more efficiently—and

therefore emit less carbon—release more NOx. They also have less oomph. EPA and CARB should fess up to this trade-off, and the wrongdoing involved ought to be precisely identified.

The immediate upshot is that VW will have to recall the lemons to bring them in compliance with government rules. Any fix will likely cost several thousand dollars per vehicle, reduce performance and increase carbon emissions. Will drivers even want the government's clean bill of health?

VW deserves to pay for any intentional wrongdoing, but the rest of the industry and the country need to know whether this is the great deception that EPA alleges or the kind of well-known regulatory trade-off that is being harshly punished for the first time.

TIME:
http://time.com/4048115/volkswagen-golf-emissions-researchers/

This Small Study Helped Expose Volkswagen's Deception
Victor Luckerson @VLuck 11:15 AM ET

Their findings have been public for months

Before the Environmental Protection Agency was threatening Volkswagen with up to $18 billion in fines for cheating on emissions tests, a small research team in West Virginia already knew something was wrong with the automakers' vehicles.

A five-person engineering team at West Virginia University led by Daniel Carder first discovered discrepancies in the emissions rates for VW vehicles way back in 2013. The findings were made public about a year and a half ago, according to Reuters. "We actually presented this data in a public forum and were actually questioned by Volkswagen," Carder said.

Carder and his team initially though their testing was faulty because the results of their road tests were so out of whack with EPA standards. The findings were later corroborated by the EPA and the California Air Resources Board, leading to Volkswagen's admission that it installed illegal software in 11 million of its diesel cars to cheat on emissions tests. Volkswagen AG CEO Martin Winterkorn stepped down Wednesday; a replacement has not yet been named.

Carder said seeing his findings confirmed and watching Volkswagen become embroiled in controversy was not especially exciting for him. "Obviously, we don't want to see something spewing emissions and polluting the environment," he told Reuters. "But we really have no horse in the race, as they say."

Detroit News:

http://www.detroitnews.com/story/business/autos/foreign/2015/09/24/vw-caught/72715074/

How VW got caught cheating emissions tests
David Shepardson, Detroit News Washington Bureau 12:14 a.m. EDT September 24, 2015

Washington — Volkswagen's monumental crisis over emissions-test cheating — which forced the resignation of its longtime CEO on Wednesday and threatens to cost the German automaker at least $7.3 billion — began with a routine test led by researchers in West Virginia two years ago.

Without that chance finding, VW might never have been caught using a bit of hidden software that allows pollution-control systems on 2.0-liter diesel cars to work normally when being tested for harmful emissions coming out of the tailpipe — but shuts those systems off during regular driving. That allowed 11 million cars worldwide to produce up to 40 times the allowable smog-forming pollution allowed in the United States.

"We're a tiny, non-governmental organization," Drew Kodjak, executive director of the International Council for Clean Transportation, said in an interview Wednesday. "It was really happenstance that this was ultimately uncovered."

In 2013, his organization commissioned a study of VW diesels by West Virginia University after questions were raised about European diesel emissions standards and whether European vehicles were emitting too much nitrogen oxides linked to smog. Testers looked at three diesel cars for the U.S. market: a 2012 VW Jetta, a 2013 VW Passat and a BMW X5.

The group expected the cars they tested would perform better than those in Europe, because U.S. regulations are tougher. They were surprised the two Volkswagens had significantly higher-than-expected emissions, while the BMW performed well. They were so certain they had done something wrong that they tested the cars two more times with similar results.

The researchers made their findings public in May 2014 in a report that got little attention. But it caught the notice of the Environmental Protection Agency and California Air Resources Board, which opened investigations.

The Detroit News has learned that, in response to tests by the EPA and CARB, the automaker actually issued two separate recalls labeled as service campaigns for certain cars: one in December 2014, another in March. Software patches were VW's remedy, and the automaker assured the EPA and CARB that they fixed the problem. Out of 390,000 cars identified by VW at the time, about 196,000 were reflashed with new software.

CARB began testing VW's remedy in May. The California agency had developed a special dynamometer that showed the emission controls in the Volkswagens were not working properly. The software patch, in fact, did not cut exhaust emissions.

At the time, government officials never suspected VW was intentionally cheating. They

kept looking for other potential problems. All summer long, VW kept offering "explanation after explanation," a person involved in the talks said Wednesday. "They did not add up."

Even through early August, government officials believed the automaker was acting in good faith. They thought other issues like a bad "dosing sensor" or a test problem could have accounted for the results.

In early August, EPA and CARB officials met with VW at an annual automotive conference in Traverse City to talk about the problem. By that time, California and EPA were withholding certification allowing 2016 diesel models to be sold until they were sure the recall fix would address the problem. VW said it had everything fixed.

Finally, at a conference in California on Aug. 20, an official from VW could not answer technical questions and admitted it had been intentionally cheating through so-called "defeat devices."

After months of work and testing, government officials were shocked at VW's admission of fraud.

The deception was sophisticated: Electronic control modules told the emissions controls to only work during emissions testing — something the computer could determine by the steering wheel position and other factors. That turned out to be a big clue for government investigators.

In a typical car, a dashboard indicator is supposed to light up if it's emitting more than allowable emissions. The Detroit News has learned the VW diesels were programmed not to activate those onboard diagnostics required of all cars since 1996 under the Clean Air Act.

On Friday, the EPA and CARB announced Volkswagen had admitted to installing defeat devices on 482,000 2009-15 Volkswagen Jetta, Passat, Sportwagen, Beetle and Audi A3 cars with 2.0-liter engines sold in the U.S. That included the 390,000 cars initially identified by the automaker, plus another 92,000. The cheat caused the cars to emit 10-40 times the allowable pollution.

By Tuesday, the automaker disclosed that 11 million diesel cars worldwide may have evaded clean-air rules. It could face U.S. fines of up to $18 billion — $37,500 per vehicle — as well as criminal prosecution.

People are shocked at the fraud, Kodjak said, "because of the deliberate nature, and the fact that this came from one of the greenest countries that's known for being extremely law-abiding."

Analysts speculated there are only three advantages to such a device: VW may have wanted to get higher fuel economy for the cars, better performance or avoid more expensive emissions controls like those on larger diesel VWs.

Industry, government and researchers say the automaker could have avoided criminal investigations and massive worldwide lawsuits linked to the admission that they cheated on emissions tests if their software fix had actually worked.

"Why didn't it work? That is literally one of my biggest questions is why didn't it work," Kodjak said. If it had, investigators may never have learned about VW's intentional fraud. "California told you they were going to check. If they had just fixed it then ... the only answer I can surmise is it is not easy."

Government officials expect VW will have to come up with three separate fixes since there are three generations of diesel engines that use different systems to prevent the release of smog-causing nitrogen oxides. It is not yet known whether a new software patch will suffice, or if new pollution-control equipment must be installed.

Boston Globe:
https://www.bostonglobe.com/business/2015/09/23/how-many-volkswagen-vehicles-massachusetts-are-affected-recall-lot/nxliz8S0LU9v5aEPyXbNmJ/story.html

How many Volkswagen vehicles in Mass. are affected by the recall? A lot
By Callum Borchers GLOBE STAFF SEPTEMBER 23, 2015

The tally is in on the number of diesel-engine Volkswagens in Massachusetts that will be subject to recall: 11,674.

According to the Registry of Motor Vehicles, that's how many cars fit the makes, models and years identified by the US Environmental Protection Agency as having a so-called "defeat device" that made them appear cleaner in emissions tests than they actually were on the road.

The EPA determined the vehicles — marketed as "clean" diesel cars — spew as much as 40 times what federal pollution limits allow.

Volkswagen chief executive Martin Winterkorn resigned Wednesday but claimed he did not know about the company's effort to cheat emissions tests, saying he was "stunned that misconduct on such a scale was possible in the Volkswagen Group."

Combining the EPA's description of affected vehicles with RMV statistics, the following list shows how many diesel cars of each type have been recalled in Massachusetts:

• Jetta model years 2009 to 2015: 3,562

• Jetta Sportwagen model years 2009-2014: 3,926

• Beetle model years 2012 to 2015: 81

• Beetle Convertible model years 2012 to 2015: 95

• Golf model years 2010 to 2015: 1,489

• Golf Sportwagen model year 2015: 159

• Passat model years 2012 to 2015: 1,998

• Audi A3 model years 2010 to 2015: 364

The EPA said roughly 482,000 cars nationwide are affected by the recall, and Volkswagen said the worldwide total exceeds 11 million.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 4:38 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/22/2015

The Tennessean:
http://www.tennessean.com/story/news/politics/2015/09/22/tn-senate-leader-requests-hearing-on-volkswagen-issues/72625196/

TN Senate leader requests hearing on VW cheating issues
Dave Boucher

A leader in the Tennessee Senate is asking a fellow lawmaker to call a hearing to look at how cheating revelations regarding Volkswagen may affect the state.

Senate Speaker Pro Tem Bo Watson, R-Hixson, notes the German automaker's significant investment in Tennessee as a reason he wants Senate Finance, Ways and Means Committee Chairman Randy McNally, R-Oak Ridge, to schedule a hearing.

"While all of the relevant facts may remain unreported at this time, I am very concerned as to the financial impact these violations could present to the state of Tennessee," Watson writes.

"As the chairman is aware, Tennesseans have made a significant investment in Volkswagen and any action that threatens the stability and sustainability of the investment should be reviewed by the finance committee, without delay," he continued later in the letter.

Tennessee provided Volkswagen with $165 million in grants in connection to its massive facility in Chattanooga, where more than 3,200 people are employed. Volkswagen received more than $577 million in incentives to build the plant in Chattanooga in 2008, The Associated Press reported. The AP also noted another state and local package worth up to

$300 million was offered last year to persuade VW to expand the Chattanooga plant to build a new SUV in Tennessee as opposed to elsewhere.

Volkswagen CEO Martin Winkerton apologized Tuesday in the wake of accusations from the U.S. Environmental Protection Agency that the company had intentionally installed software that allowed its cars to cheat in emissions tests. The company said the emissions software affected 11 million cars worldwide.

On Tuesday it was reported the company has set aside more than $7 billion in anticipation of fines. USA TODAY reported recently that the car company could face $18 billion in fines from the federal government.

Volkswagen sets aside $7.3B over emissions scandal

On Monday Gov. Bill Haslam said he was concerned when he heard the revelations. He said he'd only spoken briefly with representatives from the EPA and Volkswagen.

"Volkswagen is somebody that is a major partner for us in the state of Tennessee, both in terms of investment and the jobs created. We're obviously very interested in their continued growth, but they're going to have to address this issue," Haslam told reporters Monday.

Lt. Gov. Ron Ramsey, R-Blountville, told the Chattanooga Times Free Press that the revelations are "depressing, hard to believe. On and on. We've made a huge investment."

Watson asked McNally to call the public meeting to discuss potential impact on Tennessee as soon as possible.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 3:33 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/22/2015

NBC News:
http://www.nbcnews.com/business/autos/volkswagen-11-million-vehicles-could-have-suspect-software-emissions-scandal-n431456

Volkswagen Sets Aside $7.2 Billion to Pay for Emissions Cheating Scandal
by PAUL A. EISENSTEIN

Volkswagen said Tuesday it is setting aside more than $7.2 billion to cover the anticipated cost of resolving its diesel emissions cheating scandal, a figure that could be eclipsed by potential penalties and lawsuits facing the German automaker in the U.S.

The issue, meanwhile, now is spreading to other markets, with VW confirming it used the same illicit software - dubbed a "defeat device" by U.S. regulators - on 11 million diesel vehicles sold worldwide. That has triggered calls for new investigations in markets from South Korea to the European Union.

The money that VW is setting aside, 6.5 billion euros, is part of the company's efforts to "win back the trust of our customers," VW said in a statement Tuesday.

Meanwhile, it noted that it is "working intensely" to find a technical solution to removing the software without reducing the performance of affected VW products. A total of 488,000 VW and Audi brand vehicles equipped with four-cylinder engines were recalled Friday, while the automaker ordered dealers to stop selling products equipped with those diesels.

Concerns about the mounting costs and potential impact to VW's reputation have led to a panic among the company's investors. On Monday, the value of VW shares plunged by 17 percent, and the sell-off was continuing midday Tuesday on the German exchange.

The crisis could lead to a shake-up in management at Volkswagen AG, industry analysts have warned.

The U.S. Environmental Protection Administration announced Friday that the automaker had surreptitiously equipped its diesel vehicles with software designed to recognize when those products were being tested on a dynamometer, essentially an automotive treadmill. In such a situation, the full complement of emissions controls systems would operate at their maximum, bringing the vehicles into compliance with U.S. - and even tougher California - emissions standards.

But once the testing would be completed, according to the EPA, the vehicles would revert to a different mode, effectively allowing emissions levels to increase by as much as 40 times.

In its new statement, VW gave more details, admitting that "discrepancies" related to vehicles with Type EA 189 engines and involved some 11 million vehicles worldwide.

"A noticeable deviation between bench test results and actual road use was established solely for this type of engine," the VW statement said. "Volkswagen is working intensely to eliminate these deviations through technical measures."

While the maker acknowledged the computer control systems on 11 million vehicles contain the code, it also claimed that the "majority of these engines the software does not have any effect."

The U.S. has the world's toughest diesel emissions standards, largely focusing on levels of micro-fine particulates and smog-causing oxides of nitrogen. In Europe, where the emphasis is on global warming gases like CO2, diesels handily meet test standards because they are so energy efficient.

Even so, there are mounting calls in Europe for a full investigation of the VW diesel test scandal, and CEO Martin Winterkorn has told Germany's transit ministry the company will fully cooperate with its investigation. Officials in South Korea also have called for an investigation.

Meanwhile, the U.S. Justice Department has reportedly taken the preliminary steps to open a criminal investigation.

Whether the $7.3 billion set aside is enough to cover VW's costs from the scandal remains to be seen. According to EPA rules, VW could be fined up to $37,500 for each vehicle not in compliance with emissions regulations, or a total of around $18 billion. California regulators could issue their own fines.

Several law firms also have taken initial steps of their own to bring class action lawsuits against Volkswagen on behalf of owners.

But perhaps the biggest question concerns the impact the scandal will have on VW's image and sales. The maker overtook Toyota to become the world's best-selling automaker during the first half of 2015. But it has been struggling to build momentum in the critical American market where about a quarter of its sales are diesel-powered vehicles. For now, VW has halted the sale of those models until it can come up with a fix for the faulty software.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 2:33 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/22/2015

Bloomberg (via Chicago Tribune):
http://www.chicagotribune.com/news/sns-wp-blm-news-bc-vw-states22-20150922-story.html

Volkswagen probed by states over pollution cheating
Christie Smythe, Bloomberg News

Several states have begun an investigation into Volkswagen's admission that it equipped cars with technology to cheat federal air pollution tests, joining federal investigators and a growing list of countries probing the German automaker.

Wolfsburg, Germany-based Volkswagen said on Sept. 18 that it used "defeat device" software to beat emissions tests in labs. The diesel vehicles spewed as much as 40 times the legal limit of pollutants when they were on the road, the Environmental Protection Agency alleges. Volkswagen said it's cooperating with U.S. officials.

The matter may cost Volkswagen $18 billion in penalties from the EPA, based on a maximum $37,500 violation for each of nearly a half-million diesel versions of the VW Jetta, Golf, Beetle and Passat and the Audi A3.

Matt Mittenthal, a spokesman for New York Attorney General Eric Schneiderman, said in an e-mail today that he could confirm New York is part of the multistate group but was unable to say what other states were part of the probe.

The U.S. Justice Department has also begun a criminal probe, according to officials who spoke on a condition of anonymity.

The German government opened its own probe on Tuesday. Environment Canada also started an investigation, promising unspecified "enforcement action" if the car maker cheated in that country.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 1:28 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/22/2015

NY Times:
http://www.nytimes.com/2015/09/23/business/dealbook/volkswagen-debacle-on-financial-par-with-bp-oil-spill.html

Volkswagen Debacle on Financial Par With BP Oil Spill
SEPT. 22, 2015
By ANTONY CURRIE and OLAF STORBECK

— Volkswagen's cheating on clean air rules in the United States has driven investors into a deep funk.

The German carmaker's market capitalization shrank 16.6 billion euros, or $18.6 billion, in just over a day, after it was caught falsifying emissions on certain cars sold in the United States. The eventual cost could be higher. Although other carmakers have paid less for misdeeds, the better analogy might be oil: BP's 2010 Deepwater Horizon fiasco.

Rival carmakers got off relatively lightly for recent transgressions in the United States with more disastrous immediate consequences. General Motors paid $900 million to settle a lawsuit over faulty ignition switches linked to 124 deaths. Toyota paid $1.2 billion last year for malfunctioning accelerators tied to fewer fatalities.

No deaths can be directly pinpointed to Volkswagen blocking accurate checks on emissions – though the software installed in some vehicles hid levels of harmful nitrogen oxide up to 40 times above permitted levels.

The environmental twist perhaps makes BP's disastrous Gulf of Mexico oil spill a better comparison. Initial total cost estimates by analysts were as low as $3.5 billion. The final bill under the Clean Water Act was $5.5 billion, less than half the maximum fine. But BP's other costs, including damages, ballooned. All in, BP ended up setting aside almost $55 billion in fines, compensation and cleanup costs.

The Clean Air Act allows the Environmental Protection Agency to charge up to $37,500 a vehicle for any breaches. With 482,000 affected cars, that's $18 billion. The E.P.A. could be kinder than that, but Volkswagen, run by Martin Winterkorn, cheated government tests for six years, dissembled when confronted and meanwhile lauded Volkswagen's status as an environmentally sustainable carmaker.

Volkswagen can pay $18 billion, over time, and retain its credit rating. It has €21 billion in net cash, with more coming from planned divestitures.

That, though, doesn't factor in other costs, including recalls, refits, vehicle buybacks and class-action lawsuits – or the possibility that Volkswagen's emissions shenanigans were more pervasive. Diesel cars account for more than half its sales in Europe, its largest market, though with more lenient nitrogen oxide standards. If the scandal undermines the business case for Volkswagen's diesel engines, a €16.6 billion drop in value will look like a country jaunt.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 1:18 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/22/2015

Washington Post:
http://www.washingtonpost.com/news/wonkblog/wp/2015/09/22/anatomy-of-volkswagons-deception-the-recall-that-never-fixed-any-cars/

Anatomy of Volkswagen's deception: The recall that never fixed any cars.
By Peter Whoriskey and Joby Warrick September 22 at 12:20 PM

Volkswagen's decision to equip 11 million vehicles with devices to cheat emissions tests worldwide has sent the company into an acute corporate crisis in recent days. But on December 2, 2014, the company assured U.S. and California regulators that their engineers had a straightforward solution.

Volkswagen told officials then that a software change would remedy the overflow of pollution emitted by their diesel cars, according to state and federal letters to the company. At the time, Volkswagen proposed a "voluntary recall" of about 500,000 vehicles. State and

federal officials approved the plan.

That fix was either a technical failure or, some officials said, another ruse.

By May of this year, California tests showed that "the recall calibration did reduce emissions to some degree but NOx emissions were still significantly higher than expected."

The extent of the recall, which is discussed in letters between government and company officials, is unknown. Company officials wouldn't say this week how many recall notification letters Volkswagen issued to consumers, and how many consumers brought their cars in for the purported fix.

But the incident is one of the highlights in what federal and state officials have likened to a cat-and-mouse game between regulators and one of the world's largest automakers.

"They basically ran out of excuses," said Stanley Young, spokesperson for the California Air Resources Board. "They would say the tests weren't at the right temperature, or some other issue. We had them in [to our offices] several times."

EPA administrator Gina McCarthy said on Tuesday that the agency would step up efforts to look for cheating by other manufacturers, though she suggested that Volkswagen was an "outlier" in the extent of its cheating to defeat emissions standards.

"We are not going to sit down around and worry about whether or not there are other devices. We're going to find it," she said. "So right now we're upping our game in terms of going out and doing the work to take a look at what we need to do with other vehicles."

The company's dire diesel troubles have erupted over just a few days, but they were a long time in gestation.

The regulations that shaped the design of the diesel engines were put in place more than 15 years ago, when the EPA finalized rules that raised the emission standards for diesel cars.

After a years-long grace period, the tough standards were phased in between 2004 and 2007. At the time, the government acknowledged that meeting the standards for NOx, or nitrogen oxide, as well as soot, would be difficult.

"Manufacturers have expressed concerns that diesel-fueled vehicles would have difficulty meeting NOx and particulate matter levels like those contained in today's rule," EPA officials wrote in issuing the new standards. "Clearly, these standards will be challenging."

For a time, Volkswagen and other automakers stepped back from the U.S. diesel car market. It was a time to retool. Experts said the challenge of making a diesel engine clean enough for the U.S. standards - without compromising how the engine works - is very difficult.

"NOx is more of a challenge for diesel engines than it is for gasoline engines," said John

Storey, distinguished research and development staff member at Oak Ridge National Laboratory. "The strategies companies use to clean them up all have an impact on performance, fuel economy and maintenance."

The engineering hurdles in controlling diesel emissions are high enough, some experts said, that they may provide an incentive for companies to skirt the rules.

"I can't say I'm surprised," John M. DeCicco, Ph.D. Research Professor at the University of Michigan Energy Institute, of the recent revelations. "The temptation to game the system with a defeat device is definitely high because of the technical challenges."

In 2008, Volkswagen came back with a diesel version of the Jetta. The company touted it as an example of the "clean diesel." It won raves, including "Green Car of the Year" at the Los Angeles Auto Show.

"After a three-year break that seemed interminable to fans, Volkswagen's back in the U.S. diesel-car market with a clean-burning diesel in its popular Jetta compact sedan," USA Today told readers.

But what seemed like a breakthrough seems now, in the light of recent revelations, like a massive cheat.

The company's two-liter diesel engines in the U.S. had been equipped with a "defeat device" that allowed the cars to pass federal emissions tests despite emitting more than 10 times the permitted amounts of NOx when it is on the road. Those emissions help produce smog on hot summer days, triggering a variety of health problems, particularly for asthmatics and other people with breathing difficulties.

As has been widely reported, the emission problems were detected in a May 2014 report by the International Council on Clean Transportation and West Virginia University.

The results were presented to the company and several months later, in December 2014, the company told California regulators that they had a fix. They would "recalibrate" the software that runs the engine.

"Based on this meeting, VW initiated a voluntary recall...This recall was claimed to have fixed among other things, the increased real world driving NOx issue," according to a recent letter from the California Air Resources Board to the company.

By May of this year, California officials had run road tests on cars altered as under the recall. Despite the fix, the car showed higher than expected NOx emissions. California engineers also created a special dynamometer test, apparently to address company concerns that the previous testing was unfair.

California Air Resources Board "has determined that the previous recall did not address the high on-road NOx emissions, and also resulted in the vehicle failing certification

standards," it told the company earlier this month.

McCarthy, speaking to reporters in Washington, acknowledged that the Volkswagen software ruse was "particularly difficult for us to detect. We haven't found similar types before but we'll take a look and make sure we're attacking it successfully," she said.

McCarthy defended the EPA's regulatory standards as reasonable, and said most other car manufacturers appear to have found a way to comply.

"This is about a NOX emission standard that was put in place a few decades ago. The industry knew what was happening. We feel pretty confident the industry has been innovating to be able to meet this standard," she said. "So we don't think that this problem with the standards at all."

McCarthy said she was gratified by Volkswagen's aggressive response in acknowledging its mistakes, even as she criticized the company for its years of deliberate deception.

"I think it will be very difficult for Volkswagen at this going to be looked at as anything other than a real outlier," she said.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 12:29 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/22/2015

Financial Times:
http://www.ft.com/intl/cms/s/0/ac6742b2-611d-11e5-a28b-50226830d644.html#axzz3mU7mhPP8

How VW's 'defeat device' cheated on EPA emissions tests
Clive Cookson, Science Editor

The "defeat device" that Volkswagen used to cheat on US emissions testing sounds as if a secret little black box was hidden deep in the diesel engine just waiting to switch anti-pollution controls on during government inspections.

During normal driving, these controls are relaxed, which improves performance and reduces engine wear.

"The test cycles are very formal and well established, so priming a vehicle to sense when it is being tested is potentially quite straightforward," said Professor Alastair Lewis, an air pollution expert at York University in the UK. "For example are only its drive wheels turning, is the acceleration unnaturally smooth, or constant speeds too precise for a human

driver?"

Modern "clean diesel" engines aim to reduce pollution in a series of computer-controlled steps. For example, the computer may adjust the ratio of air to fuel in the combustion chamber, change the operating temperature or alter the rate at which exhaust gases flow through catalytic converters and filters.

Another refinement is to inject a chemical called urea into the exhaust stream. It then reacts with polluting nitrogen oxides (NOx) and converts them into harmless nitrogen and water.

"A huge amount of complex electronics controls it all," said Roger Kemp, professor of engineering at Lancaster University. "The code in the software gives thousands of different usage patterns corresponding to different combinations of inputs.

"There is a trade-off between pollution control and engine performance," Prof Kemp added. For example running at a hotter temperature may cut emissions but reduce engine life.

Bosch, the German car parts company, supplies components to VW, including fuel injection and exhaust treatment systems that reduce emissions. But people familiar with the cars said VW writes the software that deploys the equipment.

According to the EPA's notice of violation, the software ran the engine with "dyno calibration" settings designed to minimise pollution when it detected testing in progress (dyno refers to dynamometer equipment at the test centre). For the rest of the time it ran on "road calibration" which puts less emphasis on reducing emissions.

Even when the software switches to road running, a modern diesel engine is much less polluting than its filthy predecessors, Prof Kemp pointed out. Its filters and combustion chamber are particularly effective at cutting emissions of the tiny soot particles that used to belch out of ill-tuned engines (and still do in parts of the developing world).

The EPA allegations focus on NOx, reactive gases that are one of the main sources of urban smog and lung-irritating ozone pollution. The violation came to light when researchers at West Virginia University tracked emissions from VW diesel cars on the road and found that NOx soared to levels 10 to 40 times higher than the EPA permits.

Many air pollution experts have long believed that other manufacturers operate their own versions of VW's defeat devices.

"Virtually all new vehicles in recent years appear to emit substantially more NOx in the real-world than they do when tested in labs, irrespective of manufacturer," said Prof Lewis. "VW appear to have been caught red-handed, but it would seem highly likely that others have also played dubious games to pass emissions tests."

Ian Colbeck, professor of aerosol science at the University of Essex, commented: "It has been observed for some time that real world driving conditions do not deliver the emission

reductions shown in the laboratory. The European Commission will require real world tests in 2017."

USA Today:
http://www.usatoday.com/story/money/cars/2015/09/22/volkswagen-emissions-scandal/72605874/

Volkswagen emission scandal widens: 11 million cars affected
Nathan Bomey

Investors crush Volkswagen shares as company sets aside $7.3 billion to address software that manipulates emissions tests.

Volkswagen's emissions scandal ballooned Tuesday as the automaker said it affects 11 million vehicles worldwide and will require the company to set aside 6.5 billion euro ($7.3 billion).

The startling admission instantly makes the crisis one of the most expensive automotive scandals in recent memory.

The crisis also threatens to upend the company on its rapid path to becoming the world's largest automaker. Volkswagen had seized the title from Toyota for the first six months of 2015.

"This could damage the Volkswagen brand globally for years to come," said former automotive marketing executive Peter De Lorenzo, blogger at Autoextremist.com, in an interview. "Trust and belief in the brand has been broken."

Volkswagen CEO Martin Winterkorn pledged to regain the public's trust and rectify the company's mistakes, amid speculation that he could lose his job over the crisis. Winterkorn's contract, coincidentally, is up for renewal at the automaker's board meeting Friday.

In a video statement Tuesday he said he's "endlessly sorry" for the situation but pledged to stay on the job, according to several reports translating the German remarks.

Investors crushed the Germans automaker's stock, driving shares down 18% as of 9:47 a.m. ET, a day after the stock plunged 19%.

The crisis began Friday when the U.S. Environmental Protection Agency accused Volkswagen of installing sophisticated software on nearly 500,000 U.S. vehicles to manipulate emissions tests.

The technology tricks regulators into believing that 4-cylinder diesel vehicles comply with emissions standards, but the cars are actually admitting harmful pollutants at rates of up to

40 times acceptable standards. Volkswagen quickly halted sales of the cars after the allegations surfaced.

The U.S. Justice Department has opened a criminal probe into the automaker's actions. The EPA's own investigation is ongoing, and foreign regulators are expected to launch their own probes.

"Volkswagen is working at full speed to clarify irregularities concerning a particular software used in diesel engines," the company said Tuesday in a statement.

The "discrepancies" affect vehicles with what it called "Type EA 189 engines," causing "a notable deviation between bench test results and actual road use."

The company added: "Volkswagen is working intensely to eliminate these deviations through technical measures."

Volkswagen said it would set aside 6.5 billion euro in its third quarter to address the matter and warned that the number could change.

In the U.S., the EPA could fine Volkswagen up to $37,500 per car, which would equal a maximum fine of some $18 billion.

"Volkswagen does not tolerate any kind of violation of laws whatsoever. It is and remains the top priority of the Board of Management to win back lost trust and to avert damage to our customers," the company said.

The scandal raises serious questions about whether high-level executives knew about the software, which had been installed on some nameplates for at least six consecutive model years.

Earlier this month a subcommittee of Volkswagen's board recommended that the full panel extend Winterkorn's contract through 2018. The official renewal at Friday's board meeting was viewed as a routine matter, but now it may be up in the air.

Winterkorn kept his job earlier this year after then-chairman Ferdinand Piech tried to displace him. Piech exited the company shortly after his failed effort.

De Lorenzo, the automotive marketing veteran, said Winterkorn will be forced to answer questions about his knowledge of the emissions scandal.

"He’s very much detailed-oriented. He’s always regaled his underlings with his depth of knowledge of detailed items that they would assume he wouldn’t bother with," De Lorenzo said. "I think heads will roll and this could bring down Winterkorn and some of his trusted lieutenants."

Dave Sullivan, an analyst with AutoPacific, said the "chances of him coming out unscathed

have got to be very small."

The EPA has said the company admitted to installing the software. The agency said the software affected the four-cylinder diesel versions of the 2009 to 2015 Jetta, Beetle, Golf, the 2014 and 2015 Passat and the 2009 to 2015 Audi A3.

The episode is likely to trigger a recall and a flurry of consumer lawsuits. It may prompt the company to compensate individual car owners or other measures.

European regulators are expected to place Volkswagen under intense scrutiny. But it scandal also could bode poorly for Volkswagen in the world's largest vehicle market, China, where Volkswagen is No. 1 by market share.

"The problem is the Chinese are starting to realize they have got to do something with their air and this could have an effect on the relationship the Chinese have with Volkswagen," Sullivan said.

The Environmental Protection Agency is working on new tests to detect cheating on the part of automakers in the wake of Volkswagen AG's massive cheating scandal.

EPA Administrator Gina McCarthy told reporters at a Wall Street Journal forum on Tuesday that the agency won't sit still and is "upping its game" to catch cheaters.

VW was able to evade U.S. emissions requirements for 482,000 2009-2015 diesel cars by using sophisticated software that only turned on emissions equipment during testing. It's not clear if VW did that to boost low-end torque, raise fuel efficiency or avoid more costly emissions requirements.

The fact that VW was able to get away with the cheating for nearly seven years suggests the agency must take new steps to detect bad behavior, analysts say. Cars are very sophisticated machines with more than 100 million lines of code.

The VW emissions issue came to the attention of the EPA in 2014 after independent analysis by researchers at West Virginia University — working with the International Council on Clean Transportation, a non-governmental organization — raised questions about emissions levels. After extensive testing, EPA confirmed that the vehicles were emitting up to 40 times the allowable pollution in road use.

The EPA told The Detroit News on Friday that it was investigating whether other automakers had similar problems. But McCarthy said so far it appears VW is an "outlier."

This will not be the first time in recent years that EPA has had to change its rules to ensure companies are complying with emissions.

In February, the EPA issued new guidelines to automakers for conducting fuel economy testing. The move came after five major automakers have had to restate mileage ratings for

certain models.

The guidelines detail how vehicles must be prepared before being tested — including what is an acceptable level of wear on the tires and how vehicles should be broken in prior to testing.

Also at issue are tests used to determine the impact of aerodynamic drag and tire rolling resistance on gas mileage. Currently, that is measured at 50 miles per hour. Under the new guidelines, automakers must measure the results at all speeds up to 70 mph.

In 2014, the agency said it was considering writing new formal regulations covering mileage labeling by automakers. Instead, it is opting to issue the guidelines. It typically takes EPA two to three years to write new legal binding mandates.

Chris Grundler, the EPA's director of the Office of Transportation and Air Quality, said in an interview in February that "it's a very dynamic time" in the auto industry, and the agency doesn't want to spend several years crafting rules that could be outdated when issued.

"Writing regulations takes time," Grundler said. "When you are working in the rapidly changing environment that we're in right now, we want to make sure that we are agile enough and flexible enough to change with those times."

He said new guidelines are aimed at getting better results. He noted that the EPA will follow the guidelines when it conducts audits of automaker testing.

In November, Korean automakers Hyundai Motor Co. and Kia Motors Corp. agreed to a record-setting $360 million settlement for overstating fuel economy ratings for 1.2 million 2011-13 U.S. vehicles. The settlement includes a $100 million civil penalty, forfeiting $210 million in greenhouse gas emission credits and spending $50 million to ensure independent auditing of its current and future vehicles.

After an investigation by the EPA, Hyundai and Kia in November 2012 agreed to restate expected gas mileage for 1.1 million vehicles in North America, including 900,000 in the United States. That reduced Hyundai-Kia's fleetwide average fuel economy from 27 to 26 mpg for the 2012 model year. Hyundai was forced to abandon claims that four models got 40 mpg.

In August 2013, Ford Motor Co. dropped mileage ratings for the 2013 C-Max hybrid from a combined 47 mpg to 43 mpg. In June 2014, Ford Motor Co. said it is lowering the fuel ratings on six new cars and would make payments of $125 to $1,050 to more than 200,000 owners.

The move was a significant embarrassment to Ford, which has emphasized the fuel efficiency of vehicles in its lineup. It was he second time in a year that Ford has had to correct its mileage numbers.

Under current rules, Ford was able to assign the same fuel efficiency rating to the C-Max as the Fusion hybrid because they're in the same family. While that's worked for conventional cars, it hasn't been as accurate for hybrids.

Other German automakers besides VW have faced EPA scrutiny. In October, BMW AG agreed to reduce its fuel economy ratings on four 2014 Mini Cooper models.

BMW reduced the combined fuel economy of the three-door manual transmission to 33 miles per gallon from 34 mpg, the three-door semi-automatic from 33 to 32, the Cooper S 3-door manual from 29 to 28 and the semi-automatic version from 31 to 30. The biggest fall is in the highway rating for the Cooper S 3-door manual will fall from 38 to 34 mpg.

Also last year, another Daimler AG agreed to lower the mpg ratings on two of its Mercedes-Benz vehicles after a government audit turned up a problem.

Mercedes-Benz made minor changes to two models. It will reduce the city mpg figure for the 2013-14 C300 to 19 mpg from 20 mpg, but the combined 22 mpg and 27 mpg highway value will remain the same. For the 2013-14 4-Matic PZEV the combined mpg fell to 22 mpg from 23 mpg, while the city and highway mpg figures both fell by 1 mpg to 19 and 28, respectively.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 11:44 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/22/2015

AP (via Washington Post):
https://www.washingtonpost.com/world/europe/volkswagen-sets-aside-73-billion-over-emissions-scandal/2015/09/22/3fe272e8-6112-11e5-8475-781cc9851652_story.html

VW CEO: 'Endlessly sorry' as emissions scandal escalates
By Geir Moulson and Pan Pylas | AP September 22 at 11:32 AM

BERLIN — The crisis enveloping Volkswagen AG, the world's top-selling carmaker, escalated Tuesday as the company issued a profit warning following a stunning admission that some 11 million of its diesel vehicles worldwide were fitted with software at the center of a U.S. emissions scandal.

The German company said it was setting aside around 6.5 billion euros ($7.3 billion) to cover the fallout from the scandal that has tarnished VW's reputation, raised questions over the future of CEO Martin Winterkorn and battered its share price.

Winterkorn pledged a fast and thorough investigation.

"Millions of people across the world trust our brands, our cars and our technologies," he said in a video message. "I am endlessly sorry that we have disappointed this trust. I apologize in every way to our customers, to authorities and the whole public for the wrongdoing."

"We are asking, I am asking for your trust on our way forward," he said. "We will clear this up."

The VW Logo is photographed at a car at the Car Show in Frankfurt, Germany, Tuesday, Sept. 22, 2015. Volkswagen has admitted that it intentionally installed software programmed to switch engines to a cleaner mode during official emissions testing. The software then switches off again, enabling cars to drive more powerfully on the road while emitting as much as 40 times the legal pollution limit. (Michael Probst/Associated Press)
The damage to Volkswagen's reputation is reflected in the market's response. Volkswagen's share price slid a further 16.2 percent Tuesday to a near four-year low of 112 euros. The fall comes on top of Monday's 17 percent decline.

The trigger to the company's market woes was last Friday's revelation from the U.S.'s Environmental Protection Agency that VW rigged nearly half a million cars to defeat U.S. smog tests.

The company told U.S. regulators that it intentionally installed software programmed to switch engines to a cleaner mode during official emissions testing. The software then switches off again, enabling cars to drive more powerfully on the road while emitting as much as 40 times the legal pollution limit.

"In my German words: we have totally screwed up," the head of Volkswagen's U.S. division, Michael Horn, told an audience in New York on Monday.

In a statement Tuesday, Volkswagen gave more details, admitting that there were "discrepancies" related to vehicles with Type EA 189 engines and involving some 11 million vehicles worldwide. The number of vehicles involved is more than the 10 million or so cars it sold in 2014.

Volkswagen said it is "working intensely" to solve the problem and that it "does not tolerate any kind of violation of laws whatsoever."

To cover the necessary service measures and what Volkswagen says are "other efforts to win back the trust" of customers, the company said it is setting aside some 6.5 billion euros in the current quarter. There was no mention of fines or penalties in the company's statement. The EPA has indicated that it could, in theory, fine VW up to $18 billion.

The Guardian:
http://www.theguardian.com/business/2015/sep/22/vw-scandal-caused-nearly-1m-tonnes-of-

extra-pollution-analysis-shows

VW scandal caused nearly 1m tonnes of extra pollution, analysis shows
Emissions could have far greater impact in Europe, where almost half passenger cars are diesel, than the US
Karl Mathiesen and Arthur Neslen

Volkswagen's rigging of emissions tests for 11m cars means they may be responsible for nearly a million tonnes of air pollution every year, roughly the same as the UK's combined emissions for all power stations, vehicles, industry and agriculture.

The carmaker has recalled 482,000 VW and Audi brand cars in the US after the Environmental Protection Agency (EPA) found models with Type EA 189 engines had been fitted with a device designed to reduce emissions of nitrous oxides (NOx) under testing conditions.

A Guardian analysis found those US vehicles would have spewed between 10,392 and 41,571 tonnes of toxic gas into the air each year, if they had covered the average annual US mileage. If they had complied with EPA standards, they would have emitted just 1,039 tonnes of NOx each year in total.

On Tuesday the company admitted the device may have been fitted to 11 million of its vehicles worldwide. If that proves correct, VW's defective vehicles could be responsible for between 237,161 and 948,691 tonnes of NOx emissions each year, 10-40 times the pollution standard for new models in the US. Western Europe's biggest power station, Drax in the UK, emits 39,000 tonnes of NOx each year.

In the US, just 3% of passenger cars are diesel compared to almost half in the EU. Professor Martin Williams from King's College London said the US's low percentage of diesel cars meant higher diesel emissions in some cars would have a "limited effect" on air quality there.

"[In the US it would be] nowhere near the effect it would have in this country and in the rest of Europe for that matter," he said. In the UK, Williams added, emissions from diesel cars cause roughly 5,800 premature deaths each year. "If you were to make the cars emit at the legal limit you could reduce those deaths by at least a factor of two and maybe more. Maybe a factor of five."

The Clean Air in London campaign called for a royal commission to investigate carmaker's activities in the UK.

"Diesel is without doubt the biggest public health catastrophe in UK history. Even the black plague didn't affect everyone in the population," said founder Simon Birkett.

Not all NOx emissions – which include nitrogen dioxide (NO2) and nitrogen oxide (NO) – are dangerous. But an increasing proportion of the toxic NO2 gas has been detected in EU

diesel emissions. A study in the British Medical Journal in May found that short term exposure to NO2 increased the number of premature deaths from heart and lung disease by 0.88% and 1.09%.

For years, UK air pollution measurements have failed to show improvements in air quality, even as standards have tightened.

"Since 2003 scientists have been saying things are not right. It's not just the VW story, this is part of something much bigger," said Dr Gary Fuller, also of King's College. "It has a serious public health impact."

Last week, a report from NGO Transport & Environment found that Europe's testing regime was allowing nine out of every 10 new diesel vehicles to breach EU limits. Testing regimes in the EU are known to fail to pick up "real world" emissions because cars are not driven in the same way in the laboratory as on the road. Some studies suggest the discrepancy may be up to seven times the legal limit.

Williams said being able to mask their NOx emissions would also enable carmakers to pass carbon emissions tests more easily as there was a trade-off between NOx and CO2 in diesel engines.

Catherine Bearder MEP, a lead negotiator on the EU's new air quality laws, said: "Manufacturers in the US have been caught out, but we know that pollution limits are also being breached in Europe... Unless we take action, thousands of lives will continue to be tragically cut short by air pollution."

In a sign that the emissions scandal will not remain restricted to the US, a Venice court will next month hear a case against VW and Fiat for misleading test advertising.

The Italian consumer rights group Altroconsumo is due to press its case for a class action suit against VW and Fiat on 2 October, after laboratory tests showed that fuel consumption and CO2 emissions from the VW Golf 1.6 and Fiat Panda 1.2 were up to 50% higher than claimed.

Altroconsumo wants the German car firm to pay damages of €502 (£365) to the owner of a VW Golf, in a case that raises the possibility of widescale compensation payouts by the car industry.

Monique Goyens, the director of the European consumer rights umbrella group BEUC, which includes Altroconsumo, called for an investigation by the European Commission into the use of software programmes to 'game' European emissions tests.

"The VW scandal has compounded our concern that underhand tactics are also being used in fuel consumption and CO2 testing programmes in Europe," she said. "One of the problems in the EU, unlike in the US, is the absence of a market surveillance system which would require independent in-use conformity testing. The EU needs to implement such a

system to restore trust amongst consumers."

On Tuesday, the Italian government launched an investigation into VW's emissions testing regime.

Wired:
http://www.wired.com/2015/09/vw-fool-epa-couldnt-trick-chemistry/

VW Could Fool the EPA, But It Couldn't Trick Chemistry
Eric Niiler

FOR DECADES, AUTOMAKERS HAVE been caught between building an engine that squeezes a lot of energy out of the fuel it burns and one that has low emissions. It's not an easy tension to resolve. "Negotiating both fuel consumption and emissions is a hard tradeoff," says Anna Stefanopolou, professor of mechanical engineering at the University of Michigan.

When engineers at Volkswagen allegedly inserted a few lines of code into the diesel cars' electronic brains to circumvent emissions testing, they found a solution to this existential automotive conflict. Drivers got low emissions during the test, and high performance the rest of the time. The only problem: It's way outside of the rules. The company might have gotten away with it, too, if it hadn't been for those pesky engineers—and the basic chemistry of the diesel engine.

According to the US EPA, those lines of code hid the fact that nearly half a million diesel VWs in the US spewed up to 40 times more nitrogen oxide from their tailpipes than testing indicated. Volkswagen has now confirmed that the problem actually affects approximately 11 million diesel cars worldwide. Diesel engines use a different mix of fuel than gasoline engines and don't use spark plugs to induce combustion—relying instead on highly compressed, heated air and fuel injected as droplets. If a diesel engine doesn't get enough oxygen to combust the fuel, it'll emit all kinds of gunk—nitrogen oxides, uncombusted fuel, and particulate matter (soot, basically).

All that gunk is a big problem. Exposed to sunlight, nitrogen oxides convert to ozone—making smog. How much depends on a bunch of variables, like sunlight exposure and what happens to the hydrocarbon emissions (the uncombusted fuel), plus the temperature and local winds.

However much extra crap came from the VWs, it won't be good. Exposure to nitrogen oxide and ozone is linked to increased asthma attacks, respiratory illnesses, and in some cases premature death. Ozone also worsens existing cardiovascular and lung disease.

To deal with those emissions, "you have a whole chemical factory at the tailpipe that traps the oxides," Stefanopolou says. This bumps the sticker price for diesel cars by $5,000 to $8,000 per vehicle. (On the other hand, diesels get better mileage, especially in highway

driving.)

For years, diesel trucks and buses were the biggest polluters on the highway. But carmakers adapted a relatively new technology called selective catalytic reduction—the same tech that scrubs pollutants from factory smokestacks—to the tailpipe of the diesel engine.

Here's how it works: Inside a honeycombed chamber, the scrubbing system sprays a liquid made of 30 percent urea and 70 percent water into the diesel exhaust. This sets off a chemical reaction that converts nitrogen oxides into nitrogen, oxygen, water and small amounts of carbon dioxide—molecules that aren't as harmful to human health. Catalytic scrubbing was supposed to cut diesel NOx emissions up to 90 percent, according to the Diesel Technology Forum, an industry group based outside Washington. That made diesel engines clean enough to use in passenger cars, which have stricter emissions rules.

The scrubbing chemistry is also what gave away Volkswagen's alleged cover-up. In 2013, a small non-profit group decided to compare diesel emissions from European cars, which are notoriously high, with the US versions of the same vehicles. A team led by Drew Kodjak, executive director of the International Council on Clean Transportation, worked with emissions researchers at West Virginia University to test three four-cylinder 2.0-liter diesel cars in the Los Angeles area: a Jetta, a Passat, and a BMW. Only the BMW passed.

"We felt that it would be possible to get low emissions for diesels," Kodjak said. "You can imagine our surprise when we found two of the three vehicles had significant emissions."

The ICCT reported its findings to the EPA and the California Air Resources Board. Regulators met with VW officials in 2014 and the automaker agreed to fix the problem with a voluntary recall. But in July 2015, CARB did some follow up testing and again the cars failed—the scrubber technology was present, but off most of the time.

How this happened is pretty neat. Michigan's Stefanopolou says computer sensors monitored the steering column. Under normal driving conditions, the column oscillates as the driver negotiates turns. But during emissions testing, the wheels of the car move, but the steering wheel doesn't. That seems to have have been the signal for the "defeat device" to turn the catalytic scrubber up to full power, allowing the car to pass the test.

Stefanopolou believes the emissions testing trick that VW used probably isn't widespread in the automotive industry. Carmakers just don't have many diesels on the road. And now that number may go down even more.

IEEE Spectrum:
http://spectrum.ieee.org/cars-that-think/transportation/advanced-cars/how-professors-caught-vw-cheating

How Engineers at West Virginia University Caught VW Cheating
By Philip E. Ross

Volkswagen, which had just become the biggest-selling automaker in the world, has now been nabbed committing perhaps the biggest corporate cybercrime of all time.

Its diesel cars were found to have cheated systematically on emissions tests run by the United States Environmental Protection Agency (EPA) over the past seven years. When the control system sensed that a test was under way, it would order the engine to ix-nay on the ox-nay—NOx that is, or nitrous oxides—long the bugbear of diesel engines. Later, when the coast was clear, the system would let the NOx pour out at up to 40 times the allowed levels in order to optimize fuel economy.

This dirty trick allowed for a clean getaway for some 482,000 cars under the VW and Audi brand names, including the VW Jetta and the Audi A3. The EPA found out, VW admitted wrongdoing, and it stopped selling the offending vehicles. Its shares lost more than 0ne-fifth of their value in the early hours of the next trading day.

But the guys who found the clues to the crime say they weren't looking for trouble—they were just working under contract to a clean-transportation group that wanted to convince European regulators to adopt stricter emissions standards, as the United States has done.

"We had no cause for suspicion; we thought the vehicles would be clean," John German, of the International Council on Clean Transportation, told Bloomberg news.

The ICCT subcontracted the testing to the University of West Virginia's Center for Alternative Fuels, Engines and Emissions (CAFEE). Its engineers compared emissions measured on a road trip to results from the same cars that their colleagues were getting in the lab. The discrepancies were great.

Dan Corder, head of WVU's Center for Alternative Fuels, Engines, and Emissions (CAFEE)
Some people have mischaracterized what our role was," says Dan Corder, who heads up CAFEE. "Some have used the phrase 'tipped off the EPA.' We didn't."

The engineers from CAFEE reported on these preliminary results in spring of 2014 at the Coordinating Research Council's Real-World Emissions Workshop, which was held in San Diego that year. Corder hastens to add that the results, based as they were on a handful of cars, were preliminary and that they researchers drew no conclusions. According to Corder:

We said, these are two vehicles. We're presenting what we can present. EPA people were in the audience. And the ICCT publicized the results on its website, then delivered them to the EU's Joint Research Center.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 11:31 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia

Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/22/2015

NY Times:
http://www.nytimes.com/2015/09/23/business/international/volkswagen-diesel-car-scandal.html

Volkswagen Says 11 Million Cars Worldwide Are Affected in Diesel Deception
By JACK EWING SEPT. 22, 2015

FRANKFURT — A scandal that has undermined Volkswagen in the United States spread to its core market of Europe on Tuesday, after the company said that 11 million of its diesel cars worldwide were equipped with software that was used to cheat on emissions tests.

Volkswagen did not provide information on where the affected cars are, but the overwhelming majority are probably in Europe, where the company dominates the market and accounts for more than one of every four cars sold.

The German automaker said it was setting aside the equivalent of half a year's profits — 6.5 billion euros, or about $7.3 billion — to cover the cost of fixing the cars to comply with pollution standards and to cover other expenses, which are likely to include fines as well as responses to civil lawsuits from angry customers.

The carmaker's statement was its first admission that diesel cars outside the United States may contain the software that led the Environmental Protection Agency to accuse the company of deliberately evading pollution tests. Previously, Volkswagen had acknowledged only that the problem affected about 500,000 vehicles in the United States.

The tampered vehicles use what is known as Type EA 189 engines, which are 2-liter engines. The company said on Tuesday that "a noticeable deviation between bench-test results and actual road use was established" for the engines.

Volkswagen said it would also make "other efforts to win back the trust of our customers."

The number of cars involved suggests that the scale of the damage to Volkswagen's reputation and its financial standing may be even greater than thought.

Volkswagen shares fell by nearly 18 percent through late-afternoon trading in Frankfurt on Tuesday, after falling by 16 percent on Monday.

The diesel cars were programmed to sense when emissions were being tested and to turn on equipment that reduced emissions, according to United States officials. At other times, the cars had better fuel economy and performance, but produced as much as 40 times the allowed amount of nitrogen oxide, a pollutant that can contribute to respiratory problems including asthma, bronchitis and emphysema.

"Volkswagen is working intensely to eliminate these deviations through technical measures," the company said.

It is not clear, though, how fully Volkswagen might be able to correct the problem on the 11 million vehicles. The company could presumably alter the engines, so that the cars on the road begin actually meeting the required emissions standards. But doing so would probably degrade the vehicles' fuel economy and performance, and might cause the engines to wear out sooner.

The E.P.A. has ordered Volkswagen to recall almost a half-million vehicles sold in the United States from 2009 to 2015. The affected Golf, Passat, Jetta and Beetle cars were equipped with 2-liter diesel engines. Some Audi models also use the same diesel engine.

Volkswagen has halted sales of cars with the engines in the United States.

Reuters:
http://www.reuters.com/article/2015/09/22/us-usa-volkswagen-idUSKCN0RL0II20150922

Volkswagen CEO's days appear numbered as emissions crisis deepens
BERLIN | BY ANDREAS CREMER

Martin Winterkorn's days as head of Volkswagen AG appeared numbered on Tuesday after the German carmaker said a scandal over falsified vehicle emission tests in the United States could affect 11 million of its cars worldwide.

The Tagesspiegel newspaper, citing unidentified sources on Volkswagen's supervisory board, said the board would decide on Friday to replace Winterkorn with Matthias Mueller, the head of the automaker's Porsche sports car business.

A Volkswagen spokesman denied the report. The company later said it would post a video statement by Winterkorn at 1500 GMT. A spokesman for Porsche said Mueller was attending a Volkswagen board meeting at its headquarters in Wolfsburg.

A key Winterkorn ally withheld public support for the under-fire chief executive on Tuesday.

"I don't want to preempt the upcoming intense deliberations and will not comment on details or any consequences," Stephan Weil, head of the German state of Lower Saxony, told reporters in Hanover when asked about Winterkorn's future.

Weil, a supervisory board member representing Volkswagen's second-largest shareholder, earlier this year helped Winterkorn to see off a challenge to his leadership by long-time chairman Ferdinand Piech.

Shares in Europe's biggest carmaker plunged almost 20 percent on Monday after it admitted

using software that deceived U.S. regulators measuring toxic emissions in some of its diesel cars.

The stock tumbled another 20 percent to a four-year low on Tuesday after some countries in Europe and Asia said they would launch investigations themselves.

Volkswagen said it would set aside 6.5 billion euros ($7.3 billion) in its third-quarter accounts to help cover the costs of the biggest scandal in its 78-year-history, blowing a hole in analysts' profit forecasts.

It also warned that sum could rise, adding diesel cars with so-called Type EA 189 engines built into about 11 million Volkswagen models worldwide had shown a "noticeable deviation" in emission levels between testing and road use.

Volkswagen sold 10.1 million cars in the whole of 2014.

The U.S. Environmental Protection Agency (EPA) said on Friday Volkswagen could face penalties of up to $18 billion for cheating emissions tests. The carmaker also faces lawsuits and damage to its reputation that could hit sales, while media reports have said the U.S. Department of Justice has opened a criminal inquiry into the matter.

The crisis has sent shockwaves through Germany, with Chancellor Angela Merkel calling for "complete transparency" from a company long seen as a beacon of the country's engineering excellence, and newspapers putting the blame squarely on Winterkorn.

The 68-year-old was due to have his contract extended at a supervisory board meeting on Friday, but is now facing questions over why the scandal wasn't averted.

Volkswagen, which for several years has been airing U.S. TV commercials lauding its "clean diesel" cars, was challenged by authorities as far back as 2014 over tests showing emissions exceeded California state and U.S. federal limits.

The company attributed the excess emissions to "various technical issues" and "unexpected" real-world conditions.

It wasn't until the EPA and the California Air Resources Board threatened to withhold certification for its 2016 diesel models that Volkswagen in early September admitted its wrongdoing.

"Winterkorn either knew of proceedings in the U.S. or it was not reported to him," Evercore ISI analyst Arndt Ellinghorst said. "In the first instance, he must step down immediately. In the second, one needs to ask why such a far-reaching violation was not reported to the top and then things will get tough too."

Porsche's Mueller was promoted to Volkswagen's executive board on March 1 and was previously its head product strategist. As a management board member of family-owned

Porsche SE, he is also close to the Porsche-Piech clan that has a controlling shareholding in Volkswagen.

"TOTALLY SCREWED UP"

Winterkorn has built Volkswagen into a global powerhouse since he took the helm in 2007, with brands ranging from budget Seats and Skodas to premium Audis and top-end Porsches and Lamborghinis.

But he has also faced criticism for a centralized management style which some analysts say has hampered the company's efforts to address long-standing underperformance in North America.

Workers in Wolfsburg, where Volkswagen employs over 50,000 people, were dismayed by the damage to the company's image. "If Winterkorn knew of the manipulation, then he must go," said one staffer who works at the plant's human resources department.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 10:57 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

LA Times:
http://www.latimes.com/business/autos/la-fi-vw-subsidies-20150922-story.html

U.S. taxpayers duped into shelling out $51 million in green subsidies for 'clean' VW vehicles
By JERRY HIRSCH

The federal government paid out as much as $51 million in green car subsidies for Volkswagen diesel vehicles based on falsified pollution test results, according to a Times analysis of the federal incentives.

On Friday, federal and state regulators said the German automaker used software in 482,000 of its diesel vehicles since the 2009 model year to cheat on U.S. emissions tests. Environmental Protection Agency officials said Monday that the U.S. Department of Justice is also investigating.

The Times analysis matched Internal Revenue Service data with Volkswagen sales figures to determine the value of subsidies VW diesel buyers were eligible to collect in 2009, the first and only year the vehicles qualified. The $1,300 tax credit would have been available to buyers of about 39,500 Jetta and Jetta Sportwagen models that sold that year, according to Motor Intelligence, an industry research firm.

"It is really unfortunate," said Luke Tonachel, director of clean vehicles and fuels project at the Natural Resources Defense Council. "The government has been effective to help advance clean technologies, but it is a waste of taxpayer dollars when they aren't actually helping to clean the environment."

He said regulators should factor in the $51 million in subsidies when determining penalties for Volkswagen's Clean Air Act violations.

Such green car incentives have also gone to buyers of hybrid, electric and hydrogen fuel cell cars. But the EPA does not track aggregate figures for incentives paid out to buyers of specific models or brands.

The Volkswagen diesels qualified for the federal incentives in the same year the automaker first installed the software trick it used to cheat on emissions tests. The so-called defeat device employed an algorithm that automatically detects when the vehicle is undergoing pollution tests and changes the way the engine performs.

The algorithm senses whether the car is in a testing environment by analyzing a variety of data — steering position, speed, duration of engine operation and barometric pressure.

Away from the laboratory, during everyday driving, the cars emit up to 40 times the legally allowed amount of nitrogen oxide, environmental officials said.

The Environmental Protection Agency and the California Air Resources Board discovered the software. The EPA said Monday it will coordinate with federal prosecutors on further enforcement and penalties.

How Volkswagen cheated on emissions rules
Autos editor Brian Thevenot explains how Volkswagen used a software trick to hide illegal pollution levels in half a million diesel cars.

"Determinations regarding potential penalties and other remedies will be assessed as part of the investigation EPA has opened in conjunction with the U.S. Department of Justice," said EPA spokeswoman Liz Purchia.

The Justice Department has lately taken on a leading role in major investigations of automakers, usually leveraging the threat of criminal charges to exact huge fines.

Last week, General Motors agreed to pay a $900-million fine to settle an investigation into why it did not promptly recall cars with a defective ignition switch that has led to crashes causing 124 deaths. Last year Toyota signed a $1.2-billion settlement and admitted to deceiving regulators about deadly safety defects that allegedly caused unintended sudden-acceleration incidents.

No individuals were charged in the GM and Toyota probes.

"This might be the perfect case for Department of Justice to come down on the criminal side against individuals and not just the company," said Carl Tobias, a University of Richmond law professor. "Someone had to do the computer programming. Someone had to OK this, and all in what is known as an autocratic, top-down company."

The German automaker admitted installing the software after it was confronted by regulators. In a statement Sunday, VW Chief Executive Martin Winterkorn said, "I personally am deeply sorry that we have broken the trust of our customers and the public."

Winterkorn said the automaker "will cooperate fully with the responsible agencies, with transparency and urgency, to clearly, openly and completely establish all of the facts of this case."

He said VW has also ordered an external investigation into the matter, pledging to "do everything necessary in order to reverse the damage this has caused."

Volkswagen declined to comment on the Times analysis of its revenue from the federal Alternative Motor Vehicle Credit.

Volkswagen shares fell $33.89, or 18.5%, to close Monday at $149.68.

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This was the second time Volkswagen has been charged with using devices to evade U.S. emission-control rules.

In 1974, the automaker paid a $120,000 fine to settle EPA charges that it gamed pollution control systems in four models by changing carburetor settings and shutting off an emissions-control system at low temperatures. VW didn't admit guilt but pledged management changes to ensure future compliance with EPA regulations.

This time the monetary damage could be much greater.

The automaker will have to recall all the vehicles and modify the emissions systems at its own expense, regulators said. Additionally it could face a fine of as much as $18 billion, or $37,500 per car. And for now it has suspended sales of thousands of new and used diesel models sitting on dealer lots — cars that are depreciating rapidly while the automaker develops a fix for the emissions system.

The affected diesel models are Jetta (model years 2009-15), Beetle (2009-15), Audi A3 (2009-15), Golf (2009-15) and Passat (2012-15).

Volkswagen also will face civil lawsuits on two fronts, including consumer fraud cases and class-action litigation for what is called a "diminished value" lawsuit. The vehicles are likely to lose some of their resale value because of the problem.

The Volkswagen case breaks new ground for how corporations can make "end runs" around legal requirements, said Ryan Calo, a University of Washington professor and expert in robotics and autonomous systems law and policy.

A company, for example, might learn of an inspection at a construction site and then make sure that workers wear helmets or it might clean a food plant thoroughly before a scheduled review even if it doesn't operate that way all the time.

"But this is encoded," Calo said. "I bet that it happens elsewhere but it is rare we detect it because we typically don't go through the code. There could be many examples in everyday things."

The VW issue demonstrates why regulators need more technical expertise, including a federal robotics commission, he said.

"We need experts in a centralized place whether the issues are drones, driverless cars or things like the VW example," Calo said.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 10:34 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

WSJ:
http://www.wsj.com/articles/epa-is-upping-its-game-after-volkswagen-allegations-1442929373

EPA is 'Upping its Game' After Volkswagen Allegations
Top administrator is pleased with auto maker's 'aggressive stance' on tackling problem
By JEFFREY SPARSHOTT
Sept. 22, 2015 9:42 a.m. ET

WASHINGTON—The top official at the Environmental Protection Agency said the agency is "upping its game" in the search for possible violations of U.S. pollution rules following allegations that Volkswagen AG circumvented emissions standards.

"We are not going to sit around and worry about whether others have it, we are going to find it," Gina McCarthy said at a Wall Street Journal breakfast Tuesday. "Right now, we are upping our game in terms of going out and doing work to take a look at what we need to do with other vehicles."

The EPA last week accused Volkswagen of dodging air-pollution rules on nearly half a million cars sold in the U.S. The German company has since halted American sales of the diesel-powered cars at issue and apologized for violating customers' trust.

Volkswagen allegedly used software, dubbed a "defeat device," in the cars to make diesel-powered engines appear to have lower levels of emissions than they actually did. About 482,000 Volkswagen diesel-powered cars sold in the U.S. since 2008 were affected.

Ms. McCarthy said the alleged violation was difficult to detect, but she is "pleased Volkswagen is taking such an aggressive stance on admitting the problem and attacking it."

"I think we have to be concerned whether there are other defeat devices out there that we have not been able to detect," she said. But the auto industry is well aware of the pollution rules and has been working to comply.

"I think it will be very difficult for Volkswagen at this point to be looked at as nothing other than an outlier," Ms. McCarthy said.

Detroit Free Press:
http://www.freep.com/story/news/2015/09/21/us-house-panel-hold-hearing-vw/72583066/

Congress to hold hearing on VW air emissions violation
Todd Spangler and Nathan Bomey, Detroit Free Press and USA Today 8:15 p.m. EDT September 21, 2015

WASHINGTON — Congressional investigators will hold a hearing in the coming weeks to take testimony on allegations raised by the U.S. Environmental Protection Agency that Volkswagen sold hundreds of thousands of diesel-powered vehicles with software to get around air emission limits.

U.S. Rep. Fred Upton, who chairs the House Energy and Commerce Committee, said Monday that the committee's Oversight and Investigations Subcommittee will look into the EPA's allegations, which were first raised Friday. VW's stock value plunged Monday in the aftermath of the revelations, which could affect some 500,000 vehicles and potentially result in fines totaling as much as $18 billion.

Volkswagen's CEO said he was "deeply sorry" for violating U.S. emissions standards and on Sunday ordered an external investigation, two days after the EPA accused the automaker of purposefully manipulating emissions tests for almost 500,000 vehicles.

The German automaker ordered its U.S. dealerships to stop selling cars impacted by the probe until its engineers can deliver a fix.

A date was not set for the congressional hearing but Energy and Commerce staff said it would come within the next several weeks.

"Strong emissions standards are in place for the benefit of public health," Upton, R-St. Joseph, and subcommittee Chairman Tim Murphy, R-Pa., said in a joint statement. "We will

follow the facts. We are ... concerned that auto consumers may have been deceived — that what they were purchasing did not come as advertised."

As the Free Press reported Friday, the EPA and the state of California accused VW of violating the Clean Air Act by using software in some 482,000 diesel-powered vehicles that could detect when the car was undergoing official emissions testing and turn full emissions controls on only during the test. The effectiveness of pollution control equipment was reduced otherwise.

EPA's violation notice covered model year 2009-15 Jettas, Beetles, Audi A3s and Golfs and model year 2014-15 Passats.

As a result, Volkswagen had a hand in potentially exposing people to harmful pollutants at levels 40 times the acceptable standard and that could exacerbate respiratory conditions such as asthma, the EPA charges.

"I personally am deeply sorry that we have broken the trust of our customers and the public," Martin Winterkorn, Volkswagen's CEO, said in a statement. "We will cooperate fully with the responsible agencies, with transparency and urgency, to clearly, openly and completely establish all of the facts of this case."

"We do not and will not tolerate violations of any kind of our internal rules or of the law," Winterkorn said. The company's board takes the allegations "very seriously," he said.

The violations could expose Volkswagen — the world's largest vehicle manufacturer through the first six months of 2015 — to up to $18 billion in federal fines if the EPA assesses the maximum possible penalty of $37,500 per vehicle.

The violations could invite charges of false marketing by regulators, a vehicle recall and payment to car owners, either voluntarily or through lawsuits. Volkswagen advertised the cars under the "Clean Diesel" moniker.

The state of California is investigating the emissions violations.

The EPA accused the German automaker of adopting what it called a "defeat device" to trick U.S. regulators into believing its cars met Clean Air Act standards for nitrogen oxides. Volkswagen admitted to investigators it had installed the defeat device, the EPA said.

Volkswagen told dealers they cannot sell the 4-cylinder diesel versions of those cars until a fix is available, Volkswagen spokesman Mario Guerreiro said Sunday.

The sales halt could put a significant dent in the company's September sales performance. About 20% of Volkswagen's vehicle sales are diesel engines, said AutoPacific analyst Dave Sullivan.

"It totally goes against all of the marketing they have had of a clean diesel," Sullivan said of

the violations. "That's one of the biggest selling points for Volkswagen."

"The trust of our customers and the public is and continues to be our most important asset," Winterkorn said Sunday. "We at Volkswagen will do everything that must be done in order to re-establish the trust that so many people have placed in us, and we will do everything necessary in order to reverse the damage this has caused. This matter has first priority for me, personally, and for our entire Board of Management."

Chicago Tribune:
http://www.chicagotribune.com/business/ct-volkswagen-owners-0921-biz-20150921-story.html

Volkswagen owners should be nervous about emissions scandal, experts say
Becky Yerak and Gregory Karp

Volkswagen hit with class-action suit over emissions cheating.
Automobile recalls, even huge, highly publicized ones, typically don't hurt new or used car sales, but the Volkswagen scandal involving tricking emissions testers is different and could be cause for worry among VW diesel vehicle owners, experts say.

At least one class-action lawsuit has already been filed on behalf of Volkswagen and Audi owners. It claims fraud and breach of contract, citing the "diminished value" of the nearly 500,000 recalled diesel vehicles, which usually sell for a premium price over their gasoline counterparts. Specifically, after recalled Volkswagen diesels are fixed, the cars might have degraded horsepower and fuel efficiency, the suit says.

The EPA says Volkswagen violated the federal Clean Air Act by installing "defeat devices" — software programmed to switch engines to a cleaner mode during official emissions testing. The software then switches off again, enabling cars to emit as much as 40 times the legal limit of pollutants during normal driving.

Volkswagen marketed the diesel-powered cars as being better for the environment. The affected diesel cars, according to the EPA's letter to Volkswagen on Friday, include: Jetta, 2009 to 2015; Jetta SportWagen TDI, 2009 to 2014; Beetle, 2012 to 2015; Beetle Convertible, 2013 to 2015; Audi A3, 2010 to 2015; Golf, 2010 to 2015; Golf SportWagen TDI, 2015; and Passat, 2012 to 2015.

Consumer Reports called the Volkswagen scandal "outrageous" and a violation of law.

"Volkswagen was ripping off the consumer and hurting the environment at the same time," said Ellen Bloom, senior director of federal policy for Consumers Union, the policy and advocacy arm of Consumer Reports.

The EPA has ordered VW to fix the cars at its own expense but said car owners do not need to take any immediate action. The EPA insisted that the violations do not pose any safety

hazard and said cars on the road remain legal to drive. Volkswagen has ordered a stop to sales of new and used TDI cars in stock.

The EPA said, however, that the cars pose a threat to public health. The agency said the carmaker could be fined more than $18 billion.

The automaker is also part of a criminal probe by the U.S. Justice Department, unnamed sources told The Associated Press and Bloomberg News.

In the Chicago region, Volkswagen dealerships were not responding to inquiries Monday, except one that said it hadn't heard from any consumers about the issue and expressed confidence the problem would be taken care of.

For consumers, whether diesel Volkswagens from seven model years will really have less value is an open question.

During recent high-profile recalls by GM, Toyota and Honda, there has been very little, if any, impact on sales, said officials from Kelley Blue Book, Black Book and Edmunds.

"With so many recalls in the news, they easily become white noise for a lot of consumers, and they don't appear to have much of an influence on shopping decisions," according to Edmunds.com.

Even when there's intense media coverage, the impact on resale value is "fleeting," as with the Toyota recall for accelerators that would stick, said Eric Ibara, a senior analyst with Kelley Blue Book. "It lasted for maybe six or eight months, and their resale values popped back to where they normally were.

Still, the Volkswagen recall is different.

First, it doesn't involve a safety issue but more a breach of public trust. "The impact on that could be longer-lasting," Ibara said. "Our concern is their image is tarnished ... I imagine if you own a Volkswagen, you're reading the coverage of what they've done."

Indeed, when a car is recalled for a safety reason, the recall could actually improve goodwill with the customer, said Anil Goyal, vice president of Automotive Valuation and Analytics for Black Book.

Another concern for current owners is how the resale values will react when Volkswagen eventually restarts selling the diesel models now sitting idle on lots after it stopped selling. "If they show up with higher incentive levels, that certainly impacts the used-car values," Ibara said.

In other words, if VW chooses to get rid of that inventory by offering great incentives and significantly lowering diesel car prices, demand for used cars would drop along with their prices.

Volkswagen offers some of the least expensive diesel models and in recent years had been a market leader in that segment of the vehicle market, said John Voelcker, editor of GreenCarReports.com. "Diesels in this country have mostly been confined to trucks," Voelcker said. "VW was the only volume maker of diesel cars."

According to Edmunds, VW and Audi account for 17 of 44 vehicle models that offer diesel engines, or 39 percent.

Diesel vehicles fetch a premium price both in the new and used markets. The premium price paid by new-car buyers for the diesel version of the recalled cars varies from $1,000 to almost $7,000, according to list prices.

In a quick analysis by Swapalease.com, a 3-year-old base model Volkswagen Golf using gasoline sold for 51 percent of its original value, while a diesel sold for 57 percent, said Scot Hall, executive vice president of operations for Swapalease.com. "That's a significant difference," he said.

It's an open question whether the VW diesels, which have TDI as part of the name for turbocharged direct injection, will retain the premium over their gasoline counterparts, Ibara said. "It would not surprise me if they drop a little bit, but I do not expect the premium to entirely disappear."

What fix Volkswagen will employ is unclear, whether it's a software solution or some physical repair or retrofit. It may just restate the fuel economy to be lower on diesels — maybe 3 to 5 mpg — and then be faced with offering some compensation to owners, Ibara said.

So far, it's difficult to say for sure that a fix would hurt the vehicle's fuel mileage, performance or reliability. But some current owners are expecting that, Hall said.

Hall said there's talk that some Volkswagen owners would avoid the fix because they prefer more power, better performance and greater fuel economy and care less about the emissions.

Consumer Reports said that, as a result of the scandal, it has suspended its "recommended" rating of two VW vehicles, the Jetta diesel and Passat diesel, until it can retest the cars with the recall repair performed. It said it will also assess whether the repair hurts performance or fuel economy.

The potential downgrade in performance was also mentioned in the class-action lawsuit,

filed on behalf of David Fiol, a California resident and 2012 VW Jetta SportWagen TDI owner. He seeks class-action status both nationally and in California, for unspecified punitive damages and legal fees, among other things.

Fiol, in his lawsuit, mentions "future additional fuel costs" and the "diminished value" of his vehicle, despite the recall.

Volkswagen won't be able to make the vehicles "comply with emissions standards without substantially degrading their performance characteristics, including their horsepower and their efficiency," the lawsuit said. "As a result, even if Volkswagen is able to make" plaintiffs' vehicles EPA compliant, the owners "will nonetheless suffer actual harm and damages because their vehicles will no longer perform as they did when purchased and as advertised."

Volkswagen didn't immediately respond to a request for comment about the lawsuit, filed last Friday by Seattle law firm Hagens Berman Sobol Shapiro in a U.S. District Court in the Northern District of California.

In Illinois, diesel vehicles like the VWs in question don't require emissions inspections like gasoline models, so the flap won't affect owners in that way, according to a spokeswoman for the Illinois Environmental Protection Agency.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 10:12 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

NY Times:
http://www.nytimes.com/2015/09/22/business/it-took-epa-pressure-to-get-vw-to-admit-fault.html?_r=0

It Took E.P.A. Pressure to Get VW to Admit Fault
By BILL VLASIC and AARON M. KESSLER SEPT. 21, 2015

Volkswagen executives told environmental regulators for more than a year that discrepancies between pollution tests on its diesel cars and the starkly higher levels out on the road were a technical error, not a deliberate attempt to deceive Washington officials.

But this month, the executives made a startling admission: The diesel vehicles it sold in the United States used software meant to cheat on the tests.

VW made the admission only when the Environmental Protection Agency took the extraordinary action of threatening to withhold approval for the company's 2016 Volkswagen and Audi diesel models, according to letters sent to company officials by the E.P.A. and California regulators.

Since that deception became public on Friday, Volkswagen has scrambled to conduct

damage control. The chief executive apologized and the company said it would stop selling diesel-powered cars from the 2015 and 2016 model years.

All this was possible because environmental regulators had tools and powers at their disposal that another area of enforcement — auto safety regulation — does not have, despite the efforts of lawmakers, consumer advocates and, more recently, auto safety regulators themselves. Often, the auto industry has beaten back more stringent laws.

The National Highway Traffic Safety Administration, for example, can impose a maximum penalty of $35 million on an automaker that flouts safety regulations — a relatively low sum for a company like General Motors, which last year paid such a fine for a defect that has now been linked to at least 124 deaths.

By contrast, under the Clean Air Act, Volkswagen, the world's largest automaker, could be fined as much as $37,500 for each recalled vehicle, for a possible total penalty of as much as $18 billion.

"The Clean Air Act statutory scheme gives E.P.A. more power and flexibility to move more quickly than N.H.T.S.A.," said Carl Tobias, a law professor at the University of Richmond, who has studied the government's response to auto safety issues. "E.P.A. also seems more tough-minded and savvy about how to be effective in this arena."

Still, the time it takes to investigate auto companies is often extensive, and getting the facts can be a challenge. "Even E.P.A. took a year to finally crack this case open," he said.

Beyond the E.P.A., the government has other tools at its disposal when it comes to enforcing environmental regulation.

As G.M. did, Volkswagen now faces a criminal investigation by the Justice Department, according to a person briefed on the inquiry. It is being conducted, though, by the department's Environment and Natural Resources Division, which is devoted to violations of environmental law. "Nearly one-half of the division's lawyers bring cases against those who violate the nation's civil and criminal pollution-control laws," the department's website says.

And on Monday, a subcommittee of the House Energy and Commerce Committee said it would hold a hearing on the issue.

It's only part of the pressure being applied to Volkswagen. An official with the Environmental Protection Agency said that discussions are continuing with Volkswagen, as the company grapples with how to handle a recall of the affected vehicles.

"We still have many questions for the company," said Christopher Grundler, head of the agency's transportation office. "It's the responsibility of Volkswagen and Audi to prepare a remedy for these vehicles."

There is no timetable for Volkswagen to submit a comprehensive plan to recall and fix the affected vehicles. But government officials are urging the company to take action quickly — both on developing a fix for the cars and starting a campaign to educate consumers on the problem.

"This does not happen immediately," Mr. Grundler said. "And we've been trying to be clear with the consumers that their vehicles are safe and they don't have to do anything right now." The assessment of fines for the violations will also not happen immediately. "That is down the road," he said.

"But we feel a sense of urgency to address the emissions of these vehicles that are already on the road."

A Volkswagen spokesman, John Schilling, said the automaker was "committed to fixing this issue as soon as possible" and to developing "a remedy that meets emissions standards and satisfies our loyal and valued customers."

Even with the looming punishment, the company almost got away with it. In fact, it most likely would have if not for a strange twist of fate and the curiosity of several auto researchers.

Two years ago, the International Council on Clean Transportation, a nonprofit environmental group staffed by a number of former E.P.A. officials, had been testing the real-world performance of so-called clean diesel cars in Europe, and were less than impressed with the emissions results.

The group decided it would test diesel-powered cars in the United States, where regulations were much more strict, as a way of almost shaming the European automakers to tighten their compliance. The group fully expected the American cars to do well, and run cleaner than their counterparts across the pond.

What they could not have foreseen was that they would stumble onto one of the biggest frauds in recent automotive history.

Further, on the campus of West Virginia University, a group of emissions researchers who mainly dealt with heavy trucks noticed an unusual posting by the transportation council, which was looking for a partner to test diesel-powered cars.

"No one had done that before in the U.S.," said Arvind Thiruvengadam, a professor at the university. "It sounded very interesting, to test light-duty diesel vehicles in real-world conditions. We looked around at each other said, 'Let's do it.' "

The university's team bid on the project and got the contract. Mr. Thiruvengadam and his colleagues never envisioned where it would lead. "We certainly didn't have an aim of catching a manufacturer cheating," he said. "It didn't even cross our minds."

The study also did not target Volkswagen specifically. It was something of a fluke, he said, that two out of three diesel vehicles bought for the testing were VWs.

It did not take long for suspicions to set in. The West Virginia researchers were well-versed in diesel performance on real roads, and had certain expectations for how the test cars should ebb and flow in their emissions. But the two Volkswagens behaved strangely.

"If you're idling in traffic for three hours in L.A. traffic, we know a car is not in its sweet spot for good emissions results," Mr. Thiruvengadam said. "But when you're going at highway speed at 70 miles an hour, everything should really work properly. The emissions should come down. But the Volkswagens didn't come down."

Even then, however, it is difficult for most researchers to be sure exactly what is going on. There are so many factors involved in real-world driving — speed, temperature, topography, braking habits. It is not unheard-of for cars to perform much differently in on-the-road tests than one expected.

But this time there was a key difference: The California Air Resources Board heard about the groups' tests and signed on to participate. The regulators tested the same vehicles in their specially equipped lab used to judge cars' compliance with state emissions standards. That gave the project what most studies lacked: a baseline.

"That broke loose everything," Mr. Thiruvengadam said.

In the lab, the two VWs performed flawlessly. But when they were taken out on the roads in California, they were belching out levels of nitrogen oxide that were 30 to 40 times higher than the regulatory standards. Even the heavy-duty trucks the researchers had tested had never performed that poorly by comparison.

"It just didn't make sense," said John German, one of the leaders on the project at the transportation council. "That was the real red flag for us."

Forbes:
http://www.forbes.com/sites/maggiemcgrath/2015/09/22/goldman-chief-lloyd-blankfein-discloses-highly-curable-cancer/

Volkswagen Credit Spreads Soar After EPA Charges Co. With Evading Pollution Controls
John Atkins, CONTRIBUTOR

Credit spreads referencing German automaker Volkswagen widened sharply today after the U.S. Environmental Protection Agency on Friday charged the company with evading government pollution controls through software designed to allow diesel models to meet clean-air standards, but only during official emissions testing. The government demand for recalls affects roughly 500,000 vehicles.

Volkswagen five-year CDS costs increased 80% today, rising 60 bps to the 135 bps area, or a high since 2012, trade data show. The 2.45% notes due Nov. 20, 2019 issued by subsidiary Volkswagen Group of America Finance last November, at T+85, changed hands today as much as 77 bps wider on the session, reaching at G-spread equivalents as wide as T+180, according to MarketAxess.

Credit analysts today noted the significant potential risks to VW's credit standing and reputation. "VW's operating margins have lagged peers (BMW, Daimler) for some time, and the automaker has cited encouraging U.S. vehicle sales in the context of its 2015 revenue and profit outlook," stated FTN Financial senior credit strategist Benjamin Millard in a credit note.

While it acknowledged uncertainties regarding the impact of the scandal on Volkswagen's brand image and reputation – and terming the development a "crisis" for VW – Fitch today said the scandal is unlikely to trigger an immediate downgrade of Volkswagen's A rating, even though Volkswagen reportedly faces a maximum penalty of $18 billion as well as any costs related to a recall effort.

"We believe the fine is unlikely to amount to the theoretical maximum amount of USD37,500 per car, although there have been only very few precedents of such cases and associated fines. In addition, the group's financial structure is sound and its free cash flow (FCF) generation extremely robust," Fitch stated today.

The outlooks on the respective A/A2 ratings at S&P and Moody's are currently stable, through S&P warned as recently as Sept. 7 that stricter carbon rules were fueling high capital spending demands on Europe's carmakers.

TIME:
http://time.com/money/4042745/volkswagen-epa-diesel-scandal/

The Volkswagen Diesel Emissions Scandal, By the Numbers
Ethan Wolff-Mann @ewolffmann Sept. 21, 2015

VW is accused of faking pollution tests on a grand scale.

Last week, the EPA accused Volkswagen of deliberately falsifying tests of its diesel engine cars so that the vehicles would pass anti-pollution standards. A massive recall of nearly half a million Volkswagen diesel cars was ordered, causing a major stir in the industry—and especially among VW owners who had been drawn to the vehicles because of the automaker's "clean diesel" claims.

Let's look at the situation by the numbers.

482,000 Diesel cars affected, which include TDI Jettas, Beetles, Golfs, and Audi A3s from 2009-15 and Passats from 2014-15.

$37,500 Fine per vehicle that the German automaker could face in the U.S.

$18 billion Possible total penalties faced by Volkswagen, and that figure doesn't include fixing the recalled cars.

40 Times over the legal limit of certain types of pollution emitted by the vehicles, including nitrogen oxide—which can cause respiratory problems.

$6,855 Premium that buyers were paying for Passat TDI cars over standard gasoline versions.

-20% The hit Volkswagen stock has taken since the scandal.

12 Number of months Volkswagen has been denying cheating on the emissions test.

2017 When Volkswagen may sell diesel cars again in the U.S., now that sales have been halted.

2.0 Liter 4-cylinder engines affected. Larger diesel engines used in SUVs don't have the software at the center of the controversy.

$0 Current resale value of affected cars in California, because the cars were sold as "non-compliant" (and therefore cannot be resold).

14.28% Of affected cars that are registered in California

23 Percentage of Volkwagens sold in August that were diesels.

Automotive News:
http://www.autonews.com/article/20150921/OEM11/150929980/vws-diesel-sales-frozen-until-compliance-is-proven-epa-official-says

VW's diesel sales frozen until compliance is proven, EPA official says
Fix must be approved before recall can begin
Chris Grundler: "It will take more work to determine what the appropriate remedy for these vehicles is."
By Ryan Beene

WASHINGTON -- With its diesel car lineup grounded by an emissions-test cheating scandal, Volkswagen now bears the burden of proving that these vehicles comply with federal emissions standards, the EPA's top auto regulator said.

Until then, said Chris Grundler, director of the EPA's Office of Transportation Air Quality, no sales.

Meanwhile, Grundler said, the EPA and California regulators are now probing all light-duty diesel vehicles in the U.S. market from all manufacturers to check for illegal software designed to fool U.S. emissions tests.

U.S. regulators accused VW on Friday of violating the Clean Air Act by selling 482,000 diesel-powered vehicles with such illegal software. The agency said the company admitted to fitting seven model years' worth of diesel cars with the softwared -- termed a "defeat device" -- that would activate the cars' emission controls during testing, but deactivate them in real-world driving.

In order to be able to resume sales of diesels, Grundler said, VW has to engineer a fix to bring those vehicles into compliance, and receive EPA approval before a recall can commence. It's not clear yet whether that fix will consist of a change to the engine's emission control software or more substantial engineering changes to vehicle hardware, Grundler said.

According to the EPA's website, it could take up to one year to identify "corrective actions," develop a recall plan and issue recall notices. But Grundler declined to discuss a specific timetable.

"Until we gather that information and are convinced ... we're not going to go forward with the recall," Grundler said. "It will take more work to determine what the appropriate remedy for these vehicles is."

Capitol Hill
U.S. lawmakers want more answers, too.

Republican leaders of the House Energy and Commerce Committee today announced plans to hold a hearing on the VW emissions scandal in the near future. The hearing will be held before the panel's Oversight and Investigations Subcommittee, though no date has been set.

"We will follow the facts. We are also concerned that auto consumers may have been deceived – that what they were purchasing did not come as advertised," U.S. Reps. Fred Upton, R-Mich., and chairman of the Energy and Commerce Committee and Tim Murphy, R-Pa., chairman of the investigations subcommittee, said in a joint statement.

"The American people deserve answers and assurances that this will not happen again. We intend to get those answers."

Also in Washington, the White House said today it was "quite concerned" about reports it was seeing concerning VW's conduct in complying with U.S. Clean Air Act requirements.

"It's fair to say that we're quite concerned by some of the reports that we've seen about the conduct of this particular company, but ultimately this is the responsibility of the EPA to take a look at it and that's exactly what they're doing," said White House spokesman Josh

Earnest.

California questions
VW will also have to convince the EPA and California's Air Resources Board that its 2016 model year diesel vehicles will comply with emissions standards and are free of any illegal software, Grundler said. Until then, the agency will continue to withhold the emission certifications needed to begin sales of those models, which are currently being withheld from dealers.

The sales suspensions are a blow to Volkswagen, which counts on diesels for more than one-fifth of the VW brand's sales volume, and has touted its "clean diesel" technology as a key differentiator in the marketplace.

"We've been working with the company for a long time trying to get answers and it wasn't until very recently that VW admitted that these vehicles contained software designed to defeat the emissions standards," Grundler said. "We want to make sure that 2016 model vehicles don't operate the same way."

Popular Mechanics:
http://www.popularmechanics.com/cars/a17430/ezra-dyer-volkswagen-diesel-controversy/

This VW Diesel Scandal Is Much Worse Than a Recall
This isn't cost-cutting. This is outright cynical deceit.
By Ezra Dyer

Most of the time, media test cars are distinguished only by a license plate that might bear a discreet "manufacturer" tag. Audi diesels, though, are a different matter. Whether a Q7 or an A3, the diesel press cars from Audi (which is part of the Volkswagen group) always bear towering "TDI Clean Diesel" decals across their flanks. I guess the theory is that when the cars are out on the road they're serving double duty as billboards, spreading the gospel about the Volkswagen group's engineering prowess.

A few years ago I bought a nasty Ford F350 diesel for an engine swap, and I parked it next to an Audi A3 and took a few shots to capture the juxtaposition: truck from the dirty diesel past, Audi harkening to the clean-burning future. That certainly looks ironic today.

If you're not up to speed on Volkswagen's shenanigans, you can catch up here. Suffice to say that it seems the A3's sanctimonious TDI Clean Diesel stickers were relevant only when the cars were actually undergoing an EPA emissions test. Out in the real world, 2.0-liter Volkswagens and Audis were as much as 40 times above the legal emissions limit for nitrogen oxides (NOx). According to the EPA, about 482,000 four-cylinder Volkswagens and Audis built since 2009 included what the agency defines as a "defeat device," which is really just software that detects an emissions test and "turns full emissions controls on only during the test." The cheater software was discovered by researchers at West Virginia University who were trying to document the cleanliness of modern diesels. Volkswagen

surely wishes they hadn't bothered.

The revelation of this emissions subterfuge answers at least two questions about VW's mighty little diesel. The first concerns urea injection, which every other modern diesel uses to pass emissions tests. The urea-injection systems help to neutralize NOx emissions, but they also add weight and cost to the car, and saddle car buyers with yet another tank of liquid that must be monitored. If you run out of this diesel exhaust fluid, it's like running out of fuel—on trucks with such systems, running dry on urea triggers a severe limp-home mode with a 5 mph speed limiter. That's how seriously the EPA takes NOx.

Everyone wondered how VW met emissions standards while foregoing urea injection. As it turns out, they didn't. It wasn't magical German engineering. Just plain old fraud.

The second question concerned fuel economy. It's been widely noted that four-cylinder TDIs tend to smash their EPA fuel economy estimates in real-world driving. The last TDI Jetta SportWagen I drove was rated at 42 mpg highway, but on 60-mph two-lane roads I averaged more like 50 mpg. That's a huge difference. Did running non-compliant emissions improve fuel economy? That's possible. And if so, that raises an interesting question: When the cheater VWs emitted too much NOx, were they also emitting a lot less CO2 thanks to improved economy? Maybe the good doesn't offset the bad, but it's something to consider. You can bet that VW's lawyers will.

THE INTENTIONALITY BEHIND THE DECEIT MAKES THIS SITUATION DIFFERENT FROM EVEN A HUGE-SCALE RECALL.

So, how is Volkswagen going to fix this? Putting aside the inevitable fines, possible criminal charges, and massive public disgrace, there are half a million cars running an emissions setup that never should've left the factory. And there's no quick fix to make up for VW's lies.

All the other carmakers control diesel emissions by spraying a urea solution into the exhaust stream, where a catalyst converts it to ammonia. The ammonia breaks down NOx into nitrogen and water. If all of that sounds like it would be tough to bolt right in, you're correct. Maybe VW can meet the standards without adding equipment—say, by tweaking the engine control unit (ECU) with a different tuning. But what if that new tuning meets the emissions standards but sacrifices performance or fuel economy? Now you've got 482,000 customers on a class action lawsuit.

There's no easy way out of this, but they'd better figure something out, and pronto. Right now dealers are banned from selling 2.0-liter TDIs, which make up about a quarter of VW's U.S. sales. News of the scandal caused VW to lose about a quarter of its market value, indicating that investors understand how bad this is. There's no cheap fix nor easy settlement here.

The intentionality behind the deceit makes this situation different from even a huge-scale recall. This isn't a story about a part that was made one cent cheaper than it should've been, where a car company cut a corner to save a little cash. It's about a huge corporation eying

the rulebook and deciding there's a competitive advantage in violating the Clean Air Act. Incompetence is one thing, but calculated mendacity is quite another.

It's too bad. That Golf SportWagen TDI is a punchy, fun car. It's got great fuel economy, tons of torque and a bargain price. But when something seems a little too good to be true, maybe that's because it is.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 4:33 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

Chicago Tribune:
http://www.chicagotribune.com/business/columnists/ct-rosenthal-vw-emissions-0922-biz-20150921-column.html

VW comes clean on dark heart of its diesel cars. Can it clear the air?
Phil Rosenthal

Seems VW fought diesel wars with smoke and mirrors, mostly smoke. What the fahrvergnügen?!
Volkswagen called it clean diesel. Clean like Lance Armstrong. Clean like the Chicago River.

Seriously, what the fahrvergnügen?!

VW has admitted to the Environmental Protection Agency that hundreds of thousands of its diesel cars have been using what is literally a killer app.

The software allowed the vehicles to sail through U.S. emissions tests while reportedly spewing 10 to 40 times the level of certain pollutants as allowed in ordinary use.

It's been smoke and mirrors — mostly smoke — for the last seven model years.

We're talking about 2009, 2010, 2011, 2012, 2013, 2014 and 2015 VW Golfs, Jettas and Beetles, along with Audi A3s, equipped four-cylinder, 2.0-liter turbodiesel engines. Oh, almost forgot the 2012-15 Passats.

That's nearly half-a-million vehicles in all, belching nitrogen oxide to preserve mileage ratings and performance no other carmaker could seem to match, thanks to emissions control systems programmed to operate only when testing protocols were detected.

So we get more smog and ozone and poisons tied to a litany of health problems, such as asthma attacks and other respiratory diseases, along with premature death. VW gets more

car sales.

Score one for German engineering and systematic subterfuge, trading our health for its profits.

Apparently the EPA was first tipped to VW's plot when discrepancies showed up in independent testing. But it seems like precisely the sort of thing James Bond is told of when strapped to a nuclear missile about to launch.

The word diabolical comes to mind.

So does evil.

One pictures even C. Montgomery Burns, king of the corner-cutters on "The Simpsons," looking askance. And we don't know yet if VW is the only offender.

The auto industry isn't overburdened by high expectations, particularly in the last 12 months or so.

General Motors last week agreed to a $900 million settlement to end a criminal investigation into its failure to disclose a deadly ignition defect.

Toyota last year agreed to a $1.2 billion penalty for withholding information about its vehicles' unintended acceleration linked to other fatalities.

Takata, it's been revealed, knew of dangerous, potentially fatal defects in its airbags long before alerting federal regulators, leading to the recall of millions of Honda, Toyota, Chrysler, Subaru, GM, Mitsubishi, BMW, Mazda, Nissan and Ford vehicles.

Yet, as Automotive News noted, "Compared with other run-ins between the EPA and automakers, VW's alleged violation stands out in its brazenness."

This takes that kind of amoral corporate behavior to a whole other threat level.

VW didn't just conceal something it discovered endangering people. It created technology for the specific purpose of allowing it to benefit from endangering people.

Even if you're one of those people who somehow isn't a fan of clean-air standards, it's not a political statement to press on and try to throw authorities off the trail. It's just a crime.

Tampering with emissions control systems, under terms of the Clean Air Act, could mean a fine for VW as high as $37,500 per vehicle or roughly $18 billion, though you know what happens when you start to haggle with car guys.

But even if VW is fined and there's a mandatory recall, some drivers will be reluctant to embrace the fix because it likely will make the vehicle less effective and efficient than the

one they thought they bought.

Funny we never caught wind of any of this in those slightly discomfiting VW commercials with the old ladies hitting on a salesman. Least we don't remember any mention of it.

VW pulled the ads off the air and, to the extent it could, off YouTube as word of its scandal came out, yet more proof that a carmaker can indeed move fast to protect something it actually cares about — like its bottom and bottom line.

This isn't the Olympics. It's one thing to try to keep test results from showing banned substances in one's own body, quite another to try to mask bad stuff being inflicted on others.

Cough.

This goes beyond the venality of one corporation to whether there's any confidence left in diesel cars and credibility in the entire auto industry. Even if this is as far as it goes, it will take quite a while to clear the air.

VW recently surpassed Toyota to become the world's largest carmaker, an achievement now eclipsed by the suspicion that there is nothing it wouldn't do.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 4:13 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

Bloomberg (via Australian Financial Review):
http://www.afr.com/news/world/volkswagen-faces-us-criminal-probe-on-emissions-20150921-gjrtss

Volkswagen faces US criminal probe on emissions

The US Justice Department is conducting a criminal investigation of Volkswagen's admission to cheating on federal air pollution tests, according to two US officials familiar with the inquiry.

Volkswagen said last week it's cooperating with regulators probing gaps between emissions on the road and lab tests on some diesel models, affecting more than half a million cars. The US officials described the inquiry on condition of anonymity because it's a continuing investigation.

The Wolfsburg, Germany-based automaker plunged as much as 23 per cent Monday to 125.40 euros in Frankfurt, wiping out about 15.6 billion euros ($US17.6 billion) in market

value. The stock closed at 132.2 euros, its lowest in more than three years.

Volkswagen's admission is putting pressure on Chief Executive Officer Martin Winterkorn to repair the reputation of the world's biggest carmaker. Winterkorn, whose contract renewal is scheduled for a supervisory board vote on Friday, now faces a serious challenge to his leadership, said Arndt Ellinghorst, a London-based analyst for Evercore ISI.

"This latest saga may help catalyze further management changes at VW," Ellinghorst wrote in a note Monday.

Justice Department spokesman Wyn Hornbuckle declined to comment.

Criminal inquiries can take months or years and lead to charges against individuals and companies. They can also result in fines and deferred-prosecution agreements, such as the one recently struck with General Motors Co., to spur companies into improving their behaviour and addressing problems revealed during the investigations.

Volkswagen admitted on September 18 to fitting some of its US diesel vehicles with software that turns on full pollution controls only when the car is undergoing official emissions testing, the Environmental Protection Agency said Friday. Affected are diesel versions of the VW Jetta, Golf, Beetle and Passat and the Audi A3.

During normal driving, the cars with the software -- known as a "defeat device" -- would pollute 10 times to 40 times the legal limits, the EPA estimated. The discrepancy emerged after the International Council on Clean Transportation commissioned real-world emissions tests of diesel vehicles including a Jetta and Passat, then compared them to lab results.

VW said it's cooperating with regulators probing gaps between emissions on the road and lab tests on some diesel models. According to the EPA, the company insisted for a year that discrepancies were mere technical glitches.

Winterkorn, who has led VW since 2007, was forced to halt sales of the cars on Sunday and issue a public apology, saying he's "deeply sorry" for breaking the public's trust and that VW would do "everything necessary in order to reverse the damage this has caused."

The violations could result in as much as $US18 billion in fines, based on the cost per violation and the number of cars.

The US accusations are "grave" and must be clarified swiftly, said Stephan Weil, prime minister of the German state of Lower Saxony, which owns 20 percent of Volkswagen's voting shares. "Possible consequences can be decided after that."

The European Commission also said it's taking VW's cheating seriously and is in contact with US regulators and the company about details of the case.

The Guardian:
http://www.theguardian.com/business/2015/sep/21/volkswagen-emissions-scandal-sends-shares-in-global-carmakers-reeling

Volkswagen emissions scandal could snare other companies, whistleblower claims
Billions wiped off value of industry heavyweights amid concerns that manipulation of air pollution data could be 'very widespread'
Joanna Walters Graham Ruddick and Sean Farrell

The emissions-fixing scandal that has engulfed Volkswagen in the US could extend to other companies and countries, one of the officials involved in uncovering the alleged behavior told the Guardian on Monday.

Billions of pounds have been wiped off the value of global carmakers amid growing concerns that emissions tests may have been rigged across the industry.

"We need to ask the question, is this happening in other countries and is this happening at other manufacturers? Some part of our reaction is not even understanding what has happened exactly," said John German, one of the two co-leads on the US team of the International Council for Clean Transportation (ICCT), the European-based NGO that raised the alarm.

Shares in Volkswagen fell by almost a fifth after the world's second biggest carmaker issued a public apology in response to US allegations that it used a "defeat device" to falsify emissions data.

The US Justice Department is conducting a criminal investigation of Volkswagen admission, according to Bloomberg, which cited two officials familiar with the inquiry.

The company could face a fine of up to $18bn (£11.6bn), criminal charges for its executives, and legal action from customer and shareholders. The US law firm Hagens Berman has already launched a class-action law suit on behalf of customers who bought the affected cars.

VW shares fell by 19% in Frankfurt, wiping almost €15bn (£10.8bn) off its value. Shares in Renault, Volkswagen's French rival, also dropped by 4%, while Peugeot was down 2.5%, Nissan 2.5% and BMW 1.5% amid concerns they could be caught up in investigations.

The US Environmental Protection Agency said on Friday that VW had installed illegal software to cheat emission tests, allowing its diesel cars to produce up to 40 times more pollution than allowed. The US government ordered VW to recall 482,000 VW and Audi cars produced since 2009.

In response, Martin Winterkorn, chief executive of VW, said on Sunday he was "deeply sorry" for breaking the trust of the public and ordered an external investigation.

German tipped off regulators at the California Air Resources Board (Carb) and the US Environmental Protection Agency (EPA) after conducting tests that showed major discrepancies in the amount of toxic emissions some VW cars were pumping out compared with the legal limits.

Max Warburton, an analyst at the financial research group Bernstein, said: "There is no way to put an optimistic spin on this – this is really serious."

A British expert in low-emission vehicles claimed the manipulation of air pollution data could be "very widespread" and that tests in Europe are "much more open to this sort of abuse".

Greg Archer, a former government adviser and head of clean vehicles at the respected Transport & Environment thinktank, said: "I am not surprised. There has been a lot of anecdotal evidence about carmakers using these 'defeat devices'. All credit to the US's EPA for investigating and finding the truth."

Archer, the former managing director of the UK's Low Carbon Vehicle Partnership and non-executive director for the government's Renewable Fuels Agency, said the scandal could spread into petrol cars and CO2 levels. "It is probably not limited to diesel and not limited to emissions," he added.

The "defeat devices" are thought to work by injecting more urea – an exhaust fluid – into the car when it is being tested. This limits nitrogen oxide emissions. The car detects it is being tested because devices such as the anti-collision systems have to be turned off when it is in the laboratory. The extra urea is not injected into the car when it is on the road because it would quickly run out.

Archer claims European tests are more open to abuse because they are conducted before the car goes into mass production and by companies that have been paid by the carmakers. These testing companies have been verified by regulators in each country, such as the Vehicle Certification Agency, but in the US the tests are conducted by an independent body.

Industry leaders in Britain claimed there was "no evidence" that manufacturers are cheating the system in Europe but admitted it needs to be reformed.

Mike Hawes, chief executive of the Society of Motor Manufacturers and Traders, the industry trade body, said: "The EU operates a fundamentally different system to the US – with all European tests performed in strict conditions as required by EU law and witnessed by a government-appointed independent approval agency. There is no evidence that manufacturers cheat the cycle.

"The industry acknowledges, however, that the current test method is outdated and is seeking agreement from the European Commission for a new emissions test that embraces new testing technologies and is more representative of on-road conditions."

The US allegations involve a series of diesel cars produced by VW and the brands it owns, such as Audi. These include the Audi A3, VW Jetta, Beetle, Golf and Passat models. VW has halted sales of these models.

Jochen Flasbarth, a senior environment official in the German government, accused Volkswagen of "blatant consumer deception" over the scandal. The country's economy minister, Sigmar Gabriel, also warned it could damage the reputation of the country's vital automotive industry.

"That this is a bad case, I think is clear," Gabriel said. "You will understand that we are worried that the justifiably excellent reputation of the German car industry and in particular that of Volkswagen suffers." The German government has launched its own investigation into VW and held talks with executives.

The scandal puts the future of Volkswagen chief Winterkorn in serious doubt. Earlier this year he won an internal power struggle with Ferdinand Piëch, who stepped down as chairman. The board of the company is due to meet on Friday to discuss extending Winterkorn's contract.

Winterkorn has been at the helm of VW since 2007 and has been directly responsible for research and development since then.

Guido Reinking, a German automotive analyst, told German television station n-tv: "It's almost impossible to imagine that he didn't know about this special way of programming the engine."

David Bailey, professor of industrial strategy at Aston University in Birmingham, said: "If it is the case that they have been trying to hoodwink regulators, it's a really dumb thing to do. Regulators will look at this more closely now. There has been growing concern about diesel cars and nitrous oxide emissions. The industry has been trying to make the case that the latest regulations largely deal with that issue but regulators will now look more closely at whether they have."

In the wake of the scandal two senior VW executives cancelled a planned appearance at a media event in New York with rock star Lenny Kravitz scheduled for Monday evening.

Herbert Diess, chairman of the VW brand's management board, and Heinz-Jakob Neusser, VW's board member in charge of technical development, had planned to attend the event to introduce the latest version of the Passat mid-size sedan.
The chief executive of VW's US arm, Michael Horn, was still due to attend the event. He is expected to provide a statement about the situation.

Jalopnik:
http://jalopnik.com/volkswagen-is-now-the-target-of-a-criminal-investigatio-1732130214

Volkswagen Is Now The Target Of A Criminal Investigation: Report
Michael Ballaban

In a move that seemed like an inevitability at this point, the United States Department of Justice is said to have opened a criminal investigation into Volkswagen's admission to cheating on diesel emissions tests, a report from Bloomberg said.

While we had heard rumblings of a possible criminal probe earlier, this news appears to confirm that VW is in fact the subject of an investigation that could lead to prosecutions.

It's way too early to tell whether or not any individuals will personally be held criminally liable for the company's deceptions, but it's not out of the realm of possibility. We haven't seen a case in a long time where a company has admitted intentionally circumventing the law, rather than just a plea of massive institutional incompetence, so it's anyone's guess as to what will happen.

The U.S. Environmental Protection Agency has said that the company can be held responsible for up to $18 billion in fines.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 4:02 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

Business Insider:
http://www.businessinsider.com/the-us-government-is-launching-a-criminal-investigation-into-vws-falsified-emissions-figures-2015-9

The US government is launching a criminal investigation into VW's falsified emissions figures
Benjamin Zhang

The US Department of Justice has launched a criminal probe into Volkswagen's falsification of emissions data, Bloomberg news is reporting.

Last week, the Environmental Protection Agency accused the automaker of falsifying the data using secret software in nearly 500,000 cars.

According to Bloomberg's Del Quentin Wilber, two government officials close to the situation say the Justice Department is conducting a criminal investigation into the allegations.

Last week, the EPA accused VW of using the hidden software — called a "defeat device" — to dodge clean-air standard during emissions testing.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," assistant administrator for the Office of Enforcement and Compliance Assurance Cynthia Giles said in a statement on Friday.

"Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters."

The EPA alleges that VW installed software that detects when the car is undergoing emissions testing, at which point the software would turn on all of the car's emissions control systems. But the EPA claims that the software greatly reduces the cars' pollution-control systems during normal driving conditions.

"This results in cars that meet emissions standards in the laboratory or testing station, but during normal operation, emit nitrogen oxides, or NOx, at up to 40 times the standard," the EPA said in a statement.

Across the Atlantic, the German government is also taking a look at Volkswagen's emissions data. A spokesperson for the country's Motor Vehicle Agency told the Wall Street Journal that is has asked automakers to provide accurate emissions information to "determine whether similar instances of manipulation have taken place in Germany or Europe," However, there is no word of any official investigation on the part of the German government.

Over the weekend, VW CEO Martin Winterkorn issued the following statement:

The U.S. Environmental Protection Agency and the California Air Resources Board (EPA and CARB) revealed their findings that while testing diesel cars of the Volkswagen Group they have detected manipulations that violate American environmental standards.

The Board of Management at Volkswagen AG takes these findings very seriously. I personally am deeply sorry that we have broken the trust of our customers and the public. We will cooperate fully with the responsible agencies, with transparency and urgency, to clearly, openly, and completely establish all of the facts of this case. Volkswagen has ordered an external investigation of this matter.

The recall affects 482,000 diesel-powered cars sold in the US since 2008. They include:

Volkswagen Jetta TDI: 2009-20015
Volkswagen Beetle TDI: 2009-2015
Audi A3 TDI: 2009-2015
Volkswagen Golf TDI: 2009-2015
Volkswagen Passat TDI: 2014-2015

We have reached out to Volkswagen and the DOJ for comment. We will update when when we hear back.

Fortune:
http://fortune.com/2015/09/21/volkswagen-emissions-recall-scandal/

Dear Volkswagen: Exaggeration? Not so bad. Deception? Never okay
by Jennifer Reingold @jennrein SEPTEMBER 21, 2015, 3:44 PM EDT

One wonders what would have happened had Volkswagen opted for exaggerating its results rather than falsifying them.

The business world—and the journalists who cover it—have always rewarded a healthy bit of hype. Best Ever! New and Improved! Now with enhanced whatevers!

Actually, the love of the big claim goes far beyond the business world and is interwoven throughout society. Donald Trump's current popularity is only the latest example of bombast, er, trumping reality.

But we do have limits, as the scandal at Volkswagen shows. So far, the company's stock price has fallen almost 20% since it admitted on September 18 that it had installed software that allowed its cars to fake their performance on emissions testing in order to fool the EPA.

No one knows what will happen to the $221 billion in sales car company—the world's largest—going forward, and whether the deception stretches all the way to the CEO, Martin Winterkorn. But one wonders what would have happened had the company opted for exaggerating its results rather than falsifying them.

Don't get me wrong: I'm not advocating that any performance standards—particularly those that affect safety and health—should ever be presented with anything but the full truth. But this move was so brazen, so breathtakingly full of chutzpah, that it is hard to imagine VW's brand recovering for a very, very long time; nor, one imagines, will its culture.

The plot goes far beyond one or two people hiding out in a cubicle and must have involved hundreds of people building such a system and making sure it was implemented inside of 428,000 cars. One wonders what the company might have been able to accomplish instead if it put all that brainpower toward meeting emissions requirements rather than circumventing them.

Consider the alternative: VW tried—and failed—to meet the EPA's emissions standards, after saying that they believed they had diesel engines that did the job. The EPA (which, it's worth noting, relies primarily on self-tested data) would have—hopefully—tested its engines, found Volkswagen deficient, and fined the company. It would have been costly, yes, but it wouldn't have been all that surprising. And VW's credibility wouldn't have been destroyed in the process. After all, exaggeration, for better or worse, is just how the game is

played.

MarketWatch:
http://www.marketwatch.com/story/white-house-quite-concerned-about-volkswagen-emissions-charges-2015-09-21

White House 'quite concerned' about Volkswagen emissions charges
'Quite concerned': How White House press secretary Josh Earnest characterized Obama administration reaction to the allegations against Volkswagen.
By ROBERT SCHROEDER

The Obama administration is "quite concerned" over allegations that Volkswagen cheated on U.S. emissions tests, a White House spokesman said Monday, but added it is up to the Environmental Protection Agency to investigate the matter.

"I think it's fair to say that we're quite concerned by some of the reports that we've seen about the conduct of this particular company," spokesman Josh Earnest told reporters at a regular briefing.

On Friday, the Environmental Protection Agency and the California Air Resources Board alleged that Volkswagen VLKAY, -17.38% VOW3, -18.19% used software in cars to make diesel-powered engines appear to have lower levels of emissions than they actually did. The company halted U.S. sales of some diesel-powered cars.

Earnest said it is ultimately the responsibility of the EPA to look at the issue, "and that's exactly what they're doing."

Reaction from Congress was minimal — though that could change.

"VW should expect scrutiny from Congress, legal problems, a potential multibillion-dollar fine and a batch of uncomfortable headlines," wrote Forbes contributor Micheline Maynard on Monday.

"If Volkswagen willfully sought to evade the Clean Air Act and fraudulently sold cars to millions of consumers with this technology, EPA should pursue the most severe action possible to deter others from doing the same," Rep. Frank Pallone, a New Jersey Democrat, said on Friday.

"We must ensure that this does not happen again and that consumers can trust the products that they buy," said Pallone, the top Democrat on the House Energy and Commerce Committee. The panel's oversight and investigations subcommittee held one of the several hearings into the General Motors GM, +0.43% ignition-switch recall in April 2014.

The allegations reportedly include Volkswagen Passats made at the company's Chattanooga, Tenn., facility in 2014 and 2015. A Volkswagen spokesperson did not

immediately return a request for comment.

MarketWatch reached out to members of Tennessee's congressional delegation, but none offered any comment.

The 1,400-acre Chattanooga plant has more than 3,200 Volkswagen employees, the company says.

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Sent: Monday, September 21, 2015 3:39 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

Vox:
http://www.vox.com/2015/9/21/9365667/volkswagen-clean-diesel-recall-passenger-cars

Volkswagen's appalling clean diesel scandal, explained
Brad Plumer

It sounds like the sinister plot of some straight-to-DVD movie. Since 2009, Volkswagen had been installing elaborate software in 482,000 "clean diesel" vehicles sold in the US, so that the cars' pollution controls only worked when being tested by regulators. The rest of the time, the vehicles could freely spew hazardous, smog-forming nitrogen oxides.

Suffice to say, regulators were livid once they caught on. On Friday, the Environmental Protection Agency announced that Volkswagen had very flagrantly violated the Clean Air Act. Not only did the EPA order the German company to fix the affected vehicles,** but the agency has the authority to levy fines as high as $37,500 per car, a maximum of $18 billion. (To put that in perspective, the company's pretax net income was about $4.7 billion last year.) The US government is also mulling criminal charges.

Volkswagen, in other words, is in deep shit. The company's CEO, Martin Winterkorn, is now apologizing profusely and pledging an external probe to find out what happened. VW just halted US sales of its 2015 and 2016 clean diesel vehicles, including Passat, Jetta, Golf, and Beetle models. Meanwhile, VW's stock price plummeted on Monday morning, the company losing nearly one-fifth its market cap in a blink:

This scandal raises a few larger questions, though: Why did Volkswagen cheat in the first place? And why was it so easy for the company to evade regulators for years? To get a better handle on the story, we need to take a brief trip through the tangled history of clean diesel vehicles — the specific cars that VW was selling.

Clean diesel cars were supposed to offer great mileage and low pollution — a tricky task

One basic fact to understand here is that there are two main types of combustion engines widely available today: diesel and gasoline. And there are real trade-offs to each.

Diesel engines have long been popular in Europe, and one of their major advantages is fuel economy. Diesel fuel contains more energy per gallon than gasoline, and the diesel engines themselves are more efficient. Put it together, and the typical diesel car can travel up to 30 percent farther on a gallon of fuel than its gasoline counterpart.

But there's a catch. While diesel cars get better mileage and emit fewer carbon-dioxide emissions, they also emit more nitrogen oxides (NOx), which help form smog, and particulate matter, which can damage lungs. Both types of pollution can have serious health effects.

Historically, Europe has dealt with this trade-off by imposing looser emissions standards on diesel cars in order to pursue higher fuel economy. That's one reason European cities like Athens have a serious smog problem. In the United States, by contrast, we've imposed much stricter rules around smog and other conventional pollutants since the 1970s, one reason diesel cars haven't caught on as widely here. (Heavy trucks favor diesel engines, though.)

In recent years, however, things have shifted. The Obama administration has been ratcheting up fuel-economy standards in the United States, which puts a higher premium on mileage. At the same time, diesel technology has gradually been getting cleaner through a combination of lower-sulfur fuel, advanced engines, and new emission-control technology. So automakers have shown a renewed interest in "clean diesel" cars that, in theory, don't suffer from that trade-off between performance and pollution.

These vehicles have proved popular in the United States. Since 2009, Volkswagen has sold more than 482,000 clean diesel cars containing a four-cylinder turbocharged direct injection engine. This included versions of the Passat, Jetta, Golf, Beetle, and Audi's A3. Drivers liked them.

Except, as it turns out, VW was lying about its clean diesel cars.

Volkswagen couldn't balance performance with low pollution. So it cheated.

Since 2009, we now know, Volkswagen had been inserting intricate code in its vehicle software that tracked steering and pedal movements. When those movements suggested that the car was being tested by regulators in the laboratory for nitrogen-oxide emissions, the car automatically turned its pollution controls on. The rest of the time, the pollution controls switched off.

Regulators didn't notice this ruse for years. The problem was only uncovered by an independent group, the International Council on Clean Transportation, which wanted to investigate why there was such a discrepancy between laboratory tests and real-road performance for several of VW's diesel cars in Europe. So they worked with researchers at West Virginia University, who stuck a probe up the exhaust pipe of VW's clean diesel cars

and drove them from San Diego to Seattle. (These details come from Dana Hull and Jeff Plungis' excellent Bloomberg tick-tock.)

What the researchers found was jaw-dropping. On the road, VW's Jetta was emitting 15 to 35 times as much nitrogen oxide as the allowable standard. The VW Passat was emitting 5 to 20 times as much. These cars were emitting much more pollution than they had in the labs.

Both California's air-pollution regulator and the EPA ordered Volkswagen to investigate and fix the problem in May 2014, and the company said it had worked on a software patch. Once again, the cars performed well in testing. And once again, real-world performance didn't match up. At that point, regulators started grilling Volkswagen's engineers about the discrepancy, and the company eventually cracked, admitting the existence of these defeat devices, which had been carefully hidden in the software code. Hence the scandal.

Volkswagen hasn't explained exactly why it cheated, but outside analysts have a pretty good guess. The NOx emission controls likely degraded the cars' performance when they were switched on — the engines ran hotter, wore out more quickly, and got worse mileage. Some experts have suggested that the emission controls may have affected the cars' torque and acceleration, making them less fun to drive. (Indeed, some individual car owners have been known to disable their cars' emission controls to boost performance, though this is against the law.)

In other words, Volkswagen wasn't able to produce diesel cars that had the ideal mix of performance, fuel economy, and low pollution. (Or, at least, they couldn't do this profitably.) So they "solved" this trade-off by sacrificing cleanliness and loosening the emission controls. And they accomplished this via software designed to deceive regulators. This was wildly illegal, and they got caught.

The VW scandal exposes problems with current emission tests

Volkswagen isn't the first company to cheat on its emission tests. As Frank O'Donnell of Clean Air Watch pointed out to me, the EPA caught a number of truck manufacturers, including Caterpillar and Volvo, doing something similar back in 1998 — programming their diesel trucks to emit fewer pollutants in lab tests than they did on the road. (The trucks would slowly emit more and more NOx as they traveled longer distances at constant speed, something that labs couldn't catch.)

Part of the problem here is that regulators tend to test these vehicles in laboratory conditions, which are fairly predictable and hence easier to game. Combined with the fact that automakers are developing ever-more-elaborate software that can control and fine-tune engines, and there are ample opportunities for fraud.

EUROPEAN REGULATORS WILL SOON START REQUIRING ON-ROAD EMISSIONS TESTING

In theory, there are ways to make cheating harder. Starting with model year 2017 vehicles, European regulators are going to start requiring automakers to test their passenger cars on the road in addition to laboratory testing. That sort of regime would've made it harder for Volkswagen to do what it did. But it's also unlikely that this is the last time we'll see an automaker come up with a fiendishly clever way to cheat.

Meanwhile, the VW scandal raises another issue surrounding car regulations, as Alex Davies explains at Wired. Modern-day cars feature complex computer systems and software. And, right now, this software is protected under the 1998 Digital Millennium Copyright Act — it's illegal to fiddle with it. The ostensible rationale is to make it harder for consumers to tamper with emissions controls. But these protections also make it harder for independent researchers to scrutinize that code and identify problems like VW's little emissions trick. Some experts have proposed DMCA exemptions to allow researchers to test and evaluate these engines, but so far automakers and the EPA have resisted this. Presumably, if those exemptions had existed, Volkswagen might've been caught sooner.

Volkswagen is now facing serious consequences

At this point, Volkswagen has been caught red-handed and has to face the consequences. The company straight-up lied about its cars and exacerbated the country's air-pollution problem. (Getting a precise estimate of the health consequences here could be difficult, since it depends on where the cars were located, how much extra smog actually resulted, and so forth.)

In response, the company has pledged to stop selling 2015 and 2016 Volkswagen and Audi models equipped with clean diesel engines and will likely end up recalling the 482,000 cars now on the road to fix the software.** It's unclear how many customers will want to "fix" the problem, however, since, again, any patch might degrade gas mileage and/or performance.

Meanwhile, Volkswagen could face criminal prosecution — not to mention billions of dollars in fines, potentially. The Clean Air Act allows a fine of $37,500 per noncompliant vehicle. If the EPA really wanted to lower the hammer, that would amount to $18 billion. Again, VW's pretax net income was about $4.7 billion last year, so that would be a crippling hit. Volkswagen is the world's biggest automaker by sales, but it's not quite as profitable as competitors like Toyota and has already struggled to gain a foothold in the US market. This could be a huge deal for the company.

It also raises questions about the future of clean diesel vehicles. Clean diesel appears to be a promising technology — in theory, these vehicles could get both excellent mileage and low emissions. But this scandal raises serious questions about how well automakers can actually achieve both goals in practice.

** For any concerned car owners, the models expected to be recalled include: The 2009-2015 VW Beetle 2.0L TDI; 2009-2015 VW Golf 2.0L TDI; 2009-2015 VW Jetta 2.0L TDI; 2009-2015 Audi A3 2.0L TDI; and 2014-2015 VW Passat 2.0L TDI.

Ledger Gazette:
http://www.ledgergazette.com/epa-accuses-vw-of-cheating-on-emissions-tests/79148/

EPA accuses VW of cheating on emissions tests
BY JORGE WEINER ON SEPTEMBER 21, 2015 BUSINESS

VW halted sales of the models involved on Sunday and said it's cooperating with the probe and ordered its own external investigation into the issue.

"The charges here are truly appalling: that Volkswagen knowingly installed software that produced much higher smog-forming emissions from diesel vehicles in the real world than in pre-sale tests", said Frank O'Donnell, president of Clean Air Watch, a Washington-based advocacy group.

VW is to stop selling four cylinder diesel cars in the USA after the firm was found to have rigged emissions test on up to 500,000 vehicles, it has emerged. The reality is that Volkswagen will face huge fines, rumoured to be as high as 18 billion US dollars.

German competitors BMW AG and Daimler AG said on Monday they aren't aware of a similar USA probe into their cars.

Once on the road, the cars produced nitrogen oxide pollutants at up to 40 times the legal standard.

The EPA and California authorities acted quickly after being told of the violation, German said.

Volkswagen, which recently edged out Japan's Toyota to become the world's top-selling automaker, has had a hard year, its share price having fallen from more than 250 euros amid signs of faltering sales in the US and China. He said he was "deeply sorry" for the violation of United States rules. The models include Jetta, Beetle, Golf, Passat and Audi A3.

Stefan Bratzel, director at the Center for Automotive Management, a research group, said the damage to VW's image would be as great as the financial fines.

"Our climate policy stands for itself and I think it's internationally recognized that Germany is one of the drivers on the way to (the global climate summit in) Paris", he said. The potential wonderful is $37,500 per vehicle and 482,000 autos are a part of the case, yielding a possible superb of greater than $18 billion, Giles stated on a telephone name with reporters Friday.

The EPA in November 2014 hit South Korean auto makers Hyundai Motor Co. and Kia Motors Corp. with a record $100 million penalty for overstating fuel-economy claims and forced the companies to cough up another $200 million in regulatory credits.

The cars allegedly do so with software that detects when the vehicle is undergoing emissions testing, and then turns full emissions controls on only during the test. When vehicles are being driven normally, the computer disables the emissions controls.

According to the The New York Times, this latent software within numerous Volkswagen vehicles switches on emissions control systems only during an inspection. The California Air Resources Board issued a similar letter.

"Our goal is to ensure that the affected cars are brought into compliance, to dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules and to take appropriate further action".

The feature, which the EPA called a "defeat device", masks the true emissions only during testing.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 1:57 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

Washington Post:
http://www.washingtonpost.com/business/economy/vw-shares-plunge-as-epa-accuses-automaker-of-cheating/2015/09/21/3c7b2f2e-607b-11e5-8e9e-dce8a2a2a679_story.html

VW under fire amid EPA accusations it cheated on emissions tests
By Thad Moore

Volkswagen shares plunged Monday after U.S. regulators accused the German automaker of cheating on emissions tests, alleging that nearly 500,000 cars weren't meeting federal standards.

An apology Sunday from VW's chief executive did nothing to temper anxious investors, who wiped out nearly a fifth of the company's value in a single day. VW's stock closed the day Monday at 132.20 euros, down 19 percent.

The selloff comes on the heels of Environmental Protection Agency allegations that the automaker had designed software to let its diesel cars detect when they were being tested for emissions.

VW, one of the world's largest automakers, has halted sales of some vehicles in the United States and pledged to cooperate with regulators. "We at Volkswagen will do everything that must be done in order to re-establish the trust that so many people have placed in us, and we

will do everything necessary in order to reverse the damage this has caused," Martin Winterkorn, VW's chief executive, said in a statement.

In the lab, they met standards. On the road, regulators say, they emitted nitrous oxide at up to 40 times federal standards. The software, known as a "defeat device," was installed in some 482,000 cars, spanning model years 2009 through 2015, regulators say.

The EPA and California regulators began asking questions in May 2014 after West Virginia University researchers published a study that found lab results didn't match up with road tests.

For more than a year, VW told regulators that the difference owed to "various technical issues and unexpected in-use conditions," the EPA said in a letter sent to the automaker Friday. But company officials didn't admit to the practice until earlier this month when regulators threatened not to approve its 2016 line of diesel cars.

The years-long practice could carry a hefty price tag for the automaker. The company could be fined $37,500 for each car it sold with a defeat device installed — a potential fine of $18 billion.

"The company will have to recall nearly 500,000 affected cars, which will cost it millions of dollars, and that's even before the damage to its brand and potential fines," Michael Hewson, chief market analyst at CMC Markets, told the Associated Press.

The revelation also led Consumer Reports[consumerreports.org] to pull its recommendation of VW's Jetta and Passat diesel model. (The magazine said it would reconsider its decision once the automaker introduces a fix to lower emissions.)

For his part, Winterkorn apologized Sunday, saying the company would cooperate "with transparency and urgency."

"I personally am deeply sorry that we have broken the trust of our customers and the public," he said in a statement. "We do not and will not tolerate violations of any kind of our internal rules or of the law."

From: Gong, Kristiene
Sent: Monday, September 21, 2015 11:56 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert

Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

NY Times:
http://www.nytimes.com/2015/09/22/business/international/volkswagen-shares-recall.html

Volkswagen Denied Deception to E.P.A. for Nearly a Year
By JACK EWING SEPT. 21, 2015

FRANKFURT — For nearly a year, Volkswagen officials told the Environmental Protection Agency that discrepancies between the formal air-quality tests on its diesel cars and the much higher pollution levels out on the road were the result of technical errors, not a deliberate attempt to deceive Washington officials.

But early this month, Volkswagen executives finally made a startling admission: The diesels it sold in the United States had software deliberately designed to cheat on the tests.

The company was evidently concerned that actually meeting the federal emissions standards would degrade the power of the engines, which it marketed as comparable in performance to gasoline engines. Meeting the standard would also undercut the fuel efficiency that is one of the main selling points of diesels.

The admission came only after the E.P.A. threatened to withhold approval for Volkswagen's new 2016 models, according to letters sent to company officials by the E.P.A. and California regulators.

Since news of that mass deception broke on Friday, Volkswagen has scrambled to conduct damage control, with its chief executive issuing an apology and the company saying it would not sell its 2015 and 2016 diesel cars in the United States.

But that did not stop Volkswagen shares from plummeting when trading opened in Europe on Monday. And the apology has not relieved pressure on Martin Winterkorn, the Volkswagen chief executive, whom analysts said would have tough questions to answer, seeking to know when he and other top executives at the company, which is ruled from the top with Germanic precision, were aware of the diesel deception.

Adding to pressure on Volkswagen, the German government said on Monday that it would also begin an inquiry to make sure that Volkswagen and other carmakers are complying with laws on auto emissions.

The E.P.A. disclosed the yearlong series of letters with Volkswagen as part of accusations it made against the company on Friday. The agency will require the company to recall nearly half-a-million vehicles equipped with 2-liter diesel engines dating to the 2009 model year. Volkswagen also faces fines that could run into the billions of dollars.

Volkswagen shares plunged about 20 percent on Monday, as investors registered alarm at the damage the company could suffer.

Mr. Winterkorn issued an apology on Sunday, saying the company had "broken the trust of our customers and the public."

But the sophistication of the software used to manipulate emissions tests in the United

States, and extensive attempts by Volkswagen to deflect official scrutiny before admitting misconduct this month, are sure to raise questions about Mr. Winterkorn's effectiveness only months after he survived an internal power struggle.

"Either he knew, or he didn't know, which is even worse," said Ferdinand Dudenhöffer, a professor at the University of Duisburg-Essen who is a longtime Volkswagen critic. "Any politician in his situation would have to resign."

Volkswagen's supervisory board, which Mr. Winterkorn reports to, will hold a regularly scheduled meeting on Friday, and it is certain to discuss the E.P.A. action.

After being confronted last year with evidence that some diesel models did not comply with pollution standards under certain conditions, Volkswagen executives originally offered technical explanations, according to a letter of complaint sent to the company by the E.P.A. and the California Air Resources Board.

It was only on Sept. 3, according to the letters, that executives at Volkswagen of America, the company's United States unit, admitted that cars equipped with the 2-liter diesel motors contained the software.

The software measured factors such as the position of the steering wheel, the vehicle's speed and even barometric pressure to sense when the car was being subjected to testing, the E.P.A. said. The car then configured itself to reduce emissions of nitrogen oxide, a gas that is a major contributor to smog and is linked to an array of respiratory ailments including asthma, emphysema and bronchitis, the E.P.A. said on Friday.

Volkswagen is known for being a tightly controlled, autocratic organization, raising questions about how such a sophisticated system could have been installed in nearly half a million vehicles without knowledge of top management.

The plunge in Volkswagen shares was a clear indication that investors believe that company profit and sales could suffer because of the E.P.A. accusations. However, Volkswagen is relatively immune to stock market pressure because only 12 percent of its voting shares are traded. Porsche Automobil Holding, controlled by members of the Porsche family, holds a slight majority. The state of Lower Saxony owns 20 percent and the sovereign wealth fund of Qatar owns 17 percent.

Stephan Weil, the prime minister of Lower Saxony, where Volkswagen has its headquarters and major manufacturing operations, said in a statement on Monday, "Manipulation of an emissions test is completely unacceptable and without any justification."

But Mr. Weil said consequences could be discussed only after a thorough investigation of the circumstances.

In Berlin, the government of Chancellor Angela Merkel said it would ask carmakers for information as the first step in an inquiry.

"We expect reliable information from carmakers so that the Federal Office for Vehicles can check whether similar manipulation in the exhaust systems has taken place in Germany or Europe," Andreas Kübler, a spokesman for the Environment Ministry, told reporters in Berlin.

The European Commission has contacted Volkswagen as well as the E.P.A. for details about the accusations, a commission spokeswoman said.

"It is premature to comment on whether any specific immediate surveillance measures are also necessary in Europe and whether vehicles sold by Volkswagen in Europe are also affected," the spokeswoman said in an email. "We are taking the matter very seriously."

South Korea also planned to test Volkswagen cars to make sure they were in compliance with pollution rules, according to news reports.

More than half of all vehicles sold in Europe are diesels, which are popular because they typically offer better fuel economy than gasoline. European Union pollution rules were more favorable to diesels than United States rules, but they have been progressively tightened. The most recent standard, known as Euro 6, took effect for all new cars sold on Sept. 1.

Technology exists to reduce the amount of nitrogen oxides emitted by diesels. But the technology also tends to reduce fuel economy as well as performance. The software installed by Volkswagen on vehicles sold in the United States avoided this trade-off, which could have come as a disappointment to American customers, by scaling back pollution controls when the car was not being tested.

The accusations by the E.P.A. are a blow to Volkswagen's efforts to build up its meager market share in the United States, in part by promoting "clean diesel" technology.

The silver lining for Volkswagen, though, may be that its most profitable vehicles in the United States are Porsche and Audi cars not affected by the E.P.A. action. The cars affected are Volkswagen Golf, Jetta, Beetle and Passat models from 2009 through 2015 that are equipped with 2-liter diesel engines.

Another silver lining for Volkswagen may be that diesel powered cars account for only a tiny fraction of sales in China, which is the company's largest market.

Among Audi models, only the compact A3 is affected in the United States. The A3 accounted for less than a fifth of the 111,000 vehicles that Audi sold in the United States from January through August, and only a fraction of those A3s would have been equipped with diesels.

The E.P.A. said on Friday that Volkswagen would be required to recall the affected vehicles for repairs to make them compliant with smog regulations. Car owners would not have to

pay for the repairs. Many owners may not bother, though, because the changes are likely to reduce fuel consumption and performance.

John Schilling, a Volkswagen spokesman, said on Sunday that the company would stop selling 2015 and 2016 Volkswagen and Audi models equipped with the 2-liter diesel engines, which the company had marketed as "clean diesel." The company will also stop selling used cars that have the engines, Mr. Schilling said.

He said he did not know how many models would be stuck on dealer lots as a result of the decision. This month, Volkswagen had said that 23 percent of new cars sold in August in the United States were diesels, or 7,400 vehicles. Some diesels, such as those used in Volkswagen S.U.V.s, are not affected by the E.P.A. action.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 10:54 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

AP (via US News & World Report)
http://www.usnews.com/news/business/articles/2015/09/21/vw-stock-crashes-after-admitting-it-rigged-us-emission-tests

Faulty Tests Cost VW Billions
By FRANK JORDANS and PAN PYLAS, Associated Press

BERLIN (AP) — Around 15 billion euros ($16.9 billion) was wiped off the market value of Volkswagen AG on Monday following revelations that the German carmaker rigged U.S. emissions tests for about 500,000 diesel cars.

By midday trading in Frankfurt, Volkswagen's share price was 19.3 percent lower at a three-year low of 130.20 euros. Its dramatic fall weighed heavily on Germany's main stock index, the DAX, which underperformed its peers in Europe with a 0.6 percent decline.

Volkswagen's market woes Monday follow a weekend that saw the company's reputation for probity seriously damaged by revelations from the Environmental Protection Agency in the U.S. that it had skirted clean air rules. All told, the EPA indicated that VW faces fines that could run up to more than $18 billion.

The EPA said VW used a device programmed to detect when the cars are undergoing official emissions testing. The software device then turns off the emissions controls during normal driving situations, allowing the cars to emit more than the legal limit of pollutants.

Volkswagen marketed the diesel-powered cars, which account for about 25 percent of sales, as being better for the environment. The cars, built in the last seven years, include the Audi

A3, VW Jetta, Beetle, Golf and Passat models.

"The company will have to recall nearly 500,000 affected cars, which will cost it millions of dollars, and that's even before the damage to its brand and potential fines," said Michael Hewson, chief market analyst at CMC Markets.

The agency has ordered VW to fix the cars at its own expense but said car owners do not need to take any immediate action. The EPA insisted that the violations do not pose any safety hazard and said the cars remain legal to drive and sell while Volkswagen comes up with a plan to recall and repair them. However, it said the cars posed a threat to public health.

The EPA also indicated the scale of the fines that could be imposed on VW. It said the carmaker could be hit up to $37,500 per vehicle for the violations — a total of more than $18 billion. The California Air Resources Board is also investigating.

Volkswagen has had a difficult year, its share price having fallen from over 250 euros amid signs of faltering sales in the U.S. and China.

VW edged out Toyota to become the world's top-selling automaker the first half of 2015. But a hit to its reputation from the emissions revelations could hamper its efforts at a sales rebound in the U.S.

If other regulatory authorities decide VW has a case to answer, then the carmaker faces the potential for even bigger fines.

"The news so far revolves around the U.S. impact, but if European investigators become interested the potential penalties could multiply very quickly," said Chris Beauchamp, senior market analyst at IG.

Washington Examiner:
http://www.washingtonexaminer.com/volkswagen-sorry-promises-probe-on-epa-violations/article/2572497

Volkswagen 'sorry,' promises probe on EPA violations
By DANIEL CHAITIN (@DANIELCHAITIN7) • 9/20/15 3:23 PM

Volkswagen apologized Sunday following allegations by the Environmental Protection Agency and the state of California that hundreds of thousands of diesel cars made by the German automaker are breaking emissions laws in the United States.

"The Board of Management at Volkswagen AG takes these findings very seriously," wrote Martin Winterkorn, CEO of Volkswagen. "I personally am deeply sorry that we have broken the trust of our customers and the public. We will cooperate fully with the responsible agencies, with transparency and urgency, to clearly, openly, and completely

establish all of the facts of this case. Volkswagen has ordered an external investigation of this matter."

On Friday, the EPA and California charged Volkswagen with willfully installing software in its 4-cylinder diesel cars that would allow cars to bypass emission standards. The cars cited for violations include signature Volkswagen cars manufactured between 2009 and 2015, including the Jetta, Passat, Beetle and Golf, as well as the A3 from Audi, Volkswagen's luxury line.

All together, about 482,000 diesel passenger cars sold in the United States since 2008 are included in the allegations.

The statement promises that Volkswagen will "re-establish trust" it may have lost and that the company will reverse any damage done.

"We do not and will not tolerate violations of any kind of our internal rules or of the law," Winterkorn added.

The EPA issued a notice of violation to Volkswagen, while the state of California sent an In-Use Compliance letter. Both the EPA and the California Air Resources Board are conducting separate investigations into the alleged misbehavior.

Recalls are likely, and the combined fines could add up to $18 billion if the result of the investigations support the allegations.

The EPA alleges that the Volkswagen cars are fitted with software to trick emission testers, but that under normal operation emit nitrogen oxides at up to 40 times the standard. Under the Clean Air Act, such an instrument is classified as a "defeat device."

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, EPA assistant administrator for the Office of Enforcement and Compliance Assurance. "Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters."

The Epoch Times:
http://www.theepochtimes.com/n3/1755607-volkswagen-circumvents-epa-rule-its-not-the-first-time/

Volkswagen Skirts EPA Rules; It's Not the First Time
By Arleen Richards

Volkswagen Group of America admitted to sidestepping clean air standards after the EPA and California's clean air watchdog confronted the German automaker with evidence of high in-use emissions from light-duty diesels.

On Friday, Sept. 18, the EPA slapped VW with a notice of violation for using sophisticated software to circumvent national emissions standards. The software, which the EPA calls a "defeat device," is designed to implement full emissions control systems when the car is undergoing state emissions testing. During normal driving, the emissions control is turned off, permitting the significantly harmful diesel fumes to be expelled—40 times more than allowed under the Clean Air Act. VW and the California Air Resources Board (CARB) have both initiated investigations.

Volkswagen CEO Dr. Martin Winterkorn, on Sunday, apologized for breaking the public's trust and vowed to cooperate fully with agency investigations.

He ordered an internal investigation, saying in a statement, "We do not and will not tolerate violations of any kind of our internal rules or of the law."

But this episode is not the first time the EPA or CARB has had run-ins with VW. In the past, both agencies charged VW with similar violations, which resulted in penalties.

Defective Oxygen Sensors
VW previously failed to report its discovery of emission defects in at least 329,000 of its 1999, 2000, and 2001 Golf, Jetta, and New Beetle vehicles.

In May 2001, after conducting a random test, the EPA identified a problem with tailpipe emissions in the 1999 model vehicles caused by a failed oxygen sensor. It turns out, VW knew about the problem for a year already—since it had received numerous warranty claims associated with cracked oxygen sensors—but failed to report it. According to the Clean Air Act, any emission-related defect found in 25 vehicles or engines of the same model year has to be reported within 15 days.

VW spent $26 million in January 2002 to recall all the vehicles and replace or repair the part. Another estimated $660,000 was spent on an enhanced defect tracking system.

The EPA finally settled its case with VW in 2005, penalizing the delinquent car maker $1.1 million.

The state of California has been working closely with the EPA in testing VW cars and issued a separate notice of violation to VW in the current case.

California has been a leader in clean energy investments and set the stage in 2006 for transitioning to a sustainable, low-carbon future with the passage of AB 32, a law requiring sharp reduction in greenhouse gases. Since then, several legislative initiatives have been implemented to build the next generation of clean, fuel-efficient cars.

The CARB implements the state's vehicle regulations through a vigorous certification process, as well as compliance and enforcement programs. It regularly tests vehicles to ensure compliance with air quality standards.

In 2004, VW settled a case with CARB for $552,500 for selling cars in California that had not been properly certified. VW admitted to selling 84 new 2002 vehicles from several retail locations throughout the state, attributed to an error in its electronic ordering system.

The EPA is expected to compel VW to issue a recall notice in order to remedy the current emissions problem, which could take up to a year after identifying the appropriate corrective action and a recall plan.

Jalopnik:
http://jalopnik.com/volkswagen-tells-dealers-to-halt-sales-of-new-tdi-cars-1731923302

Volkswagen Tells Dealers To Halt Sales Of New TDI Cars Amid Diesel Cheating Scandal
Alanis King

Following the government investigation of Volkswagen's diesel emissions, The Detroit News reports the automaker ordered its U.S. dealerships to halt sales of new 2016 and remaining 2015 TDI car models with 2.0-liter diesel engines.

According to the Environmental Protection Agency and California Air Resources Board, VW dodged federal emissions requirements for some 482,000 of its diesel cars — including the Passat, Jetta, Golf, Beetle, SportWagens and Audi A3 — manufactured from 2009 to 2015. The models contain a "defeat device" which exists to detect when the car is under testing conditions, allowing for it to activate the full emissions-control systems only in those circumstances.

In other words, environmental officials say that the street cars are emitting between 10 and 40 times the amount of allowable nitrogen oxide pollution, which is not only illegal but harmful to both the environment and public.

The EPA is taking action on 2016 diesel models. Christopher Grundler, director of the EPA Office of Transportation of Air Quality, said that the government will not grant VW a "certificate of conformity" to sell the 2016 models with 2.0-liter diesel engines, meaning they cannot be sold.

VW dealers have been waiting for the 2016 models to replenish showrooms. Most U.S. VW dealers don't have any remaining 2015 diesel cars to sell.

VW is barred from selling 2016 model vehicles with the 2.0 liter diesel engine until "they get answers to the questions of how these vehicles are being operated. Volkswagen couldn't explain why we're getting these excess emissions," Grundler said.

Meanwhile, whatever 2015 models remain on lots have also been ordered not to be sold. As Automotive News notes, four-cylinder TDI models account for 20 to 25 percent of VW's U.S. sales, so this is going to hurt.

In addition, VW has ordered an outside investigation to find out what happened and "reverse the damage this has caused," CEO Martin Winterkorn said in an apologetic statement.

According to the EPA, the agency is now checking to see if other automakers are bypassing the laws on diesel engines as well.

While no official recall is underway just yet, the News reports:

EPA said VW violated federal law and, in theory, could face fines of up to $18 billion — $37,500 per vehicle — as well as criminal prosecution. Both agencies issued notices of non-compliance to VW Friday, a step necessary before ordering a recall.

The EPA will not take action to stop VW owners from driving their personal cars until a solution is made available, but VW did remove its "clean diesel" advertisements from YouTube and television.

CBC News (Canada):
http://www.cbc.ca/news/business/volkswagen-emissions-rigging-1.3236548

Volkswagen shares plunge on emissions rigging scandal
Consumer Reports suspends 'recommended' rating for Jetta and Passat diesels
CBC News Posted: Sep 21, 2015 9:00 AM ET Last Updated: Sep 21, 2015 9:00 AM ET

Volkswagen's CEO apologized but investors were not in a forgiving mood as the company's stock plunged almost 20 per cent Monday following revelations late last week that the automaker had rigged emissions tests for almost 500,000 diesel cars in the U.S.

"I personally am deeply sorry that we have broken the trust of our customers and the public," Martin Winterkorn said in a weekend statement.

On Friday, the U.S. Environmental Protection Agency (EPA) revealed that half a million diesel-powered VWs had been programmed to bypass emission controls except during emissions tests. The cars include the Audi A3, VW Jetta, Beetle, Golf and Passat models made in the last seven years.

The EPA ordered VW to fix the cars and VW said it would co-operate with regulators. But the damage to the automaker's image is nothing less than catastrophic.

VW had marketed its diesel-powered cars as being better for the environment. The Associated Press reports, citing an anonymous source with knowledge of the matter, that VW has told dealers to stop selling its 2015 diesel cars with 2.0-litre engines.

The EPA said the VW cars under investigation seemed to pass emissions tests, but in the

real world, were actually emitting up to 40 times the national standard for nitrogen oxide, which is linked to asthma and lung illnesses.

Consumer Reports announced it would remove its "recommended" rating from the Jetta and Passat diesels until it can retest the vehicles.

VW could face fines of up to $18 billion US, according to the EPA.

Volkswagen shares plunged 19.4 per cent in Monday trading in Germany, chopping $21 billion Cdn from the market value of the company.

"The company will have to recall nearly 500,000 affected cars, which will cost it millions of dollars, and that's even before the damage to its brand and potential fines," said Michael Hewson, chief market analyst at CMC Markets.

Diesel-powered models account for about a quarter of VW's sales.

Impact in Canada unclear

At this point, it isn't clear what the revelations mean for owners of VW diesels in Canada. Volkswagen Canada told CBC News on Friday that it first learned of the EPA action earlier that morning. It said it would co-operate with Environment Canada "to understand the implications for the Canadian market and what actions, if any, may be required in Canada."

Environment Canada, for its part, said it was in talks with the EPA "to further examine this issue and assess potential implications for Canada." Environment Canada also said it collaborates on emissions verification activities with the U.S. EPA "to ensure our common environmental outcomes are achieved," and pointed out that its emissions standards are aligned with U.S. standards.

The EPA and Environment Canada both stressed that the effectiveness of a vehicle's air pollutant control devices is not a safety issue. The cars remain legal to drive.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 10:35 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

NY Times:
http://www.nytimes.com/2015/09/21/business/international/volkswagen-chief-apologizes-for-breach-of-trust-after-recall.html?_r=0

Volkswagen to Stop Sales of Diesel Cars Involved in Recall

By JACK EWING and CORAL DAVENPORTSEPT. 20, 2015

FRANKFURT — Volkswagen said on Sunday that it would halt sales of cars in the United States equipped with the kind of diesel motors that had led regulators to accuse the German company of illegally installing software to evade standards for reducing smog.

John Schilling, a Volkswagen spokesman, said that the company would stop selling 2015 and 2016 Volkswagen and Audi models equipped with 4-cylinder turbo diesel engines, which the company has marketed as "clean diesel." The company will also stop selling used cars that have the engines, Mr. Schilling said.

He said he did not know how many models would be stuck on dealer lots as a result of the decision. Earlier this month, Volkswagen had said that 23 percent of new cars sold in August in the United States were diesels, or 7,400 vehicles.

The confirmation of the halt in sales came on the same day that Martin Winterkorn, the chief executive of Volkswagen, apologized for conduct that prompted the Environmental Protection Agency to order Volkswagen to recall nearly half a million vehicles.

An employee on the Audi A3 limousine. The recall involves four-cylinder Volkswagen and Audi vehicles from the model years 2009 to 2015. Credit Szilard Koszticsak/European Pressphoto Agency

Volkswagen could face billions of dollars in fines for what the E.P.A. said was a deliberate attempt to evade rules on emissions. The decision to stop sales was first reported by The Wall Street Journal.

"I personally am deeply sorry that we have broken the trust of our customers and the public," Mr. Winterkorn said in a statement.

He said the company would "cooperate fully" with the authorities and order its own independent investigation into the accusations.

In his statement, Mr. Winterkorn did not contest assertions by the E.P.A. that Volkswagen sold cars equipped with software that could detect when periodic state government emissions testing was taking place.

Only during such tests are the cars' full emissions control systems turned on. During normal driving situations, the controls were turned off, allowing the cars to spew as much as 40 times the pollution allowed under the Clean Air Act, the E.P.A. said.

Diesel-driven cars have enjoyed something of a renaissance in recent years, shedding much of their old stigma for being dirty, clanky and sluggish to drive, said Karl Brauer, an analyst at Kelley Blue Book. And in the United States, he said, Volkswagen has clearly led the pack — offering diesel vehicles that performed just like their gasoline counterparts.

"Now, we have to wonder if the technology really advanced as far as we thought at VW,"

Mr. Brauer said. "They must have had a problem making it work in a way that delivered truly clean diesel. At least clean enough to meet the regulations."

Mr. Brauer said the higher nitrous oxide emissions probably allowed better drivability. Fuel economy also improves with more nitrous emissions, and engines can run cooler, and thus wear out more slowly.

"They must have had a mix of performance, economy and durability that they liked, but realized they couldn't achieve that and still get the emissions," he said.

Diesels in particular are known — and marketed — these days as having tremendous torque, or low-end thrust from a stop. If achieving the required emissions affected the torque, making it anemic, then "drivers are going to scratch their heads, thinking, isn't this why I got a diesel?" Mr. Brauer said.

Volkswagen was going through a difficult period even before the accusations became public on Friday. Mr. Winterkorn recently survived a power struggle with the chairman of Volkswagen's supervisory board, Ferdinand Piëch, a scion of the Porsche family who dominated the company for more than two decades before resigning in April.

Following Mr. Piëch's departure, some analysts have raised questions about whether Mr. Winterkorn would be strong enough to hold together the sprawling Volkswagen empire, which also includes Audi and Bentley luxury cars, Porsche and Lamborghini sports cars, Scania and MAN heavy trucks, and Ducati motorcycles.

Although Volkswagen recently surpassed Toyota as the world's biggest automaker measured by the number of cars sold, it is significantly less profitable than its Japanese rival and far weaker in the United States market.

A push by Volkswagen to increase sales in the United States, which included building a factory in Chattanooga, Tenn., to produce Passat sedans, has fallen short.

"For Volkswagen, it's a huge scandal," said Ferdinand Dudenhöffer, a professor at the University of Duisburg-Essen, who follows the automobile industry. "The timing is extremely unfortunate."

Professor Dudenhöffer said the case could damage all German automakers, which have tried to build acceptance in the United States for diesel engines, a sector in which they believe they have a technological lead.

Until recently, Professor Dudenhöffer said, the United States applied stricter standards to diesel engines than those applied by European regulators. But the European authorities, concerned about the health effects of diesel pollution, have tightened standards, prompting complaints from the auto industry.

Professor Dudenhöffer said that as a result of the E.P.A. action, Mr. Winterkorn could come

under pressure to resign.

"Winterkorn was already damaged," Professor Dudenhöffer said. "Now there is an accusation of illegal behavior. This story is not over."

E.P.A. officials issued the car company a notice of violation and said it had admitted to the use of a so-called defeat device.

The recall involves 4-cylinder Volkswagen and Audi vehicles from the model years 2009 to 2015.

The software was designed to conceal the cars' emission of nitrogen oxide, a pollutant that contributes to the creation of ozone and smog, which are linked to a range of health problems, including asthma attacks, other respiratory diseases and premature death.

Disengaging the pollution controls on a diesel-fueled car can yield better performance, including increased torque and acceleration.

California has issued a separate notice of violation to the company. California, the E.P.A. and the Justice Department are working together on an investigation of the allegations.

Over the next year, E.P.A. officials said, owners of the affected vehicles should expect to receive recall notices from Volkswagen, including information about how to get their cars repaired at no cost to them. The recall covers roughly 482,000 diesel passenger cars sold in the United States since 2009.

Affected diesel models include the 2009-15 Volkswagen Jetta, 2009-15 Beetle, 2009-15 Golf, 2014-15 Passat and 2009-15 Audi A3.

The American investigation could ultimately result in fines or penalties for the company. Under the terms of the Clean Air Act, the Justice Department could impose fines of as much as $37,500 for each recalled vehicle, for a possible total penalty of as much as $18 billion.

The notice of violation came days after the company promoted plans at the Frankfurt International Motor Show to introduce 20 plug-in hybrid or all-electric vehicles by 2020 as part of a campaign to reduce vehicle emissions.

Mr. Winterkorn said in his statement on Sunday that Volkswagen would "do everything necessary in order to reverse the damage this has caused."

"This matter has first priority for me, personally," he said, "and for our entire board of management."

Financial Times:
http://www.ft.com/intl/cms/s/0/c4f4745c-5f98-11e5-9846-

de406ccb37f2.html#axzz3mNpq5JFM

VW apologises for cheating US car exhaust emissions tests
Andy Sharman in London

The chief executive of Volkswagen has apologised and ordered an external investigation into findings that the carmaker cheated on US emissions tests to make its vehicles appear less polluting.

In a statement on Sunday, Martin Winterkorn, chief executive of the German carmaker, said the board of management took the findings "very seriously".

He added: "I personally am deeply sorry that we have broken the trust of our customers and the public. We will co-operate fully with the responsible agencies, with transparency and urgency, to clearly, openly and completely establish all of the facts of this case."

The Environmental Protection Agency on Friday said diesel variants of several VW and Audi models sold in the US over six years — including the VW Passat, Beetle and Audi A3 — had been fitted with sophisticated algorithms designed to deceive the laboratory testing regime.

The authorities ordered VW to recall 482,000 cars because of the use of so-called defeat devices — which use software to detect when the car is being tested and runs treatments to reduce nitrogen oxides. Once out on the road, the cars were discovered to produce pollutants up to 40 times the legal limits.

The discovery leaves the German carmaker — which has admitted to using the defeat devices — potentially facing billions of dollars in fines and warranty costs, possible criminal charges for executives and class-action lawsuits from US drivers.

Mr Winterkorn did not say who would be carrying out the external investigation, and the company declined to provide further details.

It was Mr Winterkorn's first formal statement on an issue that also threatens to seriously undermine its attempts to turnround its sputtering performance in the US.

Max Warburton, analyst at Bernstein Research, said: "The best case for VW is probably still a multibillion-dollar fine, pariah status in the US with government — and possibly consumers — [and] damage to its leading position in diesel in the US."

VW now has to initiate a process to fix the cars' emissions systems, though the EPA has said the violations do not present a safety hazard and the vehicles remain legal to drive and resell. Owners of cars of models covering the 2009-2015 period do not need to take any action, the agency said.

I personally am deeply sorry that we have broken the trust of our customers and the public.

We will co-operate fully with the responsible agencies, with transparency and urgency, to clearly, openly, and completely establish all of the facts of this case
- Martin Winterkorn, VW chief

In addition to the costs of the recall campaign, VW could theoretically also face fines of up to $37,500 per vehicle — a total of more than $18bn — though analysts have said VW is likely to face a much lower penalty.

The case is a rare but not unique example of this type of manipulation by the motor industry. In 1998, a group of truckmakers including Navistar, Renault and Volvo paid more than $1bn to resolve claims they installed defeat devices on heavy duty diesel engines. These devices allowed an engine to pass the emissions test, but then turn off emission controls when on the road, the EPA said at the time.

The EPA has been active in the past year, securing a record $300m settlement with Hyundai and Kia over claims the Korean affiliates overstated the fuel economy of their cars.

The Guardian:
http://www.theguardian.com/business/2015/sep/20/vw-software-scandal-chief-apologises-for-breaking-public-trust

VW software scandal: chief apologises for breaking public trust
Martin Winterkorn orders external investigation after US regulators found cars gave inaccurate data on toxic emissions

Volkswagen has ordered an external investigation after US regulators found that the carmaker designed software for close to half a million diesel cars that gave false emissions data, its CEO said, adding he was "deeply sorry" for the violation of US rules.

"I personally am deeply sorry that we have broken the trust of our customers and the public," Martin Winterkorn said in a statement published on Sunday by the carmaker on Sunday. "Volkswagen has ordered an external investigation of this matter."

The US Environmental Protection Agency (EPA) said on Friday the software deceived regulators measuring toxic emissions, adding that Volkswagen could face fines of up to $18bn (£11.5bn) as a result. The carmaker could face penalties of $37,500 for each car not in compliance with clean air rules. The diesel-powered models from 2009-2015 are the VW Jetta, Beetle and Golf, the Passat model from 2014-15, and the Audi A3 from 2009 to 2015.

"We do not and will not tolerate violations of any kind of our internal rules or of the law," said Winterkorn, adding the company was fully co-operating with the relevant agencies. He gave no details on who would carry out the external investigation.

Cynthia Giles, an enforcement officer at the EPA, said on Friday that the cars in question "contained software that turns off emissions controls when driving normally and turns them

on when the car is undergoing an emissions test".

"VW was concealing the facts from the EPA, the state of California and from consumers. We expected better from VW," she said. "Using a defeat device in cars to evade clean air standards is illegal and a threat to public health."

The EPA accused Volkswagen of using the device in 482,000 four-cyclinder Volkswagen and Audi diesel cars in the US since 2008. VW must recall all the cars, remove the defeat device and improve the cars' NOx emissions, which creates smog and has been linked to increased asthma attacks and other respiratory illnesses.

The feature, which the EPA called a defeat device, masks the true emissions only during testing and therefore when the cars are on the road they emit as much as 40 times the level of pollutants allowed under clean air rules meant to ensure public health is protected, said Giles.

Volkswagen suspended sales of cars containing the company's four-cylinder turbo direct injection (TDI) engine on Friday in light of the investigation. The "clean diesel" engine is commonly used in models including VW's Beetle, Golf, Jetta, Passat and the A3 luxury compact made by VW-owned Audi.

Richard Corey, executive officer of the California Air Resources Board (Carb), said on Friday: "Our goal now is to ensure that the affected cars are brought into compliance, to dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules, and to take appropriate further action."

The EPA and Carb discovered the defeat device software following independent analysis by researchers at West Virginia University, who were promoted into action by the International Council on Clean Technology, an NGO.

When confronted with the EPA and Carb's evidence, VW admitted that its cars were fitted with the defeat device.

The crackdown on Volkswagen comes as the Obama administration is attempting to cut air pollution from an array of sources, including the vehicle industry, power plants and oil and natural-gas providers. The EPA set new carbon rules for big trucks earlier this year and has told all vehicle makers they must sell light vehicles averaging 54.5 miles a gallon by 2025.

In Europe, new laws have forced manufacturers to test their cars under real world conditions and not in laboratories, helping to reduce unrealistic claims about emissions. By 2017 all new cars will have to be more stringently tested, effectively ending an era when car makers could exaggerate the performance of their machines.

UK car industry group the SMMT claims that, because of European legislation to cut tailpipe pollution, Britain's air quality is better now than it has been for centuries.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 10:26 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

The Hill:
http://thehill.com/policy/energy-environment/254323-volkswagen-head-apologizes-for-epa-accusations

Volkswagen head apologizes after EPA accusations
By Timothy Cama - 09/20/15 01:28 PM EDT

The head of German automaker Volkswagen Group apologized Sunday after allegations surfaced that his company deliberately tried to evade United States air pollution laws.

Martin Winterkorn, the company's chief executive officer, said he was "deeply sorry" for violating the trust of customers and the public, and said that Volkswagen had ordered an external investigation into the matter.

Volkswagen faces up to $18 billion in fines for the violations under the Clean Air Act, under which the Environmental Protection Agency (EPA) sets air pollution rules for motor vehicles.

"We will cooperate fully with the responsible agencies, with transparency and urgency, to clearly, openly, and completely establish all of the facts of this case," Winterkorn said in a Sunday statement

"We do not and will not tolerate violations of any kind of our internal rules or of the law."

Winterkorn stopped short of admitting to the EPA's allegations.

On Friday, the EPA said it had discovered that about 482,000 diesel vehicles sold by VW and its subsidiary Audi in the United States had "defeat devices" that detect when the vehicle is undergoing an EPA emissions test and turn on equipment that controls output of nitrogen oxides to acceptable levels.

At all other times, the EPA said, the vehicles emitted more pollutants, sometimes exceeding allowable volumes by 40 times.

The agency has not yet officially charged Volkswagen with any civil or criminal penalties, nor did it order any recalls of the affected vehicles. California, which has its own emissions regulations, is also accusing the company of violating air rules.

"We at Volkswagen will do everything that must be done in order to re-establish the trust

that so many people have placed in us, and we will do everything necessary in order to reverse the damage this has caused," Winterkorn said, adding that the issue is the top priority for him and the entire management team.

Reuters:
http://www.reuters.com/article/2015/09/21/usa-volkswagen-idUSL1N11R0L020150921

Volkswagen could face $18 billion penalties from EPA
WASHINGTON | BY TIMOTHY GARDNER

Volkswagen AG could face penalties up to $18 billion after being accused of designing software for diesel cars that deceives regulators measuring toxic emissions, the U.S. Environmental Protection Agency said on Friday.

"Put simply, these cars contained software that turns off emissions controls when driving normally and turns them on when the car is undergoing an emissions test," Cynthia Giles, an enforcement officer at the EPA, told reporters in a teleconference.

Volkswagen can face civil penalties of $37,500 for each vehicle not in compliance with federal clean air rules. There are 482,000 four-cylinder VW and Audi diesel cars sold since 2008 involved in the allegations. If each car involved is found to be in noncompliance, the penalty could be $18 billion, an EPA official confirmed on the teleconference.

A U.S. Volkswagen spokesman said the company "is cooperating with the investigation; we are unable to comment further at this time."

The feature in question, which the EPA called a "defeat device," masks the true emissions only during testing and therefore when the cars are on the road they emit as much as 40 times the level of pollutants allowed under clean air rules meant to ensure public health is protected, Giles said.

The EPA accused Volkswagen of using software in four-cylinder Volkswagen and Audi diesel cars from model years 2009 to 2015 made to circumvent emissions testing of certain air pollutants.

The cars are not facing recall at this time, the EPA said.

The diesel-powered vehicles involved from the 2009 to 2015 model years are the VW Jetta, VW Beetle, VW Golf and the Audi A3, as well as the VW Passat from model years 2014 and 2015.

Christian Post:
http://www.christianpost.com/news/volkswagen-to-recall-almost-500000-cars-in-the-us-over-epa-violation-145778/

Volkswagen to recall almost 500,000 cars in the US over EPA violation
BY LORRAINE CABALLERO , CHRISTIAN POST CONTRIBUTOR

Volkswagen will recall almost 500,000 vehicles released from 2009 to 2015 in the United States after the carmaker allegedly violated the law by using illegal software, which helped it go past environmental restrictions.

The Environmental Protection Agency (EPA) said Volkswagen broke the law by installing a "defeat device" in Volkswagen and Audi units with four-cylinder turbo diesel engines released from the year 2009 to 2015. Under normal driving conditions, the emission control devices installed in the said cars worked with reduced efficacy, according to the Dispatch Times.

In the wake of the violation, Volkswagen chief executive Martin Winterkorn delivered a statement apologizing to their customers and vowing to cooperate with EPA's investigation. However, he did not deny the allegations regarding the illegal software, the International Business Times reports.

"I personally am deeply sorry that we have broken the trust of our customers and the public," said Winterkorn in his statement.

Because of the notice of violation from the EPA, Volkswagen is now facing penalties amounting to more than $18 billion, or around $37,500 per unit, based on the U.S.A. federal Clean Air Act. EPA and CARB discovered the illegal software after researchers at the West Virginia University conducted an independent study in cooperation with the global Council on Clean Transportation, the report adds.

Volkswagen has been struggling to sell cars in the United States because of the rising cases of asthma and other respiratory illnesses caused by air pollutants. The diesel vehicles affected by the recall were being counted on to pull up the company's sales in the United States.

Based on the findings of the EPA, Volkswagen had included a certain algorithm in the cars' emissions software that could detect when an emission test is being conducted.

Owners of the diesel cars affected by the recall will be notified by Volkswagen by next year, EPA said. Until Consumer Reports can "retest" the said cars, the recommended rating for the Passat, Jetta, Golf, Beetle, and Audi A3 luxury compact will remain on hold, the report relays.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 10:14 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert

Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

AP (via Boston Globe):
https://www.bostonglobe.com/business/2015/09/20/chief-sorry-after-epa-says-firm-skirted-clean-air-law/3NNTCf2cVxUI1qYNBfMe7L/story.html

Volkswagen chief apologizes for rigging tests of emissions
By Paul Wiseman and Tom Krisher ASSOCIATED PRESS SEPTEMBER 21, 2015

WASHINGTON — The chief executive of Volkswagen apologized Sunday and VW customers said they felt duped after the Environmental Protection Agency revealed that the German automaker had skirted clean air rules by rigging emissions tests for about 500,000 diesel cars.

''I personally am deeply sorry that we have broken the trust of our customers and the public,'' Volkswagen chief Martin Winterkorn said in a statement. He said VW has ordered an investigation and promised that the company would cooperate with regulators.

On Friday, the EPA said VW used software that allowed its diesel cars to release fewer smog-causing pollutants during tests than in real-world driving conditions.

The cars, built in the last seven years, include the Audi A3, VW Jetta, Beetle, Golf, and Passat models. The agency ordered VW to fix the cars at its own expense. VW also faces fines that could add up to billions of dollars.

VW edged out Toyota to become the world's top-selling automaker in the first half of 2015. But a hit to its reputation from the emissions revelations could hamper its efforts at a sales rebound in the United States. Between 2013 and 2014, VW sales plummeted 10 percent, even as overall industry sales rose 6 percent. US buyers want SUVs, and Volkswagen doesn't have competitive vehicles to offer them.

The magazine Consumer Reports almost immediately suspended its ''recommended'' rating on the Jetta and Passat diesels until it can get recall repairs and retest the cars.

Volkswagen marketed the diesel-powered cars, which account for about 25 percent of its sales, as being better for the environment. After the EPA acted, VW withdrew ads for its diesel cars from Youtube.com and asked dealers to stop selling 2015 diesel cars with 2.0-liter engines, according to a person familiar with the matter.

Some VW customers were furious.

Zeeshan Shah, 39, of Fulton, Md., said that he bought a Volkswagen Diesel Passat 2015 in July after he totaled his Jetta two years ago.

''The selling point" for the Diesel Passat was that the technology was so good, he said.

Now, Shah plans to return the car back to the dealer to have it examined and doesn't want to buy another Volkswagen. ''Once they cheat you on this issue, what other issues can they cheat you on?'' he said. ''You don't trust them.''

John German, senior fellow at the International Council on Clean Transportation, the group that blew the whistle on VW, said it didn't expect to find any violators when it contracted with West Virginia University to test cars with diesel engines.

The council, a research group that helps governments write regulations, did the US tests in an effort to show that automakers were complying with US nitrogen oxide emissions standards, which are stricter than in other countries, he said.

The EPA said VW faces fines of up to $37,500 per vehicle for the violations, a total of more than $18 billion.

WSJ:
http://www.wsj.com/articles/volkswagen-ceo-apologizes-after-epa-accusations-1442754877

Volkswagen Halts U.S. Sales of Certain Diesel Cars
Auto maker also begins external probe after EPA accuses company of dodging emissions rules
By WILLIAM BOSTON, AMY HARDER and MIKE SPECTOR
Updated Sept. 20, 2015 8:57 p.m. ET

Volkswagen AG's crisis over allegedly cheating on U.S. emissions tests deepened, with the German auto maker halting American sales of popular diesel-powered cars and issuing a sweeping apology for violating customers' trust.

It also launched an external investigation. Shares in the company slumped more than 20% in early trading Monday in response to the crisis.

The company could face billions of dollars in fines and the crisis could further weaken Volkswagen Chief Executive Martin Winterkorn's position. He narrowly survived efforts by a major shareholder to oust him earlier this year and was passed over for the chairman's job, the company's top post, this month.

"I personally am deeply sorry that we have broken the trust of our customers and the public," Mr. Winterkorn said in a statement issued by the company on Sunday, adding that VW is cooperating with authorities and has commissioned an external probe.

The U.S. is crucial in Volkswagen's efforts to become the world's leading auto maker by sales. The German company has built its campaign to grow in the U.S. market on a promise that its clean-diesel engines deliver better performance and low emissions. It is neck-and-neck with reigning sales leader Toyota Motor Corp. and overtook the Japanese car maker during the first half of this year. But the emissions test probes could stall its progress.

Even prior to the emissions issue, the auto maker's namesake Volkswagen brand has been battling declining sales in the U.S. market. And Audi AG, its luxury car maker, is finding it hard to catch up in the U.S. with rivals BMW AG and Daimler AG, which makes Mercedes-Benz vehicles.

On Friday, the U.S. Environmental Protection Agency and the California Air Resources Board alleged that Volkswagen used software, dubbed a "defeat device," in the cars to make diesel-powered engines appear to have lower levels of emissions than they actually did.

About 482,000 Volkswagen diesel-powered cars were affected.

The EPA probe could force Volkswagen and its Audi unit to recall thousands of vehicles that contain the company's "clean diesel" engines. The four-cylinder 2.0-liter turbo direct injection, or TDI, engine is commonly found in Volkswagen's Passat, Jetta, Golf, Beetle and in Audi's A3 luxury compact model.

A Volkswagen spokesman on Sunday said the auto maker halted the sale of all 2015 and 2016 models containing the four-cylinder 2.0 liter TDI engine. The EPA investigation affects cars sold since 2008. The company hasn't issued a recall, the spokesman said.

Realization that Volkswagen may have cheated to get better emissions results could undermine its U.S. recovery and further weaken its shares, which are down 37% from their peak on March 16, said analysts.

"There is no way to put an optimistic spin on this—this is really serious," said Max Warburton, an analyst with Bernstein Research. "The best case for VW is probably still a multi-billion dollar fine."

Consumer Reports, an influential magazine when it comes to car reviews, last week suspended "recommended" ratings on the auto maker's Jetta and Passat diesel-engine models after the EPA disclosed its allegations. Consumer Reports said the recommendations would be suspended until it can retest the vehicles once they are repaired. The magazine said it would then assess whether the cars' fuel economy worsened.

A production line at a Volkswagen plant in Wolfsburg, Germany. ENLARGE
A production line at a Volkswagen plant in Wolfsburg, Germany. PHOTO: REUTERS
Laurie Cleveland, a 54-year-old English teacher from Lowville, N.Y., said she bought a new 2015 VW Passat TDI over the Labor Day weekend. She isn't sure what to do now. She said it is her fourth Volkswagen diesel car since 2006.

"I feel like I've been deceived," she said. "I'm a person who likes to be environmentally friendly," she added.

Mr. Winterkorn on Sunday vowed to do "everything necessary" to regain public trust in the

company.

"We do not and will not tolerate violation of any kind of our internal rules or of the law," he said. "This matter has first priority for me."

U.S. officials said Volkswagen violated two parts of the federal Clean Air Act and could face fines of as much as $37,500 per car, or more than $18 billion. It remained unclear whether the government would seek such an onerous penalty.

The EPA in November 2014 hit South Korean auto makers Hyundai Motor Co. and Kia Motors Corp. with a record $100 million penalty for overstating fuel-economy claims and forced the companies to cough up another $200 million in regulatory credits.

The EPA has said the vehicles remain safe and legal to drive. The agency is working with the Justice Department and an investigation is continuing.

Officials alleged that Volkswagen used software that activates full emissions controls only during testing but then reduces their effectiveness during normal driving. The result is that cars can emit nitrogen oxides at up to 40 times the allowable standard, the agency said. Diesel-powered cars are a small part of overall U.S. car and light-truck sales.

Experts say that the software enables cars to get better fuel economy at the expense of higher nitrogen-oxide emissions, which was likely one reason VW was using them, according to Margo Oge, who recently retired as director of the EPA's Office of Transportation and Air Quality after more than 30 years at the agency.

Volkswagen's apparent motivations on the emissions tests were unclear. An EPA spokeswoman has said it would be "premature to speculate on why VW did this."

A Volkswagen spokesman in Wolfsburg, Germany, on Sunday said, "We are now in the investigation phase and have no comment beyond what is in the statement that we published today."

California is separately investigating the auto maker.

The International Council on Clean Transportation, a nonprofit research organization that works with governments to cut air pollution from mobile sources, and West Virginia University researchers uncovered Volkswagen's alleged use of defeat devices in research and testing over the last couple of years.

Reuters:
http://www.reuters.com/article/2015/09/20/us-usa-volkswagen-ceo-idUSKCN0RK0IK20150920

Volkswagen to halt U.S. sales of some 2015 diesel cars

FRANKFURT/HAMBURG | BY CHRISTOPH STEITZ AND JAN SCHWARTZ

Volkswagen (VOWG_p.DE) told U.S. dealers to halt sales of some 2015 diesel cars after regulators found software it designed for the affected vehicles gave false emissions data, the company said Sunday, announcing it had launched an investigation.

In a statement published by the carmaker on Sunday, Chief Executive Officer Martin Winterkorn said, "I personally am deeply sorry that we have broken the trust of our customers.

"Volkswagen has ordered an external investigation of this matter," he said.

The U.S. Environmental Protection Agency (EPA) said on Friday the software deceived regulators measuring toxic emissions, adding that Volkswagen could face fines of up to $18 billion as a result.

The Detroit News reported late Friday that VW dealers still had some 2015 diesel Jetta, Passat and Beetle cars for sale.

A VW representative on Sunday confirmed the partial halt of sales of the affected vehicles but did not give any numbers.

Winterkorn said, "We do not and will not tolerate violations of any kind of our internal rules or of the law," adding that the company was fully cooperating with the relevant agencies.

He gave no details on who would carry out the external investigation.

"This is not your usual recall issue, an error in calibration or even a serious safety flaw," Bernstein analysts wrote in a note on Sunday. "There is no way to put an optimistic spin on this - this is really serious."

Cynthia Giles, an enforcement officer at the EPA, said on Friday the cars in question "contained software that turns off emissions controls when driving normally and turns them on when the car is undergoing an emissions test".

The feature, which the EPA called a "defeat device," masks the true emissions only during testing. When the cars are on the road, they emit as much as 40 times the level of pollutants allowed under clean air rules meant to ensure public health is protected, Giles said.

"We have admitted to it to the regulator. It is true. We are actively cooperating with the regulator," a Volkswagen spokesman said on Sunday.

Volkswagen could face civil penalties of $37,500 for each vehicle not in compliance with federal clean air rules. Some 482,000 four-cylinder VW and Audi diesel cars sold since 2008 are involved in the allegations.

If each car involved is found to be in noncompliance, the penalty could be $18 billion, an EPA official confirmed during the telephone conference on Friday.

Volkswagen peer Daimler, meanwhile, signaled it may not be subject to the same violation.

"I have a rough idea of what is happening and that it does not apply to us," Daimler Chief Executive Dieter Zetsche said on Sunday at an event in Hamburg.

"But it is much too early to make a final statement on this," he added.

USA Today:
http://www.usatoday.com/story/money/cars/2015/09/20/volkswagen-ceo-martin-winterkorn-apologizes-epa-clean-air-act-emissions-violations/72519678/

Volkswagen issues sales halt; CEO apologizes on emissions cheating
Nathan Bomey, USA TODAY 8:02 a.m. EDT September 21, 2015

Volkswagen has admitted cheating U.S. diesel emissions tests, sending company shares plunging as much as 23 percent in Frankfurt and potentially leaving the company open to billions of dollars in fines. Bloomberg

Martin Winterkorn ordered an external investigation after the EPA disclosed the violations.

Volkswagen's CEO said he is "deeply sorry" for violating U.S. emissions standards and ordered an external investigation Sunday, two days after the Environmental Protection Agency (EPA) accused the automaker of purposefully manipulating emissions tests for almost 500,000 vehicles.

The German automaker ordered its U.S. dealerships to stop selling cars impacted by the probe until its engineers can deliver a fix.

The EPA accused Volkswagen of installing software on 482,000 diesel cars in the USA that allowed it to cheat emissions tests, potentially exposing people to harmful pollutants at levels of 40 times the acceptable standard and respiratory conditions such as asthma.

"I personally am deeply sorry that we have broken the trust of our customers and the public," Martin Winterkorn, Volkswagen's CEO, said in a statement. "We will cooperate fully with the responsible agencies, with transparency and urgency, to clearly, openly and completely establish all of the facts of this case." Winterkorn pledged to regain the public's trust.

The violations could expose Volkswagen — the world's largest vehicle manufacturer through the first six months of 2015 — to up to $18 billion in federal fines if the EPA assesses the maximum possible penalty of $37,500 per vehicle.

The violations could invite charges of false marketing by regulators, a vehicle recall and payment to car owners, either voluntarily or through lawsuits. Volkswagen advertised the cars under the "Clean Diesel" moniker.

The state of California is investigating the emissions violations.

"We do not and will not tolerate violations of any kind of our internal rules or of the law," Winterkorn said. The company's board takes the allegations "very seriously," he said.

The EPA accused the German automaker of adopting what it called a "defeat device" to trick U.S. regulators into believing its cars met Clean Air Act standards for nitrogen oxides. Volkswagen admitted to investigators it had installed the defeat device, the EPA said.

The EPA said impacted cars include the 2009 to 2014 Volkswagen Jetta, Beetle and Golf, the 2014 and 2015 Volkswagen Passat and the 2009 to 2015 Audi A3.

Volkswagen told dealers they cannot sell the 4-cylinder diesel versions of those cars until a fix is available, Volkswagen spokesman Mario Guerreiro said Sunday.

The sales halt could put a significant dent in the company's September sales performance. About 20% of Volkswagen's vehicle sales are diesel engines, said AutoPacific analyst Dave Sullivan.

"It totally goes against all of the marketing they have had of a clean diesel," Sullivan said of the violations. "That's one of the biggest selling points for Volkswagen."

"The trust of our customers and the public is and continues to be our most important asset," Winterkorn said Sunday. "We at Volkswagen will do everything that must be done in order to re-establish the trust that so many people have placed in us, and we will do everything necessary in order to reverse the damage this has caused. This matter has first priority for me, personally, and for our entire Board of Management."

From: Gong, Kristiene
Sent: Friday, September 18, 2015 3:22 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Sacramento Bee:
http://www.sacbee.com/news/business/article35709432.html

Regulators order Volkswagen recalls over device used to trick smog tests
BY DALE KASLER

In a joint probe with California air regulators, the federal government Friday told Volkswagen to recall 480,000 diesel-fuel cars, charging the automaker with equipping the cars with software designed to circumvent pollution limits.

The U.S. Environmental Protection Agency and California Air Resources Board sent notices to the German automaker over its alleged use of something called a "defeat device," a piece of software that controls emissions during smog tests but not when the vehicles are actually on the road.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, assistant EPA administrator, in a prepared statement. "Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules."

The EPA sent Volkswagen a "notice of violation" and told car owners they can expect a recall notice. The agency said all repairs will be done at Volkswagen's expense. It added that the cars are safe to drive. The EPA has the authority to order automotive recalls.

Stanley Young, a spokesman for the ARB, said the federal and state agencies were first notified of the problem by independent researchers at West Virginia University and the International Council on Clean Transportation. Months of followup testing, including tests at an ARB lab in El Monte, confirmed the analyses.

Volkswagen officials in early September "admitted to CARB and EPA staff that these vehicles were designed and manufactured with a defeat device," according to an enforcement letter the California agency sent Friday to Volkswagen officials.

Young said "our major goal is to ensure that these cars come into compliance, that they're the same in the real world as they are on the test bench." The automaker eventually could face fines or other enforcement actions, he said.

The agencies plan to "dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules, and to take appropriate further action," said Richard Corey, executive officer of ARB, in a prepared statement.

The EPA said the recall affects VW Jettas, Beetles, Golfs and Audi A3s made in the 2009 to 2015 model years. It also covers VW Passats made in the 2014 and 2015 model years. Only diesel cars are affected. Young said ARB believes there are as many as 50,000 affected vehicles on the road in California.

Under the federal Clean Air Act, California has the authority to set its own regulatory standards for car emissions.

Volkswagen of America spokesman Darryll Harrison Jr. said the company is cooperating with the federal and state agencies but had no further comment.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 3:10 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

The Atlantic:
http://www.theatlantic.com/technology/archive/2015/09/volkswagens-game-of-make-belief/406159/

Volkswagen's Game of Make-Believe
The company inserted a device into almost 500,000 cars meant to trick emissions testing, the EPA says.
ROBINSON MEYER

One of the great lessons of the pioneering computer scientist Alan Turing is this: Computers are only pretending machines. Software is always just imitating something else.

Volkswagen seems to have taken this maxim to new heights. The Environmental Protection Agency alleges that the company installed "defeat devices" in its four-cylinder Volkswagen and Audi-brand diesel cars from 2009 to 2015.

These devices, essentially, let the cars pretend to not break the law. The software could sense when the car was undergoing emissions testing and activate its pollution-control systems accordingly. When the car was being driven during normal use, these systems largely did not activate—making the car a much heavier polluter in real-life than it looked on paper.

With those systems deactivated, the car's emissions violated the Clean Air Act and California's state pollution-control regulation.

"Using a defeat device in cars to evade clean-air standards is illegal and a threat to public health," said Cynthia Giles, assistant administrator for the EPA's Office of Enforcement and Compliance Assurance, in a statement.

There are almost 500,000 vehicles on American roads with the devices installed, according to the EPA. Volkswagen must now pay to repair the emissions systems in affected cars. The government may also fine the company as much as $18 billion.

The device was discovered by researchers at West Virginia University, who notified the EPA and California state authorities. The two authorities investigated further, and after demanding "an explanation for the identified emission problems, Volkswagen admitted that the cars contained defeat devices," said a statement from the agency.

I reached out to Volkswagen for comment and haven't heard back yet. The Times reports

that the company is complying with investigations.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 2:58 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Mashable:
http://mashable.com/2015/09/18/volkswagen-recall-emissions/#uL1ctrM4JZkb

Volkswagen urged to recall cars for allegedly cheating emissions test
BY CHRIS PERKINS

Automakers are under intense pressure to meet emissions regulations put in place by the world's governments. Volkswagen allegedly had a slightly different solution.

The U.S. Environmental Protection Agency (EPA) ordered a recall of almost 500,000 Volkswagen and Audi vehicles equipped with four-cylinder diesel engines, for software designed to sidestep emissions regulations, reports the New York Times.

In total, 482,000 vehicles are being implicated, including the 2009-2015 Volkswagen Golf, Beetle, Jetta and Beetle, the 2014-2015 Volkswagen Passat and the 2009-2015 Audi A3. The cars were possibly installed with a "defeat device," a piece of software designed to detect when the car is undergoing emissions testing and turn on all of the car's emissions control systems then. In normal driving, the systems would turn off, causing 40 times larger nitrogen oxide emissions, according to the E.P.A.

Nitrogen oxide is a major contributor to smog, which can lead to increased respiratory problems and premature death.

The installation of this software is in violation of the Clean Air Act, and as such, the E.P.A, the State of California and the Department of Justice will launch an investigation. The installation of this software is in violation of the Clean Air Act, and as such, the E.P.A, the State of California and the Department of Justice will launch an investigation.

U.S. regulators hope that this recall will send a message to automakers to not develop software to skirt regulations. Last November, Hyundai and Kia were fined $100 million for violating the Clean Air Act. The two companies inflated their fuel economy figures for their 2012 vehicles.

The likely reason why Volkswagen could go the trouble to develop and use software like this is to boost performance; emissions control equipment tends to suck power out of an engine.

Researchers from West Virginia University, working with the International Council on Clean Transportation, discovered the software, according to the EPA's press release.

"Volkswagen Group of America, Inc., Volkswagen AG and Audi AG received today notice from the US Environmental Protection Agency, US Department of Justice and the California Air Resources Board of an investigation related to certain emissions compliance matters. VW is cooperating with the investigation; we are unable to comment further at this time," said a representative for Volkswagen.

A representative for the EPA wasn't immediately available for comment.

It's unclear if this issue only pertains to U.S. model Volkswagens and Audis equipped with four-cylinder diesels, or their world-market counterparts as well.

A report from Jalopnik notes that all of Volkswagen's ads for its diesel models have been deleted from YouTube, apparently at the company's request.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 2:51 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Christian Science Monitor:
http://www.csmonitor.com/Business/In-Gear/2015/0918/Why-the-EPA-is-forcing-Volkswagen-to-recall-nearly-500-000-cars

Why the EPA is forcing Volkswagen to recall nearly 500,000 cars
Volkswagen AG, the German car manufacturer, is under investigation by California and US emissions regulators for allegedly circumventing emission tests with a new device.
By Corey Fedde, Staff SEPTEMBER 18, 2015

Volkswagen AG is under investigation for circumventing clean air rules.

German automotive company Volkswagen AG is under investigation by California and US environmental regulators. The US Environmental Protection Agency told Reuters Volkswagen allegedly used software to circumvent emissions testing of specific air pollutants.

“Put simply, these cars contained software that turns off emissions controls when driving normally and turns them on when the car is undergoing an emissions test,” Cynthia Giles, an EPA enforcement officer, told Reuters via teleconference.

The feature, known as a “defeat device,” is allegedly present in 4 cylinder Volkswagen and

Audi vehicles from 2009-2015, which total nearly 500,000 vehicles. The device is programmed to detect when the car is undergoing an emissions test and turn on the full emissions controls. The device then turns the emission controls off during normal driving. The result being far more pollution than the company reported, the EPA told The New York Times.

The pollutant the "defeat device" is designed to conceal, nitrogen oxide, has been linked by public health officials to variety of health problems, including asthma.

The 500,000 diesel vehicle models affected include 2009-2015 Volkswagen Jettas, Beetles, Golfs, Passats, and Audi A3s.

The violation and investigation belie a growing trend in more aggressive environmental enforcement from federal regulators. In November 2014, the administration announced its largest ever penalty for a violation of the Clean Air Act on Korean automakers Hyundai Motor and Kia Motors. The fine involved a $300 million settlement for overstating vehicle fuel-economy standards on more than 1 million cars.

According to The New York Times, analysts say the crackdown is meant to send a clear message to automakers that circumventing federal rules will not be tolerated.

California, the EPA, and the Justice Department are working together on the investigation.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health. Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. E.P.A. will continue to investigate these very serious violations," Ms. Giles told the Times.

This report includes material from Reuters.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 2:27 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Reuters:
http://www.reuters.com/article/2015/09/18/us-usa-volkswagen-idUSKCN0RI1VK20150918

Volkswagen could face $18 billion penalties from EPA
WASHINGTON | BY TIMOTHY GARDNER

Volkswagen AG (VOWG_p.DE) could face penalties up to $18 billion after being accused of designing software for diesel cars that deceives regulators measuring toxic emissions, the

U.S. Environmental Protection Agency said on Friday.

"Put simply, these cars contained software that turns off emissions controls when driving normally and turns them on when the car is undergoing an emissions test," Cynthia Giles, an enforcement officer at the EPA, told reporters in a teleconference.

Volkswagen can face civil penalties of $37,500 for each vehicle not in compliance with federal clean air rules. There are 482,000 four-cylinder VW and Audi diesel cars sold since 2008 involved in the allegations. If each car involved is found to be in noncompliance, the penalty could be $18 billion, an EPA official confirmed on the teleconference.

A U.S. Volkswagen spokesman said the company "is cooperating with the investigation; we are unable to comment further at this time."

The feature in question, which the EPA called a "defeat device," masks the true emissions only during testing and therefore when the cars are on the road they emit as much as 40 times the level of pollutants allowed under clean air rules meant to ensure public health is protected, Giles said.

The EPA accused Volkswagen of using software in four-cylinder Volkswagen and Audi diesel cars from model years 2009 to 2015 made to circumvent emissions testing of certain air pollutants.

The cars are not facing recall at this time, the EPA said.

The diesel-powered vehicles involved from the 2009 to 2015 model years are the VW Jetta, VW Beetle, VW Golf and the Audi A3, as well as the VW Passat from model years 2014 and 2015.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 1:40 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

The Hill:
http://thehill.com/policy/energy-environment/254188-epa-accuses-vw-of-going-around-federal-emissions-standards

Feds accuse VW of going around federal emissions standards
By Devin Henry - 09/18/15 12:50 PM EDT

The Environmental Protection Agency (EPA) is accusing Volkswagen of looking to circumvent federal air pollutant emission standards for the last six years.

EPA officials alleged Friday that about 482,000 VW vehicles sold since 2008 violate the Clean Air Act due to software installed on the vehicles that turns off required air pollution protections.

Janet McCabe, an acting assistant administrator, said the EPA "intends to hold VW responsible to recall the vehicles" and fix the emissions problem. The company could face up to an $18 billion fine for the violations.

The EPA issued VW a Clean Air Act violation notice Friday, alleging it used a software algorithm on certain vehicles that would turn on emission controls only when they undergo official emissions testing.

This "defeat device," the EPA said, would switch off those controls during normal operation, which means the vehicles could emit up to 40 times the amount of nitrogen oxide allowed under federal air pollution standards.

"These violations are very serious … not only because they result in excess emissions, but also because VW was concealing the fact from EPA, the state of California and from consumers," Assistant Administrator Cynthia Giles said. "We expected better from VW."

Federal law requires manufacturers to certify to the EPA that their cars meet emissions standards before selling their vehicles in the U.S. Cars with defeat devices cannot be certified, the EPA said.

A VW statement said only that the company had received the violation notice and is cooperating with the investigation.

The EPA and the California Air Resources Board discovered the defeat device during an analysis at West Virginia State University, the EPA said. Officials said their investigation into the incident is ongoing and wouldn't give many more details about how it developed or what the outcome might be.

The agency is not ordering a recall or announcing penalties at the moment, and officials said the cars are safe and legal to drive. The Friday announcement, Giles said, was meant to "inform the public right away and to put VW on notice of our continuing investigation."

The EPA said the announcement covers VW Jettas, Beetles, Golfs and Audi A3s with model years between 2009 and 2015, as well as the VW Passat with model years 2014 and 2015.

Fortune:
http://fortune.com/2015/09/18/volkswagen-recall-epa-smog/

Volkswagen ordered to recall almost a half-million cars over emissions trick
by Benjamin Snyder

The Environmental Protection Agency is ordering Volkswagen to recall nearly a half-million cars after the company allegedly used a computer software trick to make the cars seem more environmentally friendly during state emissions tests.

The VW models involved include the diesel versions of the following models: The 2009-15 Volkswagen Jetta, the 2009–15 Beetle, the 2009–15 Golf, the 2014-15 Passat and the 2009-15 Audi A3. The recall affects 482,000 vehicles in total.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, Assistant Administrator for the Office of Enforcement and Compliance Assurance, in a statement. "Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters."

"Volkswagen Group of America, Inc., Volkswagen AG and Audi AG received today notice from the US Environmental Protection Agency, US Department of Justice and the California Air Resources Board of an investigation related to certain emissions compliance matters," Volkswagen says. "VW is cooperating with the investigation; we are unable to comment further at this time."

Auto Guide:
http://www.autoguide.com/auto-news/2015/09/volkswagen-used-illegal-software-to-cheat-emissions-tests-epa.html

Volkswagen Used Illegal Software to Cheat Emissions Tests: EPA
By Stephen Elmer Sep 18, 2015

Volkswagen may be forced to recall almost 500,000 diesel passenger cars after an investigation revealed illegal software was allowing the vehicles to pass government emissions standards.

A software algorithm, known as a defeat device, used on roughly 482,000 Volkswagen vehicles with four-cylinder diesel engines is able to detect when the car is undergoing official emissions testing, and will activate full emissions controls only during the test.

The EPA says that this results in cars that meet emissions standards while being tested, but emit 40 percent more nitrogen oxides while driving.

Independent analysis at West Virginia University uncovered the defeat devices. After being questioned by the EPA and CARB, Volkswagen admitted that its cars did contain defeat devices.

The EPA says "it is incumbent" on Volkswagen to initiate a recall fix for all the affected cars, although they note that these vehicles are still safe to drive and do not present a safety

hazard at this time.

Volkswagen may be liable for civil penalties over the findings, which could total up to $18 billion if the EPA leverages its maximum find of $37,500 per vehicles.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, Assistant Administrator for the Office of Enforcement and Compliance Assurance. "Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters."

Models affected by the issue include the 2009-2015 Volkswagen Jetta, Beetle and Gold. The 2009-2015 Audi A3 is also affected, along with the 2014-2015 Passat.

Volkswagen acknowledged that it has received notice of the investigation. "VW is cooperating with the investigation; we are unable to comment further at this time," said the brand.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 1:36 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Washington Post:
http://www.washingtonpost.com/news/energy-environment/wp/2015/09/18/epa-volkswagen-used-defeat-device-to-circumvent-air-pollution-controls/

EPA: Volkswagen used 'defeat device' to circumvent air pollution controls
By Joby Warrick September 18 at 1:04 PM

The Environmental Protection Agency on Friday accused Volkswagen of installing a software "defeat device" that circumvented pollution controls on nearly a half-million Volkswagens and Audis.

The regulatory agency filed a notice of violation against the German automaker, saying the company deliberately cheated on clean-air rules by installing the software of five of its models since 2008. An EPA statement warned of possible civil penalties and hinted of a future possible recall, saying it was "incumbent on Volkswagen to initiate the process" to fix the affected cars' emissions systems.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, the EPA's assistant administrator for EPA's Office of Enforcement and Compliance Assurance.

EPA officials, in a joint probe with California's regulatory agency, determined that Volkswagen had inserted a sophisticated algorithm in the cars' emissions software that could detect when a vehicle was undergoing emissions testing. The software, which the EPA called a "defeat device," would turn on full emissions controls during testing, and switch them off again under normal driving conditions.

As a result, the cars emitted far more pollution–up to 40 times the federal standard for the pollutant known as NOx, a component in urban smog, the EPA said.

The software was installed in Volkwagen's Golfs, Jettas and Beetles and Audi A3s beginning in the model year 2009, and in Volkswagen's Passat models beginning in 2014. EPA officials said no action was required by owners of the car, but they suggested that Volkswagen would be compelled to address the problem.

"Our goal now is to ensure that the affected cars are brought into compliance, said Richard Corey, the executive officer for California's Air Resources Board." He said federal and state agencies intended to "dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules, and to take appropriate further action."

From: Gong, Kristiene
Sent: Friday, September 18, 2015 1:31 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Wall Street Journal:
http://www.wsj.com/articles/epa-accuses-volkswagen-of-dodging-emissions-rules-1442595129

EPA Accuses Volkswagen of Dodging Emissions Rules
Agency says German auto maker circumvented air-pollution standards with software
By AMY HARDER

WASHINGTON—The U.S. Environmental Protection Agency issued a notice on Friday alleging that Volkswagen AG circumvented air-pollution standards with software installed on nearly a half million cars sold in the U.S. since 2008.

Officials said Volkswagen could face penalties of up to $37,500 per vehicle, or a total of more than $18 billion, though it remained unclear whether the government would eventually levy such a large penalty. Officials said the German auto maker violated the federal Clean Air Act.

The agency said that owners of these cars don't need to take any action right now and that while the cars have emissions exceeding federal standards, "these violations do not present a safety hazard and the cars remain legal to drive," according to the EPA.

Officials said a recall hasn't been announced and an investigation continues. They plan to at some point order Volkswagen to fix the vehicles, officials said.

Top EPA officials made the announcement alongside the California Air Resources Board, which is separately investigating the alleged use of the software, which EPA describes as a "defeat device." The software reduces the effectiveness of a car's emission control system during normal driving conditions and enables the car to emit nitrogen oxides at up to 40 times the allowable standard, according to the EPA.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, Assistant Administrator for the Office of Enforcement and Compliance at the EPA.

"Volkswagen Group of America Inc., Volkswagen AG and Audi AG received today notice from the U.S. Environmental Protection Agency, U.S. Department of Justice and the California Air Resources Board of an investigation related to certain emissions compliance matters," Volkswagen said in a statement. "VW is cooperating with the investigation; we are unable to comment further at this time."

EPA said that its allegations cover roughly 482,000 diesel passenger cars with model years between 2009 and 2015 and sold in the U.S. since 2008. They include the following models: the Jetta, Beetle, Audi A3, Golf and Passat.

The Clean Air Act requires vehicle manufacturers to certify to EPA that their products meet federal air-pollution standards. EPA said Friday that by making and selling vehicles with the "defeat device" software, Volkswagen was violating two parts of the Clean Air Act.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 1:19 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

NPR:
http://www.npr.org/sections/thetwo-way/2015/09/18/441467960/volkswagen-used-defeat-device-to-skirt-emissions-rules-epa-says

Volkswagen Used 'Defeat Device' To Skirt Emissions Rules, EPA Says
BILL CHAPPELL

Saying Volkswagen violated the Clean Air Act, the Environmental Protection Agency says the company's diesel-powered cars have sophisticated software that detects emissions testing – and "turns full emissions controls on only during the test."

Installed on four-cylinder cars, the software, which the EPA calls a "defeat device" that's meant to trick official tests, allowed diesel Jettas, Beetles, and other cars to "emit up to 40 times more pollution" than allowed under U.S. emission standards.

The agency says that after the carmaker was confronted with emission test results this month, it admitted that the cars contain defeat devices.

Volkswagen must now fix the cars' emissions control systems, the agency says, adding that Volkswagen could be liable for civil penalties and other punishment. The cars in question are popular Volkswagen and Audi models that were made from 2009 to this year.

The affected diesel cars include:

- Jetta (Model Years 2009 – 2015)
- Beetle (Model Years 2009 – 2015)
- Audi A3 (Model Years 2009 – 2015)
- Golf (Model Years 2009 – 2015)
- Passat (Model Years 2014-2015)

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, assistant administrator for the Office of Enforcement and Compliance Assurance.

The Verge:
http://www.theverge.com/2015/9/18/9352757/epa-volkswagen-recall-emissions

Volkswagen ordered to recall 500,000 cars for gaming emissions testing
By Colin Lecher

The federal government has ordered Volkswagen to recall almost 500,000 vehicles, saying the company unlawfully used special software to get around missions regulations.

VOLKSWAGEN ALLEGEDLY USED A "DEFEAT DEVICE."

Volkswagen allegedly used a so-called "defeat device" on certain models made in the past six years. The device works by only turning on emissions control when undergoing emissions testing, but not when the car is actually being driven normally and pollution is at its peak. "This results in cars that meet emissions standards in the laboratory or testing station, but during normal operation, emit nitrogen oxides, or NOx, at up to 40 times the standard," the EPA said in a statement.

Using such a device is a violation of the Clean Air Act, which, as The New York Times points out, the EPA has been increasingly cracking down on. In November, the agency hit Hyundai and Kia with a record $100 million fine for violations under the act.

The cars affected by the recall include the 2009 to 2015 Jetta, Beetle, Golf, and Audi A3. The 2014 and 2015 Passat is also included. According to the EPA, that adds up to 482,000 cars.

Jalopnik:
http://jalopnik.com/epa-orders-volkswagen-to-recall-482-000-diesel-cars-for-1731665972

EPA Orders Volkswagen To Recall 482,000 Diesel Cars For Cheating On Emissions
Patrick George

The New York Times reports Volkswagen has been ordered by the Environmental Protection Agency to recall 482,000 diesel cars in the U.S. over software they say was intentionally designed to circumvent smog regulations.

The cars, all diesels from 2009 to 2015, have a "defeat device" programmed to detect when the car is undergoing official emissions testing that only then turns on the full emissions control systems, the Times reports.

These controls are turned off in other situations, leading to far greater emissions than VW let on — which is against the law. The devices were designed to conceal nitrogen oxide emissions.

It's not immediately clear why VW had such a system on these cars, how the system detected official testing versus normal driving, or if the cars operated differently in normal driving when the defeat device was off. What effect did reducing NOx emissions have on fuel economy or performance?

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, the E.P.A.'s assistant administrator for the Office of Enforcement and Compliance. "Working closely with the California Air Resources Board, E.P.A. is committed to making sure that all automakers play by the same rules. E.P.A. will continue to investigate these very serious violations."
The state of California and the Justice Department are also investigating the violation, the paper reports.

The vehicles affected are the 2009-2015 diesel Jetta, Beetle, Golf, Passat and Audi A3.

More on this as we get it.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 1:10 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Detroit Free Press:
http://www.freep.com/story/money/cars/2015/09/18/epa-volkswagen-used-software-skirt-emissions-rules/72399372/

EPA: Volkswagen used software to skirt emissions rules
By Greg Gardner

The U.S. Environmental Protection Agency and California are accusing Volkswagen of violating the Clean Air Act by using software that allows hundred of thousands of VW and Audi diesel-powered cars to get around emission standards.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, EPA assistant administrator for enforcement and compliance assurance. "Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters."

The agency's notice of violation covers about 482,000 diesel cars sold between 2009 and 2015 model years.

Affected diesel models include:

Jetta (model years 2009 – 2015)
Beetle (model years 2009 – 2015)
Audi A3 (model years 2009 – 2015)
Golf (model years 2009 – 2015)
Passat (model years 2014-2015)

California is separately issuing an In-Use Compliance letter to Volkswagen, and EPA and the California Air Resources Board (CARB) have both initiated investigations based on Volkswagen's alleged actions.

"Working with U.S. EPA we are taking this important step to protect public health thanks to the dogged investigations by our laboratory scientists and staff," said CARB executive officer Richard Corey. "Our goal is to ensure that the affected cars are brought into compliance, to dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules, and to take appropriate further action."

The federal and California regulators say Volkswagen used a sophisticated software algorithm on certain Volkswagen vehicles that detects when the car is undergoing official emissions testing and turns full emissions controls on only during the test. The effectiveness of these vehicles' pollution emissions control devices is greatly reduced during all normal driving situations.

As a result the cars met emissions standards in the laboratory or testing station, but during

normal operation, emit nitrogen oxides, or NOx, at up to 40 times the permissible standard. The software produced by Volkswagen is a "defeat device," as defined by the Clean Air Act.

Corey said testing groups in Europe found information that indicated Volkswagen may have manipulated its emission tests and told California regulators about their suspicions.

NOx pollution contributes to nitrogen dioxide, ground-level ozone and fine particulate matter. Exposure to these pollutants has been linked with a range of serious health effects, including increased asthma attacks and other respiratory illnesses that can be serious enough to send people to the hospital. Exposure to ozone and particulate matter have also been associated with premature death due to respiratory-related or cardiovascular-related effects. Children, elderly people and those with pre-existing respiratory disease are particularly at risk for health effects of these pollutants.

The Clean Air Act requires vehicle manufacturers to certify to EPA that their products will meet applicable federal emission standards to control air pollution, and every vehicle sold in the U.S. must be covered by an EPA-issued certificate of conformity. Motor vehicles equipped with defeat devices, which reduce the effectiveness of the emission control system during normal driving conditions, cannot be certified. By making and selling vehicles with defeat devices that allowed for higher levels of air emissions than were certified to EPA, Volkswagen violated two important provisions of the Clean Air Act.

EPA and CARB uncovered the defeat device software after independent analysis by researchers at West Virginia University, working with the International Council on Clean Transportation, a non-governmental organization. The researchers raised questions about emissions levels, and the agencies began further investigations into the issue. In September, after EPA and CARB demanded an explanation for the emission problems, Volkswagen admitted that the cars contained defeat devices.

VW may be liable for civil penalties of up to $37,500 per vehicle found to be violating the standard, or potentially more than $18 billion.

It is incumbent upon Volkswagen to initiate the process that will fix the cars' emissions systems. Car owners should know that although these vehicles have emissions exceeding standards, these violations do not present a safety hazard and the cars remain legal to drive and resell. Owners of cars of these models and years do not need to take any action at this time.

Wired:
http://www.wired.com/2015/09/epa-accuses-volkswagen-cheating-emissions-testing-482000-cars/

EPA ACCUSES VOLKSWAGEN OF CHEATING EMISSIONS TESTING ON 482,000 CARS

Alex Davies

THE EPA IS accusing Volkswagen of illegally using software to cheat emissions standards, allowing the German automaker to sell half a million cars that produce smog at 40 times the legal limit.

In a notice of violation of the Clean Air Act sent to Volkswagen AG, Audi AG, and Volkswagen Group of America, Inc today, the EPA said diesel-powered VW cars used a "defeat device," a kind of "a sophisticated software algorithm [that] detects when the car is undergoing official emissions testing, and turns full emissions controls on only during the test. The effectiveness of these vehicles' pollution emissions control devices is greatly reduced during all normal driving situations."

The accusation applies to 482,000 diesel-powered, four-cyclinder Jetta, Beetle, Audi A3, Golf, and Passat cars sold between 2008 and 2015 in the US. The news comes as the Frankfurt motor show, one of the biggest events of the year for the automaker, opens to the press. VW will be required to fix the problem, at no cost to car owners.

The Week:
http://www.theweek.com/speedreads/578080/epa-catches-volkswagen-blatantly-cheating-smog-tests

EPA catches Volkswagen blatantly cheating on smog tests
Jeva Lange

Almost half a million Volkswagen cars, including recent diesel models of Jettas, Beetles, Audi A3s, Golfs, and Passats, may be recalled in an enormous crackdown on the German carmaker's alleged blatant circumvention of smog standards, The New York Times reports.

The Environmental Protection Agency has demanded that the cars be recalled, and specifically accused Volkswagen of installing software, called a "defeat device," in their cars that basically just lies about what a car's emissions are during tests:

The device is programmed to detect when the car is undergoing official emissions testing, and to only turn on full emissions control systems during that testing. Those controls are turned off during normal driving situations, when the vehicles pollute far more heavily than reported by the manufacturer, the E.P.A. said. [The New York Times]

Car emissions contain nitrogen oxide, which creates smog, as well as pollutants that cause asthma.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 12:56 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert

Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

LA Times:
http://www.latimes.com/business/autos/la-fi-hy-volkswagen-probe-20150918-story.html

Volkswagen is accused of sidestepping emissions rules, 'cheating' pollution tests
By JERRY HIRSCH

Federal and California environmental regulators accused Volkswagen of using software that "cheats" pollution testing in nearly 500,000 recent model VWs and Audis by circumventing emission standards in its diesel cars.

The German automaker will eventually have to recall all of the vehicles and change the emissions systems at its own expense, regulators said. Additionally it could face a fine of about $18 billion, or $35,500 per car, federal environmental officials said.

The Environmental Protection Agency on Friday issued the German automaker a "notice of violation" of the Clean Air Act for both VW models and the company's Audi luxury brand. It covers models equipped with four-cylinder diesel engines. The California Air Resources Board issued a similar letter.

Volkswagen and Audi vehicles from model years 2009-2015 have the software, which uses an algorithm that detects when the vehicle is undergoing pollution tests and changes the way it performs from when it is being driven on the open road.

It "is illegal and a threat to public health," said Cynthia Giles, assistant administrator for the Office of Enforcement and Compliance Assurance. "EPA is committed to making sure that all automakers play by the same rules."

"We expected better from VW," Giles said.

Air Resources Board Executive Officer Richard Corey said the California agency wants to bring the cars "into compliance, to dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules, and to take appropriate further action."

Volkswagen said it is cooperating with the investigation.

"We are unable to comment further at this time," the company said in a statement.

The affected diesel models include: Jetta (model years 2009 – 2015,) Beetle (model years 2009 – 2015,) Audi A3 (model years 2009 – 2015,) Golf (model years 2009 – 2015) and Passat (model years 2014-2015.)

International Business Times:

http://www.ibtimes.com/volkswagen-audi-recall-500000-cars-broke-environmental-rules-white-house-says-2104099

Volkswagen And Audi Recall: 500,000 Cars Broke Environmental Rules, White House Says
By Christopher Harress

The Obama administration Friday forced car manufacturer Volkswagen to recall nearly 500,000 cars after it was discovered the German automaker had fitted its vehicles with special technology that can beat environmental tests for reducing smog, according to a new report.

The recall, which was imposed after an investigation by the Environmental Protection Agency, is expected to affect four-cylinder Volkswagen and Audi cars that were manufactured between 2009 and 2015.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," Cynthia Giles, the E.P.A.'s assistant administrator for the Office of Enforcement and Compliance, told the New York Times.

"Working closely with the California Air Resources Board, E.P.A. is committed to making sure that all automakers play by the same rules. E.P.A. will continue to investigate these very serious violations."

From: Gong, Kristiene
Sent: Friday, September 18, 2015 12:52 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Detroit News:
http://www.detroitnews.com/story/business/autos/foreign/2015/09/18/epa-vw-diesel-vehicles-violated-emissions-rules/72401296/

EPA: 482K VW diesel vehicles violated emissions rules
David Shepardson

Washington — The Environmental Protection Agency and the state of California said Volkswagen AG violated federal law by allowing 482,000 diesel VW and Audi cars sold since 2009 to evade emissions requirements using sophisticated software.

The announcement is a big setback to the German automaker that has made diesel vehicles a big part of its U.S. strategy. VW could face fines or criminal prosecution and must immediately prevent those vehicles from being able to defeat emissions rules.

VW concealed facts but has now admitted wrongdoing, said Cynthia Giles, assistant administrator for the Office of Enforcement and Compliance Assurance. "We expected better from VW," she said.

The agencies allege that four-cylinder Volkswagen and Audi diesel cars from model years 2009-2015 include software that circumvents EPA emissions standards for certain air pollutants. California is separately issuing an In-Use Compliance letter to Volkswagen, and EPA and the California Air Resources Board have initiated investigations based on Volkswagen's alleged actions.

EPA said the vehicles software "detects when the car is undergoing official emissions testing, and turns full emissions controls on only during the test." The vehicles include diesel Golf, Jetta, Sportwagen, Beetle and Audi A3 vehicles built from 2009-2015.

EPA said "the effectiveness of these vehicles' pollution emissions control devices is greatly reduced during all normal driving situations. This results in cars that meet emissions standards in the laboratory or testing station, but during normal operation, emit nitrogen oxides, or NOx, at up to 40 times the standard. The software produced by Volkswagen is a 'defeat device,' as defined by the Clean Air Act."

NOx pollution contributes to nitrogen dioxide, ground-level ozone, and fine particulate matter. EPA said exposure has been linked to serious health issues, including increased asthma attacks and other respiratory illnesses that can be serious enough to send people to the hospital. "Exposure to ozone and particulate matter have also been associated with premature death due to respiratory-related or cardiovascular-related effects. Children, the elderly, and people with pre-existing respiratory disease are particularly at risk for health effects of these pollutants," EPA said.

This is the latest example of automakers not following the miles per gallon and emissions rules.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Giles. "Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters."

The Clean Air Act requires vehicle manufacturers to certify to EPA that their products will meet applicable federal emission standards to control air pollution, and every vehicle sold in the U.S. must be covered by an EPA-issued certificate of conformity. Motor vehicles equipped with defeat devices, which reduce the effectiveness of the emission control system during normal driving conditions, cannot be certified.

"Working with U.S. EPA we are taking this important step to protect public health thanks to the dogged investigations by our laboratory scientists and staff," said Air Resources Board Executive Officer Richard Corey. "Our goal now is to ensure that the affected cars are brought into compliance, to dig more deeply into the extent and implications of

Volkswagen's efforts to cheat on clean air rules, and to take appropriate further action."

The issue first came to the attention of the agencies in 2014 after independent analysis by researchers at West Virginia University, working with the International Council on Clean Transportation, a non-governmental organization, raised questions about emissions levels, and the agencies began further investigations into the issue.

In September, after EPA and CARB demanded an explanation for the identified emission problems, Volkswagen admitted that the cars contained defeat devices, the agencies said.

EPA said VW must recall the vehicles. EPA said "owners should know that although these vehicles have emissions exceeding standards, these violations do not present a safety hazard and the cars remain legal to drive and resell. Owners of cars of these models and years do not need to take any action at this time."

AP (via ABC News):
http://abcnews.go.com/Politics/trump-candidates-criticize-donald-muslim-comments/story?id=33858500

EPA Says VW Intentionally Violates Clean Air Standards
By MATTHEW DALY, ASSOCIATED PRESS WASHINGTON — Sep 18, 2015, 12:42 PM ET

The Environmental Protection Agency says nearly 500,000 Volkswagen and Audi diesel cars built in the past seven year are intentionally violating clean air standards by using software that evades EPA emissions standards.

The EPA says the cars include a device programmed to detect when the car is undergoing official emissions testing. The cars only turn on full emissions control systems during that testing. The EPA says the controls are turned off during normal driving situations.

The EPA called the company's use of the device illegal and a threat to public health.

The EPA called on VW to fix the cars' emissions systems, but said car owners do not need to take any immediate action.

VW said in a statement it is cooperating with the investigation.

Bloomberg:
http://www.bloomberg.com/news/articles/2015-09-18/epa-says-volkswagon-software-circumvented-car-emissions-testing

EPA Says Volkswagen Circumvented Car Emissions Tests
Jeff Plungis

Volkswagen AG sold diesel cars with software that circumvented U.S. emissions standards for air pollution, the Environmental Protection Agency said.

The company sold Volkswagen and Audi brand cars from model years 2009-2015 that contained a "sophisticated software algorithm" that detects when the car is undergoing official emissions testing, and turns on full emissions control, the agency said. During normal driving times, the systems don't operate fully, regulators said.

The potential fine is $37,500 per vehicle and 482,000 autos are part of the case, yielding a potential fine of more than $18 billion, Cynthia Giles, EPA assistant administrator for enforcement and compliance, said on a phone call with reporters Friday.

California is also investigating the claims.

Volkswagen said in a statement it is cooperating with the investigation and unable to comment further.

Business Insider:
http://www.businessinsider.com/vw-told-to-recall-500000-cars-after-us-government-accuses-it-of-dodging-clean-air-standards-2015-9

VW told to recall 500,000 cars after US government accuses it of dodging clean air standards
Benjamin Zhang

The Environmental Protection Agency has ordered the recall of 500,000 Volkswagen cars.

According to Coral Davenport of the New York Times, the EPA accused VW of using hidden software — called a "defeat device" — to dodge clean air standard during emissions testing.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," assistant administrator for the Office of Enforcement and Compliance Assurance said Cynthia Giles said in a statement.

"Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters."

In response to the recall, Volkswagen issued the following statement to Business Insider.

"Volkswagen Group of America, Inc., Volkswagen AG and Audi AG received today notice from the US Environmental Protection Agency, US Department of Justice and the California Air Resources Board of an investigation related to certain emissions compliance

matters. VW is cooperating with the investigation; we are unable to comment further at this time."

The recall affects 482,000 diesel powered cars sold in the US since 2008. They include:

Volkswagen Jetta TDI: 2009-20015
Volkswagen Beetle TDI: 2009-2015
Audi A3 TDI: 2009-2015
Volkswagen Golf TDI: 2009-2015
Volkswagen Passat TDI: 2014-2015

This story is developing. We will update when more information is available.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 12:42 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Washington Examiner:
http://www.washingtonexaminer.com/epa-says-audi-vw-cheating-on-emissions/article/2572404

EPA says Audi, VW cheating on emissions
By JOHN SICILIANO

The Environmental Protection Agency and California regulators charged automakers Volkswagen and Audi on Friday with purposefully violating emission standards in their line of diesel cars.

EPA accused the automakers of using a device in their vehicles to get around the pollution rules. According to EPA, the device regulates emissions, but only turns on and works while emissions are being tested.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, EPA assistant administrator for the agency's enforcement office. "Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters."

Giles said VW was "concealing facts" about the devices. The vehicle models involved include the popular Jetta, Audi A-3, Passat and the iconic Beetle, and in model years 2009-2015. The violations cover 482,000 diesel passenger cars.

The EPA's announcement isn't a final decision, but is a clear sign that the EPA believes it

has a case against the automakers, one that could lead to fines as large as $37,000 per vehicle. All together, the combined fines could pile up to $18 billion.

An EPA statement said "California is separately issuing an In-Use Compliance letter to Volkswagen, and EPA and the California Air Resources Board ... have both initiated investigations based on Volkswagen's alleged actions."

"Working with US EPA we are taking this important step to protect public health thanks to the dogged investigations by our laboratory scientists and staff," the California board's CEO Richard Corey said. "Our goal now is to ensure that the affected cars are brought into compliance, to dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules, and to take appropriate further action."

WPTZ:
http://www.wptz.com/money/epa-accuses-vw-of-cheating-on-emission-rules/35352250

EPA accuses VW of cheating on emission rules
Published 12:29 PM EDT Sep 18, 2015

NEW YORK (CNNMoney) —Diesel cars from Volkswagen and Audi cheated on clean air rules by including software that made the cars look cleaner than they actually were, according to federal and California regulators.

The regulators say that the software on the cars turned up the emission controls only when it could tell that the car was being tested.

"The effectiveness of these vehicles' pollution emissions control devices is greatly reduced during all normal driving situations," said the Environmental Protection Agency's notice to the company. "This results in cars that meet emissions standards in the laboratory or testing station, but during normal operation, emit nitrogen oxides at up to 40 times the standard."

There are nearly 500,000 of the diesel cars on U.S. roads. The models include the VW Jetta, the Beetle and the Golf from model years 2009 through 2015, the Passat from 2014-2015 as well as the Audi A3, model years 2009-2015. The luxury brand is owned by Volkswagen.

Owners of the affected cars do not face health risks according to the EPA and can to continue to drive or sell the cars. But the EPA says that VW will be responsible for fixing the problem.

Volkwagen did not immediately respond to a request for comment.

City AM:
http://www.cityam.com/224676/volkswagen-told-recall-500000-vehicles-over-emissions

Volkswagen told to recall 500,000 vehicles over emissions
by Catherine Neilan

Volkswagen has been ordered to recall nearly half a million cars in the US by the Obama administration, which claims the German car group used software that was purposely designed to dodge environmental standards for reducing smog.

The US government's Environmental Protection Agency issued the company a notice of violation this afternoon, accusing Volkswagen of having installing a "defeat device" into its four-cylinder Volkswagen and Audi vehicles between 2009 and 2015, according to the New York Times.

The device is programmed to detect when the car is undergoing emissions test, during which time it will turn on its full emissions control systems. These controls are reportedly then turned off when the car is driving in "normal" situations, when the cars pollute more heavily than reported by Volkswagen, the EPA claims.

The government agency estimates that 482,000 diesel passenger vehicles are affected.

Volkswagen could not be contacted at the time of publication.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 12:33 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Washington Times:
http://www.washingtontimes.com/news/2015/sep/18/epa-volkswagen-used-software-cheat-emissions-tests/

EPA: Volkswagen used 'sophisticated software' to cheat emissions tests
By Ben Wolfgang - The Washington Times - Friday, September 18, 2015

The Obama administration on Friday accused Volkswagen of using a "sophisticated software algorithm" to cheat on emissions testing and mask the fact that some models emit too much harmful pollution.

Some Volkswagen cars from model years 2009 to 2015, the Environmental Protection Agency said, include software that can detect when they're undergoing emissions testing. Full emissions controls were activated only during testing and then automatically shut down during normal operation, the agency charged.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, assistant administrator for the EPA's Office of Enforcement

and Compliance Assurance. “Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters.”

During normal operation, the “defeat device” allowed Volkswagen cars to emit nitrogen oxides at up to 40 times the federal threshold as laid out in the Clean Air Act.

The EPA has issued “a notice of violation” to the automaker, and the state of California has launched its own investigation into the matter. Volkswagen could face civil penalties for the violations, the agency said.

The allegations apply to about 482,000 diesel passenger cars sold since 2008, including Jettas, Beetles, Audi A3s, Golfs and other models.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 12:26 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

USA Today:
http://www.usatoday.com/story/money/cars/2015/09/18/epa-accuses-volkswagen-audi-evading-emission-laws/72400018/

EPA accuses Volkswagen, Audi of evading emission laws
Nathan Bomey, USA TODAY 12:12 p.m. EDT September 18, 2015

The German automaker adopted a "defeat device" to trick regulators, the EPA said.

The Environmental Protection Agency on Friday accused Volkswagen of installing software on certain cars in the U.S. to evade federal emission regulations, potentially exposing people to harmful pollutants.

The German automaker adopted what the EPA called a "defeat device" to trick U.S. regulators into believing that its cars met Clean Air Act standards, the federal agency said in a statement.

The agency said 482,000 cars violated federal standards, including four-cylinder Volkswagen cars from 2009-15 and Audi diesel cars from the same period. They included the Volkswagen Jetta, Beetle, Golf and Passat, and the Audi A3.

Volkswagen, whose brands include the luxury Audi lineup, may face fines or other penalties, the EPA said.

The cars are still safe to drive, the EPA said, and owners do not need to take immediate

action. But the agency will require Volkswagen to fix the cars for free.

Newsweek:
http://www.newsweek.com/epa-volkswagen-software-cheat-clean-air-rules-373869

EPA: Volkswagen Used Software in Cars to Cheat on Clean Air Rules
BY ZOË SCHLANGER 9/18/15 AT 12:14 PM

A U.S. Environmental Protection Agency investigation has concluded that for years Volkswagen has been installing software in its vehicles that circumvents federal emissions standards for air pollution, the agency announced Friday.

EPA alleges that Volkswagen installed a "sophisticated software algorithm on certain Volkswagen vehicles" that could detect when the car was being tested for emissions. The software would turn full emissions controls on only during the official test. "This results in cars that meet emissions standards in the laboratory or testing station, but during normal operation, emit nitrogen oxides, or NOx, at up to 40 times the standard," EPA said in a press release. They called the software a "defeat device," deliberately installed to evade the Clean Air Act standards.

This "defeat device" was found in several car models, from 2009 models up to 2015 models, according to EPA:

Jetta (Model Years 2009 – 2015)
Beetle (Model Years 2009 – 2015)
Audi A3 (Model Years 2009 – 2015)
Golf (Model Years 2009 – 2015)
Passat (Model Years 2014-2015)
In total, this includes about 482,000 passenger cars.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," Cynthia Giles, EPA's Assistant Administrator for the Office of Enforcement and Compliance Assurance, said in a statement emailed Friday. The agency worked with California regulators to investigate the automobile manufacturer and issue a notice of violation.

"Our goal now is to ensure that the affected cars are brought into compliance, to dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules, and to take appropriate further action," California Air Resources Board Executive Officer Richard Corey said in the statement.

Volkswagen has yet to respond publicly to the EPA allegations. Newsweek has reached out to the company for comment, and we will update if they respond.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 12:20 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: Volkswagen Clips 9/18/2015

NY Times:
http://www.nytimes.com/2015/09/19/business/volkswagen-is-ordered-to-recall-nearly-500000-vehicles-over-emissions-software.html?_r=0

Volkswagen Is Ordered to Recall Nearly 500,000 Vehicles Over Emissions Software
By CORAL DAVENPORT SEPT. 18, 2015

WASHINGTON — The Obama administration on Friday ordered Volkswagen to recall nearly a half million cars from the road, saying the German automaker used software intentionally designed to circumvent environmental standards for reducing smog.

The Environmental Protection Agency issued the company a notice of violation and accused the company of breaking the law by installing software known as a "defeat device" in 4-cylinder Volkswagen and Audi vehicles from model years 2009-15. The device is programmed to detect when the car is undergoing official emissions testing, and to only turn on full emissions control systems during that testing. Those controls are turned off during normal driving situations, when the vehicles pollute far more heavily than reported by the manufacturer, the E.P.A. said.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, the E.P.A.'s assistant administrator for the Office of Enforcement and Compliance. "Working closely with the California Air Resources Board, E.P.A. is committed to making sure that all automakers play by the same rules. E.P.A. will continue to investigate these very serious violations."

The software was designed to conceal the cars' emissions of the pollutant nitrogen oxide, which contributes to the creation of ozone and smog. The pollutants are linked to a range of health problems, including asthma attacks and other respiratory diseases.

The state of California has issued a separate notice of violation to the company. California, the E.P.A. and the Justice Department are working together on an investigation of the allegations.

The allegations cover roughly 482,000 diesel passenger cars sold in the United States since 2009.

Affected diesel models include the Volkswagen Jetta (model years 2009-15), Volkswagen Beetle (model years 2009–15), Audi A3 (model years 2009–15), Volkswagen Golf (model years 2009–15) and Volkswagen Passat (model years 2014-15).

The notice of violation is part of a broader, more aggressive enforcement effort by federal environmental regulators on the auto industry. Analysts said it was meant to send a clear message to automakers that they will be harshly treated for compromising federal rules.

It follows a November 2014 announcement of the administration's largest-ever penalty for a violation of the Clean Air Act, in which the government fined the Korean automakers Hyundai Motor and Kia Motors a combined $300 million as part of a settlement for overstating vehicle fuel-economy standards on 1.2 million cars.

"They want to make it clear that they're going to crack down on cheaters," said Frank O'Donnell, president of the environmental advocacy group Clean Air Watch. "They're cheating not only car buyers but the breathing public. They want to lay down the law, enforce the law, and show they're not going to tolerate cheaters. The laws and regulation are only as good as the enforcement."

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To: Wehrly, Linc[wehrly.linc@epa.gov]
From: Cohen, Janet
Sent: Tue 9/29/2015 3:02:39 PM
Subject: FW: Volkswagen Clips 9/29/2015

Fyi. Lots of press. If you intend to read everything this will keep you busy for a while. – j. -

From: Birgfeld, Erin
Sent: Tuesday, September 29, 2015 10:48 AM
To: Bunker, Byron
Cc: Cohen, Janet; Hengst, Benjamin; Grundler, Christopher
Subject: Fwd: Volkswagen Clips 9/29/2015

Sent from my iPhone

Begin forwarded message:

From: "Gong, Kristiene" <Gong.Kristiene@epa.gov>
To: "Purchia, Liz" <Purchia.Liz@epa.gov>, "Allen, Laura" <Allen.Laura@epa.gov>, "Abrams, Dan" <Abrams.Dan@epa.gov>, "Reynolds, Thomas" <Reynolds.Thomas@epa.gov>, "Conger, Nick" <Conger.Nick@epa.gov>, "Senn, John" <Senn.John@epa.gov>, "Millett, John" <Millett.John@epa.gov>, "Birgfeld, Erin" <Birgfeld.Erin@epa.gov>, "Hull, George" <Hull.George@epa.gov>, "Daguillard, Robert" <Daguillard.Robert@epa.gov>, "Valentine, Julia" <Valentine.Julia@epa.gov>
Cc: "Smith, Roxanne" <Smith.Roxanne@epa.gov>, "Urrutia, Katiana" <Urrutia.Katiana@epa.gov>
Subject: RE: Volkswagen Clips 9/29/2015

AP:
http://hosted.ap.org/dynamic/stories/V/VOLKSWAGEN?SITE=AP&SECTION=HOME&TEMPLATE=DEF

VW: 1.8M COMMERCIAL VEHICLES, 700,000 SEAT CARS AFFECTED

BERLIN (AP) -- Volkswagen said Tuesday that 1.8 million commercial vehicles are among those affected by the emissions-rigging scandal, while Spanish unit SEAT said 700,000 of its cars were fitted with the diesel engine in question.

Volkswagen AG has admitted using a piece of engine software to cheat on diesel car emissions tests in the U.S. It said last week the engines concerned are in some 11 million vehicles worldwide, far more than the 482,000 originally identified by U.S. authorities.

Details have emerged gradually of how many were made by which VW division. Guenther Scherelis, a spokesman for the commercial vehicles unit - which makes vans and pickups - on Tuesday confirmed a report in the daily Hannoversche Allgemeine Zeitung that 1.8 million of its vehicles were affected. He didn't give further details.

Spanish subsidiary SEAT said it fitted 700,000 vehicles with the EA 189 diesel engines in which Volkswagen has said there are "discrepancies."
SEAT said the cars were sold worldwide and it was seeking to determine how many were sold in each market.

Also fitted with the suspect software were 5 million VW brand cars, 2.1 million Audis and 1.2 million Skodas.

SEAT and Volkswagen-Audi Spain on Tuesday ordered a suspension of sales of all SEAT, Volkswagen, Audi, Skoda and Volkswagen commercial vehicles with the EA 189 diesel engine. It said this decision would affect 3,320 vehicles currently in stock.

In Brussels, European Union Industry Commissioner Elzbieta Bienkowska was scheduled to meet Tuesday with Volkswagen brand chief Herbert Diess.
"We expect Volkswagen to explain the situation," said EU spokesman Ricardo Cardoso. "The Commission wants facts and wants to get to the bottom of this."

The German government last week set up a commission of inquiry on the scandal. Transport Ministry spokesman Martin Susteck said that the panel is in contact with the U.S. Environmental Protection Agency.

Reuters:
http://www.reuters.com/article/2015/09/29/volkswagen-emissions-plan-idUSL5N11Z11920150929

UPDATE 1-Volkswagen to refit cars affected by emissions scandal

BERLIN, Sept 29 (Reuters) - Volkswagen signaled on Tuesday it would recall up to 11 million vehicles as it tries to address the scandal over its admission that it cheated U.S. diesel emissions tests.

New Chief Executive Matthias Mueller said the German carmaker had drawn up a "comprehensive" refit plan to be submitted to regulators aimed at ensuring its diesel models complied with emissions standards.

It will ask customers "in the next few days" to have diesel models equipped with manipulated software refitted and brief authorities on technical fixes in October, Matthias Mueller told a closed-door gathering of about 1,000 top managers at Volkswagen's Wolfsburg headquarters late on Monday.

The company is under huge pressure to tackle the biggest business-related crisis in its 78-year history. Germany's KBA regulator had set an Oct. 7 deadline for it to present a plan to bring diesel emissions into line with the law.

Volkswagen has said previously about 11 million vehicles were fitted with software capable of cheating emissions tests, including 5 million at its namesake brand, 2.1 million at luxury brand Audi, 1.2 million at Czech division Skoda and 1.8 million light commercial vehicles.

"We are facing a long trudge and a lot of hard work," Mueller, appointed CEO of Europe's biggest automaker last Friday, said in the speech text seen by Reuters. "We will only be able to make progress in steps and there will be setbacks."

Separately, Mueller said Volkswagen's troubled core VW division, struggling with high fixed costs and low profit margins, would in future be able to act as independently as premium flagship brands Audi and Porsche.

"The new company structure is a first step and the basis for a modernization of VW, for a new and better company," he said. (Reporting by Andreas Cremer; Editing by Ludwig Burger<http://blogs.reuters.com/search/journalist.php?edition=us&n=ludwig.burger&> and Mark Potter)

BBC News:
http://www.bbc.com/news/business-34390369

Seat says 700,000 cars have 'cheat' emissions software VW crisis
Seat has said about 700,000 of its cars are fitted with the software that allowed parent company Volkswagen to cheat US emissions tests.

A spokesman said they are currently trying to work out how many were sold in each national market.
In Spain slightly over 3,000 new cars are affected but showrooms have been told to put them aside.
VW has said a total of 11m diesel engines are involved in the emission's scandal.
Broken down brand-by-brand they are:

* VW - 5m
* Audi - 2.1m
* Skoda - 1.2m
* Seat - 700,000
* Vans - 1.8m

Seat said it planned to contact owners so their cars can undergo tests.
It will also set up a search engine on its website to allow customers to find out if their vehicles are affected.
The Spanish carmaker said it had temporarily suspended the sale and delivery of all new

vehicles with the EA 189 engines which contain the software.

Volkswagen scandal
11 million
Vehicles affected worldwide

* €6.5bn Set aside by VW
* $18bn Potential fines
* No. 1 Global carmaker in sales

Scandal spilling over
The scandal is continuing to hit VW's share price. On Tuesday it fell another 1.5%<http://www.bbc.co.uk/news/business/market_data/shares/5/113230/one_month.stm> during morning trade in Frankfurt. The company has lost 35% of its market value since last Monday.

A survey of 62 institutional investors by the investment banking advisory firm Evercore, showed 66% of them would not invest in VW for 6 months or until it clarified what costs, fines, and legal proceedings it faced.

The effects are also spilling over into the local economy around VW's headquarters in Wolfsburg. The city is expecting a fall in business tax revenue from VW and the mayor has announced a budget freeze and hiring ban on public sector workers.

The scandal was revealed after the US Environmental Protection Agency found that some VW diesel cars were fitted with devices that could detect when the engine was being tested, and could change the car's performance to improve results.

The German company has apologised for breaching consumers' trust, and on Friday announced that Matthias Mueller was replacing Martin Winterkorn as chief executive. Mr Mueller promised a "relentless" investigation to uncover what went wrong.

He said the group was "facing the severest test in its history."

German prosecutors announced on Monday that it was conducting a criminal investigation of Volkswagen's former chief executive.

Bloomberg:
http://www.bloomberg.com/news/articles/2015-09-29/volkswagen-close-to-diesel-fix-as-sales-of-rigged-cars-halted

Volkswagen Close to Diesel Fix as Sales of Rigged Cars Halted
Elisabeth Behrmann<http://www.bloomberg.com/authors/AP6ltgka_yg/elisabeth-behrmann>
September 29, 2015 — 8:06 AM EDT

A brand new Volkswagen Passat and a Golf 7 car are stored in a tower at the Volkswagen Autostadt complex near the Volkswagen factory in Wolfsburg, Germany.
Sales halted in Spain, Switzerland, Italy and the Netherlands

* Volkswagen to inform customers soon of plans for repairs

Volkswagen AG is close to announcing a fix to emissions systems that cheated on pollution tests, as sales of vehicles with the rigged diesel engines get halted in a growing number of European countries.

Cars with the affected diesel engines are being pulled from markets including Spain, Switzerland, Italy, the Netherlands and Belgium, while prosecutors in Sweden consider opening an investigation on potential corruption. For vehicles already sold, Volkswagen is looking to inform customers soon about the steps it will take to repair the vehicles.
"It's going to depress their market share for a while, maybe even up to one to two years," said Richard Gane, an automotive specialist at supply-chain consultancy Vendigital Ltd. "This is going to run and run."

Almost two weeks after it publicly admitted to cheating on diesel emissions tests in the U.S., Volkswagen has yet to provide a comprehensive breakdown of the car models and markets affected. Information has emerged piecemeal in the scandal over a type of diesel engine installed in as many as 11 million vehicles worldwide. The number includes about 5 million VW brand cars, 2.1 million Audi models, 1.2 million from the Skoda unit and 700,000 from the Spanish Seat nameplate.

German Deadline

To reach out to customers, Volkswagen is looking into setting up websites in various countries so drivers can check on actions locally. The company has already set up a site<http://www.vwdieselinfo.com/> in the U.S., where the scandal started.
The German government has set an Oct. 7 deadline for Volkswagen to say how it'll bring some 2.8 million diesels in its home market up to standard, threatening to pull the cars off the road if the carmaker fails to do so.

As Volkswagen seeks to recover, the executive committee of its supervisory board, made up of union officials as well as shareholder representatives from the Porsche family and Lower Saxony, is meeting Wednesday to discuss the latest results from the investigation, a person familiar with the situation said.

Volkswagen Chief Executive Officer Matthias Mueller, who was appointed on Friday, said a project team devised a plan over the weekend and the company will start informing customers in the coming days that the emissions of their vehicles will need to be improved. The fix will be presented to regulators for approval in October.

'Long Road'

"We have a long road and a lot of work ahead of us," Mueller said in a speech to Volkswagen's management late Monday, confirming that the company hired law firmJones

Day to assist with its internal investigation. “To this end, thoroughness is more important than speed.”
Still, pressure is building on the company to come up with a solution. Swedish prosecutors at the National Anti-Corruption Unit are evaluating whether they have jurisdiction to start their own probe, said Alf Johansson, a chief prosecutor at the unit. In the Netherlands, the government is exploring regionwide recall of the vehicles.

“We would like you to consider the possibilities of a European recall,” Dutch State Secretary Wilma Mansveld said in a Sept. 25 letter to the European Commission. “This has to ensure that all faulty software is removed from the market and replaced by proper software that allows proper emission reduction.”

Bloomberg:
http://www.bloomberg.com/politics/articles/2015-09-29/california-teachers-pension-scolds-volkswagen-on-emissions-dupe

California Teachers' Pension Scolds Volkswagen on Emissions Dupe
Alison Vekshin<http://www.bloomberg.com/politics/authors/AOWq1oX1-C4/alison-vekshin> <http://twitter.com/alisonvekshin> Margaret Collins<http://www.bloomberg.com/politics/authors/APs6rgY-8H4/margaret-collins>Tim Jones<http://www.bloomberg.com/politics/authors/AQIjj4Bpzcg/tim-jones>
September 29, 2015 — 5:00 AM EDT

California’s $184 billion pension fund for school teachers chided Volkswagen AG for rigging some diesel engines to cheat on U.S. emission tests and said it is evaluating its exposure to losses from the scandal.

The California State Teachers’ Retirement System, the second biggest U.S public pension, held 37,580 Volkswagen shares valued at $4.85 million as of Sept. 25 and 284,856 of the company’s preferred shares worth $34.2 million.

The Wolfsburg, Germany-based company admitted Sept. 18 that it programmed some of its cars’ diesel engines to meet emissions standards only when undergoing official tests while letting them exceed legal pollutant limits on the road. Volkswagen’s market value has plunged 27 billion euros ($30.3 billion) since the announcement.

“As owners we actively monitor our holdings and expect our portfolio companies to govern themselves responsibly.”

- Michael Sicilia, Calstrs spokesman

“Calstrs is clearly disappointed that a company in our portfolio has managed to simultaneously damage both its shareholder value and the environment that we’re pledging to protect,” said Michael Sicilia, a Calstrs spokesman. “As owners we actively monitor our holdings and expect our portfolio companies to govern themselves responsibly.”

About 11 million vehicles around the world were fitted with the defeat devices. The company has set aside 6.5 billion euros to cover damages including fixes, potential regulatory fines and lawsuits.

Not only is California home to the two biggest public pension funds, it has more of the cars on its roads than any other state and has the toughest carbon emission standards in the U.S.

Following the admission that the company cheated in order to try and gain U.S. market share, Chief Executive Officer Martin Winterkorn stepped down and the U.S. Federal Bureau of Investigation has opened a criminal probe. U.S. states also are looking into the company's actions.

Volkswagen is facing more than 80 federal court lawsuits by consumers alleging the company committed fraud by cheating on emissions tests, inducing them to pay more for their vehicles. Those lawsuits were filed as class actions representing all consumers in the U.S. or in individual states who leased or bought the vehicles.

A Michigan pension fund for police and firefighters alleges in a lawsuit that holders of VW's American depositary receipts lost hundreds of millions of dollars.

The $286 billion California Public Employees' Retirement System said it has about $165 million invested in Volkswagen. The fund, the biggest in the U.S., is "examining the situation and continue to monitor," said spokesman Joe DeAnda.

New York state's pension fund -- which was worth $184.5 billion as of March 31 -- has 22,927 ordinary shares of Volkswagen valued at about $5 million, according to Matt Sweeney, a spokesman for state Comptroller Thomas DiNapoli, the fund's sole trustee. It has another 159,979 shares of Volkswagen's non-voting preferred shares worth $33.3 million, Sweeney said by e-mail.

The $50 billion Alaska Permanent Fund Corporation held 15,009 shares of Volkswagen stock as of June 30, valued at $3.47 million. "It doesn't exactly move the needle, does it?" said Laura Achee, the fund's director of communications.

The Teacher Retirement System of Texas declined to comment on its holdings but said that any investment in Volkswagen would be a drop in the bucket of its $132 billion assets, according to communications director Howard Goldman. At the $26 billion Employees Retirement System of Texas, which provides retirement benefits for state employees, retirees and their dependents, VW holdings are similarly negligible.

"We have some in equities and in fixed income, but very small," said spokeswoman Mary Jane Wardlow in an e-mail.

Volkswagen shares are also held in the pension plans of private companies including General Motors Co. and International Business Machines Corp., according to their latest

filings with the Labor Department.

GM doesn't comment on individual holdings in its pension plans, spokesman Pat Morrissey said in an e-mail. The company reported shares in Volkswagen valued at about $1 million in its latest filing with the Labor Department as of Sept. 30, 2014. That's a small portion of the plan's about $80 billion.

From: Gong, Kristiene
Sent: Monday, September 28, 2015 1:42 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/28/2015

CBS News:
http://www.cbsnews.com/news/volkswagen-faces-daunting-challenges-in-fixing-emissions-cheating/

VW faces daunting challenges in fixing emissions cheating

DETROIT - Volkswagen faces daunting challenges in fixing software that enables cheating on diesel engine emissions tests, a task that's becoming more urgent because of growing anger from customers.

The company has set aside $7.3 billion to pay for the scandal. But experts say it's likely to cost much more as VW tries to comply with U.S. clean air regulations while appeasing diesel owners who paid extra for the cars, thinking they could help the environment without sacrificing performance.

"We understand that owners of the cars affected by the emissions compliance issues are upset," VW said on a consumer website launched Sunday. The company asked for patience and said it would address the issue as fast as it can. A spokeswoman wouldn't comment further.

But experts said VW will have to strike a careful balance to appease government regulators, make customers happy and avoid emptying the company cash box. A cheap remedy of software fixes likely would hurt performance and gas mileage, further antagonizing customers. A more expensive fix that adds a treatment system wouldn't hurt performance, but it would cost thousands per car and by one analyst's estimate, could total more than $20 billion including vehicles in the U.S. and Europe.

That's in addition to a potential $18 billion fine in the U.S. and the cost of numerous class-action lawsuits alleging that VW's cheating reduced the value of its customers' cars.

The scandal broke on Sept. 18, when the U.S. Environmental Protection Agency and the

California Air Resources Board accused VW of installing secret software on 2-liter four-cylinder diesel engines that turned on pollution controls for lab tests and shut them off during real-world driving. As a result, 482,000 Jettas, Beetles, Golfs and Passats from the 2009 to 2015 model years belched out 10 to 40 times as much ozone-causing nitrogen oxide as U.S. law allows.

A few days later, VW admitted the same "defeat device" that switched the pollution controls on and off was on 11 million cars worldwide. Germany says 2.8 million cars there are affected.

Software in the main engine control computer figured out when the cars were being tested on a treadmill-like device called a dynamometer that the EPA used for verification and turned the controls on.

With the pollution controls on, the cars are less efficient and won't accelerate as fast, the two main reasons why people bought the VW diesels, said Matt DeLorenzo, managing editor and a diesel expert for Kelley Blue Book. VW could change the software and leave the controls on to satisfy the EPA and California regulators. But that would anger customers and likely would force VW to compensate them for the reduced mileage, just as Hyundai did when it got caught with inflated fuel economy estimates, DeLorenzo said.

"If it's really sluggish and doesn't get out of its own way, that's a bigger issue (to customers) than fuel economy," DeLorenzo said. "People notice that big of a change in performance."

The other option is to add a diesel exhaust treatment system that's used by other manufacturers and even by VW on larger diesel engines. The treatment involves adding a tank of a chemical called urea, which enables the cars to separate nitrogen oxide into harmless nitrogen and oxygen. That would cost $2,000 or more per car, DeLorenzo said.

Engineers would have to find room for a tank to store the blue urea fluid, which has to be refilled about every 7,500 miles, DeLorenzo said. And VW probably would have to compensate customers for years of urea cost, which is about $13 for 2.5 gallons.

VW probably tried to avoid urea systems in the beginning because their cost would have driven Jetta and Golf prices above competitors, especially gas-electric hybrids, DeLorenzo said. Now, adding it after the fact will cost even more, he said.

The scandal has forced Volkswagen to tell U.S. dealers not to sell cars with the suspect diesel engines. VW said on Sunday that it's working to get government approval to sell 2016 models with updated engines "which we believe do not have any of the issues the government has identified in other vehicles."

The 2015 and 2016 models have a new version of the 2-liter diesel engine that probably runs cleaner and could need just a software change to comply, DeLorenzo said.

But on older models from 2009 to 2014, the fix may be more difficult. Mike Jackson, CEO

of AutoNation, the largest dealership chain in the U.S., said he was told by VW that it will take hardware and software changes to fix the older models. The EPA says it may take VW a year to develop a fix.

Before the 2009 model year, U.S. diesel emissions standards weren't as strict, so those cars likely passed the tests without a defeat device, DeLorenzo said.

Whenever the fix comes, it's possible that owners might not get it done if it hurts their cars' mileage and performance, and the EPA can't force people to take their cars in for repairs. The agency only has authority over automakers, not car owners.

The EPA says some states require proof that emissions recalls have been fixed before license plates are renewed. And the possibility of failing emissions inspections in states that require them apparently won't be an issue because of the cheating software. "The defeat device was specifically designed to ensure that vehicles would pass inspection," the agency says on its website.

In wake of the scandal, the automaker's stock dropped about 30 percent this past week alone, CBS News correspondent Kris Van Cleave reported.

Volkswagen introduced is new CEO on Friday. Matthias Mueller, the former head of Porsche, will try to restore VW's reputation.

The Guardian:
http://www.theguardian.com/business/2015/sep/26/volkswagen-scandal-emissions-tests-john-german-research

Meet John German: the man who helped expose Volkswagen's emissions scandal
Automative engineer's research connected the dots to how the automaker manipulated diesel emissions tests – but that was never the intention
Rupert Neate in New York

John German has barely had time to catch his breath all week between appearances on TV news channel and radio phone-in shows. He's an unlikely media star, not a pop singer or reality TV contestant, but a grey-haired automotive engineer thrust into the global spotlight after he and his colleagues were credited with helping uncover one of the biggest ever corporate scandals.

"We really didn't expect to find anything," German said of his research that found Volkswagen had installed sophisticated software designed to cheat strict emission tests across the world. His simple test – checking the car's emissions on real roads rather than in lab test conditions – led to the resignation of VW's chief executive after the German company was forced to admit it installed "defeat devices" in 11m cars. The scandal has wiped more than €24bn ($26.8bn) off VW's market value.

Many questions remain but one thing is clear to German: "It was not an accident," he said. "A lot of work has gone into this."

When German finally found a moment of peace this week he called his wife in Ann Arbor, Michigan. "She said: 'You know you've made it now, you can retire and be very happy'," German told the Guardian as he prepared to board a plane back to Michigan after a week in the spotlight in Washington DC. "No, no, no, I can't afford to yet," German told his disappointed wife.

He may have helped uncover one of the world's biggest corporate scandals, but German earns a modest salary as US co-lead of the International Council on Clean Transportation (ICCT) a small nonprofit organisation dedicated to helping to reduce vehicle emissions and has an annual budget of just $12m.

"It has been totally overwhelming," German said of the global interest in his research this week. "I've been doing nothing else [but responding to the media and politicians] for 12 hours a day since Friday," when US regulators announced their findings against VW based on German's research] "We're a small organisation that primarily deals with information on diesel filters, so this is unprecedented and overwhelming.

"As an organisation that is trying to reduce emissions and improve efficiency it is always gratifying to see results from our work, but we never dreamed we would have this kind of impact."

German explained that the idea to carry out the test, which he described as "very ordinary", came from Peter Mock, a colleague in Europe, who noticed discrepancies in the emissions of the diesel VW Passat and VW Jetta. He said they decided to carry out on-the-road tests in the US as the emissions regulations are much stricter than in the EU. They expected the cars to pass and they could use this as proof to show Europeans that it was possible to run diesels with cleaner emissions.

German, who has a degree in physics from the University of Michigan and said he "got over halfway through an MBA before he came to his senses", sought out the assistance of the West Virginia University's Center for Alternative Fuels, Engines and Emissions. The WVU provided a portable emission measurement system that could be put in the car's boot (trunk) with an attached probe placed in the exhaust pipe.

Then German sourced a Passat, Jetta and a BMW X5 (which also showed emissions discrepancies in Europe) and "had a drive around". "The VWs were massively exceeding their official emissions readings in normal driving conditions, which was completely inexplicable and totally surprised us," German said.

Thinking it must be a technical error, the tests were expanded and the cars were driven more than 1,200 miles from San Diego to Seattle – almost the entire length of the west coast of the US.

The VWs nitrogen oxide emissions – which creates smog and has been linked to increased asthma attacks and other respiratory illnesses – still exceeded the US standards by up to 35 times. The BMW X5 was within the regulated range.

Arvind Thiruvengadam, a research assistant professor at WVU, who conducted the tests said: "We were doubting ourselves and our procedures and making sure to double check that we were not doing anything wrong. We did so much testing we couldn't possibly doing the same mistake again and again.

"We were like 'OK, we're going to write a lot of journal papers, and we'll be happy if three people read these journal papers,'" he told National Public Radio last week. "That's our happiness at that point."

German published the research in May 2014 and handed it over to the Environment Protection Agency (EPA). "There was an expectation that they would find out what was causing the higher-than-expected emissions," he said. "We did send a courtesy copy to VW to say 'vehicles B and C are your vehicles and you might like to know', we had no response."

There was no response from the EPA either, but keen-eyed German noticed an EPA press release in which VW agreed to recall almost 500,000 vehicles in December 2014 to reinstall software, which it said would solve the higher-than-expected emissions.

However, a couple of months later the California Air Resources Board (Carb) carried out spot checks and discovered that the "defeat device" software – used to dramatically reduces nitrogen oxide (NOx) emissions only when the cars are undergoing strict emission tests – was still present.

"That is actually the single most inexplicable thing about this whole business," German said. "VW had a chance to fix the problem, and they continued to try and cheat and do what they had done. That's just amazing."

"Only then did VW admit it had designed and installed a defeat device in these vehicles in the form of a sophisticated software algorithm that detected when a vehicle was undergoing emissions testing," the EPA said in a statement last week.

German said it was unclear how the defeat device software worked, but the software could work by detecting periods when the steering column wasn't turning but the wheels were which would indicate the car was on dynamo-meters for testing, or could also test for the precise uniform temperature that the tests are carried out at.

"The kind of software it takes to first detect when you're driving on the official test would be very hard to develop. And then you would need duplicate software to tell the car to have two different emission controls."

UK, France and Germany lobbied for flawed car emissions tests, documents reveal

He said it was impossible to know how far up the food chain at VW the fraudulent activity went, but said: "It would have had to be quite a few people involved. It certainly won't have just been one individual."

German said VW could have continued in the deceit for the foreseeable future if no one had thought to test the cars emissions on real roads. He said there is no way to know if other car companies may also have been using similar methods to trick official emission tests, but welcomed UK, German and US regulators moves to retest cars emissions on real roads.

German, who drives a 1997 Honda Accord station wagon that he says has pretty good emissions for a manual transmission, said he hopes his work will act as a wake-up call and scare the whole industry into making certain that their vehicles comply with all emissions regulations. "Companies should realise they might get away with stuff for a little while, but it will catch up with them."

He refused to enter into discussion about what sort of action should be taken against VW, which is facing a fine of up to $16bn in the US alone and a possible criminal investigation. "That's really up to others, I'm just an engineer from Michigan it's really beyond my field of reach."

Consumerist:
http://consumerist.com/2015/09/28/report-volkswagen-knew-of-defeat-devices-eight-years-before-epa-action/

Report: Volkswagen Knew Of "Defeat Devices" Eight Years Before EPA Action
By Ashlee Kieler September 28, 2015

An internal review spurred by the emissions scandal that has engulfed Volkswagen over the past week found that the carmaker knew that so-called "defeat devices," used to trick emissions tests, were used in more than 11 million VW and 2.1 million Audi diesel vehicles for several years before the Environmental Protection Agency issued a violation notice to the manufacturer ordering it to recall some 500,000 million sedans.

The Associated Press, citing two German publications, reported Monday that VW's internal investigation has so far found at least two incidents in which VW was made aware that the use of defeat devices were against the law.

The Frankfurter Allgemeine Sonntagszeitung, a German publication, reported on Sunday that VW's internal investigation shows one of the company's own technicians was aware of the software.

Back in 2011, an engineer reportedly expressed concern that using the device was illegal, but was ignored.

The same investigation turned up a letter, dated 2007, from parts supplier Bosch that

warned the car company not to use the software during regular operations of vehicles.

According to Bild am Sonntag, sources uncovered the internal communications between Bosch and VW, with the parts supplier insisting that the software was for test purposes and that using it in regular operation would be against the law.

Bosch, one of the largest car parts suppliers in the world, admitted last week that it supplied many of the key components for the defeat devices as a way to evade emissions standards for certain pollutants with a range of serious health effects.

According to the EPA's order [PDF], the "sophisticated software algorithm" in the vehicles is programmed to detect when the car is undergoing official emissions testing, and to only turn on full emissions control systems during that testing.

However, the effectiveness of these vehicles' pollution emissions control devices is greatly reduced during all normal driving situations.

Volkswagen declined to address the new reports, saying it doesn't comment on "rumors and speculation."

"Volkswagen is working with all its strength to conduct a thorough and merciless investigation of this matter," a spokesperson tells the AP.

In addition to new revelations that VW was aware that the defeat devices were illegal, CNBC reports that the company's now former CEO Martin Winterkorn is under criminal investigation by German prosecutors related to fraud.

Winterkorn stepped down last week, noting that he took full responsibility for irregularities in nearly 11 million diesel vehicles found to contain "defeat devices," the former CEO is at the center of the latest investigation into the manufacturer.

Mothers Jones:
http://www.motherjones.com/kevin-drum/2015/09/vw-tries-blame-engine-emissions-fraud-low-level-engineers-and-technicians

VW Tries to Blame Engine Emissions Fraud on Low-Level "Engineers and Technicians"
—By Kevin Drum

I guess it was just a few bad apples. That's a relief:

Volkswagen has blamed its emissions scandal on a "small group" of people and has suspended a number of staff as Matthias Müller was unveiled as its new chief executive.

....Berthold Huber, the acting head of VW's supervisory board, called the crisis a "moral and policy disaster"...."The test manipulations are a moral and political disaster for

Volkswagen. The unlawful behaviour of engineers and technicians involved in engine development shocked Volkswagen just as much as it shocked the public."

This is ridiculous. What incentive do low-level engineers and technicians have to do this on their own? Hell, they couldn't even take on a project like this unless their managers OKed the time to do it, and their managers wouldn't do it unless they were being pressed by higher-ups. Anybody who's ever worked at a big corporation knows this perfectly well. And according to Bloomberg, that's exactly what happened:

Volkswagen AG executives in Germany controlled the key aspects of emissions tests whose results the carmaker now admits were faked, according to three people familiar with the company's U.S. operations.

....Their accounts show the chain of command and those involved in the deception stretched to Volkswagen headquarters.... Ulrich Hackenberg.... Wolfgang Hatz are among those who will leave the company in the wake of Winterkorn's resignation two days ago, two people familiar with the matter said. The two previously ran units at the heart of the affair — Hackenberg, a Winterkorn confidant, was responsible for VW brand development from 2007 to 2013, while Hatz ran the group's motor development from 2007 to 2011.

Will it go even higher? Stay tuned. However, I'll call BS on UBS, which apparently thinks this scandal "could signal the eventual end of the combustion engine." Please. There's no difficulty "amassing accurate data" on engine emissions, as one of their analysts suggests. VW amassed very precise data. They just chose to hide it by means of a calculated, premeditated, multi-year fraud. Anyone who hasn't done the same should be in fine shape.

From: Gong, Kristiene
Sent: Monday, September 28, 2015 10:03 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/28/2015

AP (via Boston Globe):
https://www.bostonglobe.com/business/2015/09/27/facing-tsunami-legal-trouble-emissions-scandal/vWsc8yAvQgqtzSxPtCT1sJ/story.html

Legal woes mounting for Volkswagen as criminal cases loom
Volkswagen admitted that 11 million of its diesel vehicles sold worldwide contained software specifically designed to help cheat emissions tests.
By Michael Biesecker and Eric Tucker ASSOCIATED PRESS SEPTEMBER 28, 2015

WASHINGTON — Who knew about the deception, when did they know it, and who directed it?

Those are among the questions that state and federal investigators want answered as they

plunge into the emissions scandal at Volkswagen, which has cost the chief executive his job, caused stock prices to plummet, and could result in billions of dollars in fines.

Legal experts say the German automaker is likely to face significant legal problems, including potential criminal charges, arising from its admission that 11 million of its diesel vehicles sold worldwide contained software specifically designed to help cheat emissions tests.

The Environmental Protection Agency has accused VW of installing sophisticated stealth software that enabled ''clean diesel'' versions of its Passat, Jetta, Golf, and Beetle models to detect when they were being tested and emit less-polluting exhaust than in real-world driving conditions. The agency says the ''defeat devices'' allowed those models to belch up to 40 times the allowed amounts of harmful fumes in order to improve driving performance.

The Justice Department says it's ''working closely'' with EPA investigators.

''If there is sufficient evidence to show that Volkswagen intentionally programmed its vehicles to override the emission control devices, the company and any individuals involved could face criminal charges under the Clean Air Act, and for conspiracy, fraud, and false statements,'' said David M. Uhlmann, a former chief of the Justice Department's Environmental Crimes Section who is now a law professor at the University of Michigan. He called criminal charges ''almost certain.''

But Uhlmann cautioned that hauling the executives involved into a US courtroom could be challenging, because much of the conduct at issue probably occurred overseas. While the United States has an extradition treaty with Germany, European regulators also are investigating and could claim first dibs on prosecuting company officials.

'[Volkswagen is] facing a tsunami of possible state and federal enforce-ment actions.' William Carter, former federal prosecutor who specialized in environmental crimes

It's not the first time that Volkswagen has been accused of cheating on emissions testing by the EPA. In July 1973, the agency found that VW had installed temperature-sensitive devices that turned off emissions controls on about 25,000 Fastback, Squareback, and bus models. The company agreed to remove the devices and eventually settled with the Justice Department, paying a $120,000 penalty.

Chief executive Martin Winterkorn resigned on Wednesday, and Volkswagen announced it would set aside $7.3 billion to cover the cost of the scandal, but even that may not be enough.

The company has apologized, but has not yet detailed who was responsible for the defeat devices.

German media reported Sunday that Volkswagen had received warnings years ago about the use of illegal tricks to defeat emissions tests. Bild am Sonntag said VW's internal

investigation has found a 2007 letter from parts supplier Bosch warning Volkswagen not to use the software during regular operation. Frankfurter Allgemeine Sonntagszeitung said a Volkswagen technician raised concerns about illegal practices in connection with emissions levels in 2011.

A Volkswagen spokesman declined to comment on the reports.

The Clean Air Act allows for fines of up to $37,500 for each of the 482,000 suspect VWs sold in the United States, potentially totaling more than $18 billion. Attorneys general for nearly 30 states and the District of Columbia have announced a coordinated investigation and said they are issuing subpoenas for company records.

There's also a high likelihood of class-action lawsuits by angry VW owners.

''They're facing a tsunami of possible state and federal enforcement actions, and a potential large number of violations — including administrative, civil, and criminal,'' said William Carter, a former federal prosecutor in Los Angeles who specialized in environmental crimes and served as general counsel of the California Environmental Protection Agency.

Investigators will almost certainly look for any false statements made to the EPA and for signs that VW has tried to conceal wrongdoing or obstruct regulators. Fraud charges could be considered if evidence emerges that company executives used the Internet or the mail system to carry out the deception. And money laundering allegations will be explored if investigators suspect that VW sent illicit proceeds overseas.

''If a software package such as this were intentionally designed to defeat the emissions testing, there may well be e-mail traffic, meetings, records that would establish that intent,'' said Gregory Linsin, a former environmental crimes prosecutor at the Justice Department.

But Linsin said he expected the Justice Department also to take into account the multiple investigations likely to take place worldwide, and to not punish the automaker in a way that jeopardizes its ability to stay in business.

The problems at VW come as the Justice Department faces growing pressure to prosecute individual executives and employees for corporate misdeeds. The last two major criminal investigations against auto companies — Toyota and General Motors — yielded massive fines over car safety problems but have resulted in no prosecutions of executives. Those outcomes dismayed consumer watchdog groups and grieving victims' relatives, who demanded better accountability for failure to disclose vehicle defects.

A memo this month by Deputy Attorney General Sally Yates sought to reaffirm the Justice Department's commitment to prosecuting employees and executives, directing among other policy mandates that corporations pushing for credit for cooperating with the government must first turn over evidence against individuals.

''Volkswagen has a fundamental choice to make,'' said Uhlmann, the former prosecutor.

''That is whether it intends to cooperate and seek leniency, or whether it wants to fight the charges. Every indication over the last several days from Volkswagen is that it intends to cooperate.''

Asked whether that meant he expected company executives to voluntarily come to the United States to stand trial, he laughed.

''Absolutely not,'' he said.

AP (via Dallas Morning News):
http://www.dallasnews.com/business/headlines/20150927-sell-sue-or-stay-put-considerations-for-volkswagen-owners.ece

Sell, sue or stay put: considerations for Volkswagen owners
Tom Krisher and Dee-Ann Durbin
Updated: 27 September 2015 11:10 PM

DETROIT — If you're driving a diesel-powered four-cylinder Volkswagen, you're stuck with a fun-to-drive machine that's belching unhealthy pollutants from its tailpipe.

Until the company figures out how to fix its bogus emissions controls, there isn't much you can do about your dirty diesel.

Following disclosures that Volkswagen developed software for its 2-liter diesel engine that could better control pollutants during testing than in real-world driving, there's a lot up in the air for owners of Jettas, Golfs, Passats and Beetles and Audi's A3.

Here are some things to consider if you're thinking of suing, selling or are unsure of what to do next.

The problem

VW's software turned on pollution controls for government tests, which are done on a treadmill device called a dynamometer. When the software deduced that the cars were back on the street, the controls went off and the cars polluted too much. About 500,000 of the cars were sold in the U.S.

VW hasn't said how it will fix the problem.

Owners worry the repairs will cut fuel economy and performance — the reasons they bought the "clean" diesels in the first place.

"I really hope they fix this thing," said Zandy Hartig, an actress in Los Angeles who owns a diesel 2013 Jetta SportWagen. "I assume since they did it on purpose they can undo it."

The EPA has told VW to fix the cars so they comply with pollution regulations, but there's no word from the company on how or when that will be done. The EPA said it could take a year.

"We understand that owners of the cars affected by the emissions compliance issues are upset," VW said on a consumer website launched Sunday. The company asked for patience and said it would address the issue as fast as it can. A spokeswoman wouldn't comment further.

A recall fix may be coming soon for 2015 and 2016 models, neither of which can be sold until repairs are made. Mike Jackson, CEO of AutoNation, the country's largest auto dealership chain, said that he was told by VW officials that a software change will bring the last two model years into compliance.

But it's a mystery how the company will fix models from 2009 through 2014, including whether software and equipment changes will be needed, he said.

Did my car lose value?

Worried about their cars losing value, some owners might rush to put the car up for sale.

Eric Ibara, senior analyst for Kelley Blue Book, is encouraging owners to hang on to their VWs, at least until the company comes up with a fix.

Ibara said the impact on VW's resale values may not be known for two or three weeks. The price that dealers agree to pay for vehicles being auctioned this week will be the first indication.

VW diesels traditionally have higher resale values than gasoline counterparts, but the scandal might erode that premium, Ibara said, especially if the fix cuts mileage or impacts their sporty performance.

If repairs are made, history shows there might not be a lasting impact. General Motors' residual values weren't affected by ignition switch recalls, and Toyota's car values returned to normal within a year of an unintended acceleration crisis.

Some owners are hoping for rebates, while a consumer group called on VW to buy back the diesels.

Legal action?

Joining a lawsuit against VW is one option for owners, although it is likely to take years to get any relief.

Several U.S. lawsuits have been filed, some alleging the cars' values will fall because of the scheme.

Consumers could have some success in the courtroom. In 2012, for example, Toyota agreed to pay more than $1 billion to resolve hundreds of lawsuits filed by owners who said their vehicles lost value after the company's unintended acceleration problems.

Also, politicians are calling on the Federal Trade Commission to investigate, because VW often advertised the cleanliness of the vehicles. The FTC, which monitors advertising claims, can seek remedies for all of the car owners.

Don Marron, 58, a banker from Allentown, Pa., wants Volkswagen to take back his 2012 SportWagen and apply the credit toward a new car. He'd also consider a repair that didn't compromise performance or fuel economy.

"I'm going to wait and see what they do, but I'm not going to do nothing," he said. "It's just dumb that they did this. How could they think that it wasn't going to be discovered? What arrogance, what bad judgment."

WSJ:
http://www.wsj.com/articles/auto-parts-makers-hit-by-vw-scandal-1443395198

Auto-Parts Makers Hit by VW Scandal
Suppliers move to defend diesel technology, fearing shift toward alternatives
By JEFF BENNETT
Updated Sept. 27, 2015 7:50 p.m. ET

Auto-parts makers with big exposure to the diesel-car market are racing to salvage the technology's reputation in the wake of the Volkswagen AG emissions-cheating scandal.

Shares of the parts makers, which include Tenneco Inc., BorgWarner Inc., Delphi Automotive PLC and Continental AG, were pummeled last week following the Environmental Protection Agency's disclosure that VW cheated for years on emissions tests of its diesel-powered cars.

The parts industry's focus has shifted to defending the viability of diesel technology amid concerns that betrayed consumers or auto makers, which face tighter government scrutiny of diesel, will turn their attention to hybrids and electric-powered vehicles.

"You can't have an event like this without questions being raised, but that doesn't mean the technology doesn't work," said Terrence Hahn, chief executive of Honeywell International Inc.'s $3.8 billion Transportation Systems unit.

"We have seen proven results around clean-diesel technology, and we don't want what one auto maker has done to tarnish the industry or the technology," Mr. Hahn said.

Wall Street wasn't convinced, however. Shares of Honeywell, a major supplier of the

turbochargers often used to make diesel-powered cars peppier, fell 10 cents Friday to $93.52, down about 5% from their close on Sept. 18. That was the day the EPA accused VW of installing illegal software that sharply reduces nitrogen-oxide emissions, but only when the cars are undergoing strict emission tests.

VW later acknowledged its use of the software and issued an apology.

The company promised to find a remedy to repair the 482,000 VW diesel cars in the U.S. as soon as possible. On Sunday, it launched the website vwdieselinfo.com to tell VW diesel owners about the company's plans to fix their vehicles.

Shares of Tenneco, which makes emissions systems and gets 8% of its revenue from VW, sank almost 8% last week, while those of BorgWarner, which generates 17% of its revenue from the auto maker, fell 6%, finishing the week at $40.

BorgWarner recently opened plants in Portugal and South Korea, partly to produce more components used in starting diesel engines.

Continental, a German supplier of engine components, also was under pressure. Its stock lost nearly 6% of its market value last week.

Closely held Robert Bosch GmbH, the German giant that supplied the components now at the center of the emissions probe, has said VW was responsible for how the parts were installed.

On Friday, the EPA indicated it would step up scrutiny of diesel vehicles by overhauling the way it oversees the industry's compliance with emissions standards.

The regulator sent a letter to auto makers saying that it will conduct tests of 2015 and 2016 vehicles under normal driving conditions, rather than accepting lab results, as it has done in the past.

In the U.S., diesel engines are largely confined to heavier trucks, with diesel-powered cars representing just a small part of the passenger-car market. But diesel is dominant in Europe, accounting for more than 50% of the passenger-car market in 2015, according to Barclays.

Before the scandal broke, J.D. Power & Associates expected diesel to expand to 7% of the U.S. light-vehicle market by 2017 from 3% this year.

Barclays analyst Brian Johnson suggests those growth expectations need to change, both in the U.S. and Europe. And that will squeeze some parts makers.

"Whatever the specifics that emerge from a VW investigation, we believe strongly that the VW scandal will heighten the pressure on diesel in Europe," he said in a research note last week.

"The end result of the VW issues will be to accelerate a move away from diesel in the European mass market, pressuring suppliers leveraged to diesel," Mr. Johnson said.

Mike Jackson, chief executive of AutoNation Inc., the largest U.S. auto retailer, said it would tough to rebuild trust with potential diesel buyers in the U.S. "It is another black eye for diesel engines overall," he said.

Mr. Johnson of Barclays added that auto makers might need to accelerate development efforts of electric vehicles, hybrid and more-efficient gasoline engines.

That could help parts makers, since many of the same companies will have to supply those component. But their investments in diesel-powered cars could be lost if the industry shifts to those alternatives.

Telegraph (UK):
http://www.telegraph.co.uk/finance/newsbysector/industry/11895848/BREAKING-2.1-million-Audi-cars-fitted-with-VW-emissions-cheat-devices.html

VW scandal: German prosecutors probe Winterkorn as Volkswagen emissions-rigging crisis spreads to 2.1 million Audi cars and Skoda models
By Julia Bradshaw10:31AM BST 28 Sep 2015

Prosecutors in Germany have opened a criminal investigation into former Volkswagen chief executive Martin Winterkorn in the wake of the emissions-rigging scandal.

The probe is understood to concentrate on accusations of fraud after it was revealed that VW had fitted 'defeat' devices in millions of its diesel cars worldwide to cheat government emissions tests.

The investigation aims to establish who was responsible, according to the statement from prosecutors in Braunschweig, Germany, and will look at Mr Winterkorn's role in the worst crisis to hit VW in its 78-year history.

The prosecutors have also received a number of criminal complaints, including one from Volkswagen itself.

Winterkorn quit saying he was "not aware of any wrongdoing on my part"

Under the German system, anyone can file a criminal complaint with prosecutors, who then must examine the complaint and decide whether there is enough evidence to open a formal investigation and for charges to be brought.

It is essentially the equivalent of a police investigation in the UK.

Prosecutors say it is too early to determine if and when they may try and interview Mr

Winterkorn himself.

"This is a very broad case and in other such investigations it has taken many months, sometimes years," a spokesman said.

Mr Winterkorn stepped down as CEO last week and was replaced by former Porsche boss Matthias Mueller after the emissions-rigging scandal wiped billions of pounds off the value of VW and tarnished its previously solid reputation for reliability and quality.

Mr Winterkorn has denied knowing about the pollution-cheating software, and issued a statement at the time of his resignation saying: "I am doing this in the interests of the company even though I am not aware of any wrongdoing on my part."

Dr Hans-Christoph Hirt, a director at fund manager Hermes, criticised VW's choice of corporate insiders to take charge of the company, saying the move "raises some real doubts whether the key shareholders have recognised the need for fundamental reform and a real new beginning".

He said: "Following intensive engagement with Volkswagen on corporate governance issues between 2006 and 2009, we have repeatedly raised concerns about aspects of Volkswagen's corporate governance.

"We plan to attend the Extraordinary General Meeting of Volkswagen on November 9 and on behalf of a group of investors will explain our concerns and suggest changes to the company's corporate governance and culture to other shareholders and the management and supervisory boards."

The news came as Audi announced that the device used in parent company Volkswagen's cars to manipulate emissions tests was also fitted in 2.1 million of its own luxury cars.

Of the 2.1 million autos, some 1.42 million diesel-powered Audi vehicles are registered in Western Europe, with 577,000 in Germany.

There are almost 13,000 cars containing the cheat software in the United States, a spokesman for Ingolstadt-based Audi said today.

The engine in question was built into 1.6-litre and 2-litre turbo diesel models in the A1, A3, A4, A6, TT, Q3 and Q5 ranges.

The cars involved have engines in the "euro 5" emissions category. Those with the newer "euro 6" engines aren't affected by the emissions scandal.

"We're working at full speed to find a technical solution," said Juergen de Graeve, a spokesman for Audi.

"Once we have that solution, we'll write to customers and we'll upgrade the cars so that

they're within emissions regulations."

Skoda, which is also part of the VW family, has said that 1.2 million of its cars worldwide contain the software cheat, according to reports.

Volkswagen shares have fallen by more than 7pc so far today.

It has also emerged that VW has suspended the R&D chiefs of its core VW brand, luxury division Audi and sports-car maker Porsche, sources familiar with the matter told reporters.

The carmaker's supervisory board last Friday agreed to put a number of employees on leave until the details of affair were cleared up.

VW sparked global outrage last week when it admitted that 11 million of its diesel cars are fitted with special gadgets that activate pollution controls during tests but secretly turn them off when the car is on the road.

The deception has wiped billions off the value of the car giant and is set to land the German auto maker with substantial penalties and recall costs as governments and regulators around the world launch investigations - some of the criminal - into the scandal.

The nations carrying out probes include the UK, South Korea, India, Brazil, Australia, France, Italy, South Africa and Norway - whose economic crime unit has opened an investigation.

The US Justice Department has also launched a criminal probe.

Executives at VW have been accused of masterminding the emissions scandal from the company's headquarters in Wolfsburg.

The chain of command of those involved in the rigging deception stretched all the way back from the US to VW's home patch, it has been claimed, with executives in Germany controlling the key aspects of tests which the firm now admits were manipulated.

It was said that the cars that missed US emissions targets were reported to managers in Wolfsburg.
Testers at a California site evaluated vehicles and results were sent back to Germany before being passed to the US Environmental Protection Agency.

If any car failed to meet emissions targets, a team of engineers from Volkswagen headquarters or Audi's base in Ingolstadt was flown in.

UK Prime Minister David Cameron has condemned Volkswagen over its rigging of emissions tests.
"If companies are breaking the rules and fiddling their figures, that is unacceptable," Mr Cameron said as he flew to New York for a visit to the United Nations. "Emissions

standards matter and they have to be properly policed and delivered."

Any move to restrict sales would be "all a matter for the Transport Department," he said. German authorities have also demanded the carmaker present a timetable for fixing affected vehicles.

The regulators have asked VW to come up with a plan by October 7 to show when its cars will meet emissions requirements.

The German government has also insisted that it did not know about the rigged diesel emissions tests at VW before the story broke.

"The transport minister found out about the allegations of manipulation the weekend before last," a spokesman said.

"We had no previous knowledge that this system was being used."

Volkswagen has set aside €6.5bn to cover damages including fixes for the vehicles, potential regulatory fines and lawsuits, but the cost of the fallout is expected to be much larger.

The FBI in Detroit is reportedly handling a US criminal investigation of the German company, while 27 state attorney generals have unleashed a joint investigation into the blighted car maker.

Thse 27 states are reportedly going to send subpoenas to the company - these are essentially writs compelling testimony or evidence to be produced or face a penalty.

Private law firms are also lining up to take on VW, with a class action suit already being filed by a Seattle law firm.

The automobile giant already faces at least 60 lawsuits filed in federal courts in the US by consumers alleging the company committed fraud by cheating on emissions tests, which means their cars might not be as efficient as they believed them to be.

Dutch investor group VEB, which represents shareholders, has issued a liability claim against Volkswagen for the losses incurred by investors in the wake of the emissions fraud.

The group said: "The liability in question concerns the incorrect, incomplete and misleading information provided by Volkswagen…this manipulation kept the Volkswagen share price artificially high.

"In doing so Volkswagen acted unlawfully; not only towards car owners but also its own shareholders."

Meanwhile, European environmental organisation, Transport & Environment, has said it

has found some new models of Mercedes, Volkswagens, BMWs and other new cars consume much more petrol than lab tests claim, according to reports from PA.

The organisation said it had found no proof the cars are equipped with the same sort of "defeat devices" installed on diesel-powered Volkswagens, but called on European Union governments to broaden their probes into the scandal to cover petrol cars as well.

Both the EU and US have announced plans to crack down on the way car emissions are measured.
Currently, manufacturers test emissions in near-perfect lab settings, using smooth tyres unsuitable for roads, engine lubricants so expensive they're beyond the reach of most consumers and even clip off wing mirrors to achieve required emission results.
US regulators and the European Commission have both said they will introduce rules forcing manufacturers to test car emissions under real world road conditions.

The EU is expected to introduce new legislation in early 2106, although French ministers on Thursday called for this to be brought forward to before the end of the year.

New VW boss Matthias Mueller has pledged to win back the trust of customers.

"My most urgent task is to win back trust for the Volkswagen Group by leaving no stone unturned and with maximum transparency, as well as drawing the right conclusions from the current situation," he said on Friday.

Despite the turmoil at VW, the European Central Bank has not suspended the purchase of assets backed by VW loans, under its quantitative easing programme.

Contrary to reports over the weekend, the latest list of eligible collateral purchased by the ECB still includes securities issued by the carmaker.

Dispatch Times:
http://www.dispatchtimes.com/what-to-do-if-you-have-volkswagen-affected-by-the-emissions-scan/106617/

What to do if you have Volkswagen affected by the emissions scan
BY NEWSMEDIAON SEPTEMBER 28, 2015

Regulators will add more spot-checks to cars already on the road as part of a toughening of USA environmental oversight following Volkswagen's admission that it fitted as many as 11 million diesel cars worldwide with software that rigged pollution tests.

The software tells a auto when it is under an official test, triggering emissions control systems that do not seem to be operating under normal driving conditions.

Volkswagen appointed Matthias Mueller as its new chief executive officer, to help the

German automaker recover from a scandal over its rigging of USA vehicle emissions tests.

"We are not going to tell them what these tests are; they do not need to know", said Christopher Grundler, director of the EPA's Office of Transportation and Air Quality.

EPA officials insisted on a call with reporters Friday that the previous testing procedures were sophisticated and sufficient to accurately detect the emissions from the diesel cars as long as a manufacturer is not deliberating trying to cheat the process.

The EPA move comes amid a widening scandal over Volkswagen's diesel vehicles, as the automaker has admitted it installed a cheat device to remove nitrous oxide from exhaust emissions during lab testing. Volkswagen CEO Martin Winterkorn issued an apology, stating that he was "deeply sorry that we have broken the trust of our customers and the public".

The EPA's findings regarding the scandal saw that 482,000 cars in the U.S. were involved including the brands made by VW such as the Audi A3 and the VW models Jetta, Beetle, Golf and Passat.

The US Department of Justice (DoJ) has said that the United States would be taking part in an investigation by the Environmental Protection Agency (EPA) into the vehicle company.

Why did successive governments not discourage the proliferation of diesel vehicles which now account for about half of new cars in Britain?

The Air Resources Board sent a letter to all vehicle manufacturers Friday notifying them of the change that will be effective immediately.

Private owners of the 2009-15 VW and Audi models equipped with the violating 2.0-liter diesel may continue driving the cars, and do not have to do anything until Volkswagen of America and the EPA agree on a timeline for a recall.

From: Gong, Kristiene
Sent: Friday, September 25, 2015 3:03 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/25/2015

The Atlantic:
http://www.theatlantic.com/business/archive/2015/09/volkswagen-scandal-cheating-emission-virginia-epa/407425/

The Academic Paper That Broke the Volkswagen Scandal
Last year, a group of researchers at West Virginia University uncovered one of the biggest

frauds in automotive history while working under a small $50,000 grant.
BOURREE LAM 1:23 PM ET

Every day since the story first broke a week ago, the ripples of Volkswagen's scandal have extended further and further. Initially, the Environmental Protection Agency ordered Volkswagen to recall nearly half a million vehicles after discovering illegal devices intended to cheat emissions testing. Then, Volkswagen announced the number of vehicles affected is closer to 11 million worldwide—and that the company has set side $7.2 billion to fix the problem. Volkswagen's CEO at the time, Martin Winterkorn, soon resigned.

The company's board is expected to pick Matthias Mueller, the chief executive of Porsche, to take over. There are reportedly nearly 30 class-action lawsuits pending from car owners in all 50 states, plus 5 provinces in Canada. All these furious drivers bought their cars believing that they were highly fuel-efficient—which appears to not be the case, affecting their resale values significantly.

But how did this whole thing begin? At a small lab in West Virgina, it turns out. In 2012, a group of researchers at West Virginia University won a $50,000 grant from the International Council on Clean Transportation to do performance testing on clean diesel cars. Arvind Thiruvengadam, a research assistant professor in mechanical and aerospace engineering, told NPR this week that the team was merely excited do the research—which involved driving the clean diesel cars outside the lab—and write a journal paper based on the data. They never expected that they would discover one of the biggest frauds in automotive history.

When Thiruvengadam and his colleagues tested Volkswagen's clean diesel cars, they found discrepancies up to 35 times the expected emissions levels. The researchers suspected cheating, but couldn't be sure. David Carder, another researcher on the West Virginia University team, told Reuters that the fallout at hand is surprising because this data was made public over a year and a half ago.

The stakes were upped when the Volkswagen cars in question were tested by the California Air Resources Board (CARB) in an investigation starting May of last year, and the CARB and EPA started discussions with Volkswagen on why there were such discrepancies. Volkswagen insisted to EPA officials that the discrepancies were due to a technical issue rather than deliberate cheating. Only when the EPA threatened not to approve Volkswagen's 2016 clean diesel cars for sale in the U.S. did the company finally fess up.

Volkswagen will survive this scandal (even though its stock has plunged 30 percent, wiping out a quarter of its market value), but now the future of diesel cars are at stake and it's expected that the consumers who wanted clean diesel cars for their greenness will likely switch to hybrids, while those who care for performance might try to dodge the recall. Either way, Volkswagen will be held responsible for clean diesel's coming existential crisis.

From: Gong, Kristiene
Sent: Friday, September 25, 2015 2:42 PM

To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/25/2015

International Business Times:
http://www.ibtimes.com/does-epas-response-volkswagens-emissions-cheating-go-far-enough-2114563

Does EPA's Response To Volkswagen's Emissions Cheating Go Far Enough?
By Cole Stangler

Auto regulators are now on the offensive after being deceived by Volkswagen for years. They unveiled a response Friday to the company's stunning admission that it systematically cheated on emissions tests from 2009 to 2015. In a letter to automakers, the U.S. Environmental Protection Agency said it will bolster testing procedures to detect so-called defeat devices like the ones Volkswagen used to shut down pollution control systems outside of testing conditions.

Jesse Prentice-Dunn, a policy analyst at the Sierra Club, applauds the move. But he says "long-term" fixes are still needed. "The testing regime needs to be revamped."

Critics have long said as much. Under the current testing system, automakers in the United States conduct their own examinations and report the data to federal officials. The EPA, meanwhile, conducts spot checks, but its resources are stretched thin.

Dan Becker is the director of the safe climate campaign at the Center for Auto Safety. For companies to respect emissions standards, he says, officials need to remove the tests from private hands and transfer them to labs with federal supervision. "Right now, you've got the foxes in control of the chicken coop, and that's never going to be a good show."

In an ideal world, Becker says, automakers would simply follow the law. But in the last few decades, companies have shown a remarkable penchant for gaming the standards, and the current structure of the testing system makes it exceedingly easy to do so.

"If these companies were being honest, we wouldn't need an elaborate system to make sure they don't cheat," Becker said. "But they've proven that they do cheat." Not just Volkswagen -- but "virtually every major automaker," he asserted.

A History of Gaming The System

It started in the 1970s, just after the EPA was created and began to regulate auto emissions under the Clean Air Act. Volkswagen, in fact, was among the first to equip its cars with defeat devices to override emissions control systems. In 1973, it confessed to installing them on 25,000 cars. The following year, Chrysler was forced to recall more than 800,000 cars after it was found to have installed a similar device in radiators.

The 1990s saw a couple of major scandals. In 1995, General Motors settled with the Justice Department and the EPA for $45 million, acknowledging it installed a computer chip in 500,000 Cadillacs that tripled the amount of carbon monoxide output when the cars' heating and cooling systems were running. Three years later, Caterpillar, Mack Trucks and Volvo Trucks reached a similar settlement, worth $1 billion, for equipping trucks with defeat devices.

Kia and Hyundai followed suit more recently. Last November, the South Korean corporations copped to overstating fuel economy standards on 1.2 million cars from 2010 and 2012, settling with the Justice Department and the EPA for $300 million.

A representative for the Alliance of Automobile Manufacturers, a trade group that represents automakers operating in the United States, declined to comment.

What Is To Be Done?

The Sierra Club's Prentice-Dunn says one path to reform could simply be to increase the number of spot checks. Indeed, Christopher Grundler, director of the EPA's Office of Transportation and Air Quality, recently told the Associated Press that the agency may soon do this.

Grundler was less forthcoming about the EPA's plans to enhance detection of defeat devices -- the subject of Friday's letter to automakers. On a call with reporters, he wouldn't say what changes the agency is enacting to audit lab results submitted by car companies.

"They don't need to know," he said, of the automakers. "They only need to know that we will be keeping their cars a little bit longer, and we're going to driving them more."

Becker says more oversight is a good step, but regulators need to go further by eliminating their reliance on companies' test data altogether.

"This is an industry that has proven it's not trustworthy," said Becker. "The EPA shouldn't trust them when they say, 'our vehicles meet your standards, everything's just peachy keen.' The government needs to set up a better testing system and not rely on the auto companies' assertions."

He's not sure exactly how that would look -- whether it would be in-house or conducted at independent labs with federal supervision -- either way, he says, it would need to be firmly outside the control of companies. Taxpayers, in theory, could cover a portion of the cost, but companies should be forced to foot most of the bill.

Congressional Republicans, who have made frequent targets of the EPA, would likely oppose such a plan. Since 2010, the agency has seen its budget decline by a fifth, or about $2 billion. Earlier this month, 20 Republican members of Congress filed articles of impeachment against Gina McCarthy, head of the agency.

Luke Tonachel, director of clean vehicles and fuels at the Natural Resources Defense Council, says all this makes it harder for the agency to do its job. "If the EPA's resources are constantly under attack, it's only gonna be harder for them go out and catch the cheaters."

Fortune:
http://fortune.com/2015/09/25/gm-volkswagen-emissions/

Former GM Vice Chair: "I almost feel sorry" for Volkswagen
by Chris Matthews

Bob Lutz says the competition wondered how VW could get low emissions cheaply

For six years, Volkswagen has been installing software in its cars to help them cheat on EPA emissions test. As former GM Vice Chair Bob Lutz told CNBC Friday, the rest of the industry was wondering just how the company was able to get clean emissions so cheaply.

Lutz said that he consistently pressed his engineers to figure out what his competitor was doing, ""They said, 'We can't answer that question," according to Lutz. "Honda asked the same question. They couldn't figure it out either because with near identical engines and hardware from the same suppliers, they could not get themselves to pass."

Lutz also predicted that to fix the problem will be, "incredibly expensive" after factoring in government fines and consumer lawsuits for complaints like loss of value. He even went so far to say that he "almost" feels sorry for his former competitor.

From: Gong, Kristiene
Sent: Friday, September 25, 2015 2:11 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/25/2015

International Business Times:
http://www.ibtimes.com/volkswagen-whistleblower-we-gave-epa-diesel-emissions-data-2014-2114511

Volkswagen Whistleblower: "We Gave EPA The Diesel Emissions Data In 2014"
By Mike Brown

The Volkswagen scandal has shaken the automotive world. It all started with two men: Peter Mock and John German. The pair worked with West Virginia University to try to show that clean emissions tech doesn't necessarily effect automotive performance. Instead,

they discovered that the chosen cars were pumping 40 times more emissions into the air than they were supposed to. They submitted their findings to the California Air Resources Board and the federal Environmental Protection Agency.

This week, German, senior fellow at the International Council on Clean Transportation, suddenly became one of the key figures in a story about how the global car manufacturer had cheated on EPA emissions tests. The shocking revelations have had widespread impact on the industry and started an international conversation on emissions testing. They also cost Volkswagen CEO Martin Winterkorn his job. Here, German speaks to International Business Times about how Volkswagen got away with it, the wider implications, and what happens next.

International Business Times: Now, as I understand it, Volkswagen was using a "defeat device" to measure the conditions of the car, but this wasn't actually a device. It was a piece of software, correct? What was that software measuring for?

John German: We don't know. You are correct it is software, it has to do with the computer looking for the conditions under which test procedure was conducted, and if it detects the conditions, the emission controls behave the way they were designed. But if it does not detect those conditions, it switches to a different control where it reduces the effect of the system. The specifics as to how they reduce effectiveness, though, we don't know. There's quite a number of ways they could detect how they could see that the car was being tested.

IBT: Who could have known about this?

German: One aspect that's really interesting is that we turned data and report over to CARB and the EPA back in May 2014 and they discussed the problems with Volkswagen. Then in December 2014, Volkswagen issued a field fix, and they reflashed the computers in the cars to install the field fix. A few months later they assessed, and found the defeat device was still in the field fix. That is incomprehensible to me, so the interpretation is that this was only a relatively small part of the company.

IBT: Is this something that's ever happened before?

German: There have been a number of other defeat device cases. The best-known case was in the late 1990s with heavy-duty engine manufacturers, ones for really big freight trucks. They did something similar; they were concerned with driving long distances. So they looked for a steady state highway speed for more than x mins, after which they would change calibrations, pushing the NOx up.

IBT: But I'm assuming before they didn't have as advanced computers and electronics. How did they control it before?

German: The systems were simpler. Before NOx after treatment, it was all in calibration. One example of this was what's known as exhaust gas recirculation. That was the first step of control. You could put in one of those to reduce NOx, but it would also increase fuel

consumption, so you could switch it off.

IBT: When will we find out what Volkswagen was doing? Are we talking more in months or years?

German: We will only find out if CARB or EPA reveal it. It might be part of the settlement with Volkswagen, as part of the legal agreement. There is a good chance that the EPA will release the info, but we're probably talking more in months. At this stage, though, it's definitely in Volkswagen's interest to get it fixed and behind them as fast as possible.

IBT: Could we conduct tests to find out for ourselves how Volkswagen were doing this?

German: Maybe. It would be difficult. The kind of time and expertise it takes to reverse-engineer calibrations ... these computers are really powerful and complex, and it would take a large amount of time and expertise.

IBT: But we know the car was looking for certain conditions. What are these conditions they could have been measuring for?

German: There are several factors. On an official test the non-drive wheels don't spin, the front wheels do not turn. The test is run at a consistent ambient temperature. It's always run with a cold engine, and the test has a defined speed trace, i.e. the speed for each second. Volkswagen could have looked for any of those.

IBT: Thank you for your time, this has been very interesting. Is there anything else you wanted to say about this that you don't think we covered?

German: The main point is that governments need to do a better job of oversight and enforcement. Worldwide, in China, India, Brazil ... the primary lesson is that there needs to be better oversight and more data.

CBC News (Canada):
http://www.cbc.ca/news/business/volkswagen-emissions-testing-1.3243656

EPA works with Canadian regulators to retest VW vehicles
U.S. regulators warn they will revamp testing protocols after learning of VW cheat device

The U.S. Environmental Protection Agency is looking to revamp the way it tests emissions for all automobiles in the wake of the scandal over Volkswagen's manipulation of emissions data.

The EPA will also be working closely with Environment Canada, which has an "excellent laboratory," to co-ordinate widespread testing around the Volkswagen emissions, EPA officials said in a conference call on Friday.

Affected vehicles have yet to be recalled, but the EPA said it is looking for "recall solutions." Part of the problem is that there is no fix that won't negatively impact vehicle performance.

An estimated half million vehicles in the U.S. are affected, with Environment Canada estimating 100,000 VW diesels are in service in Canada.

The EPA said it is sending a letter to automakers outlining plans for more extensive testing of all vehicle models.

That echoes an initiative by European regulators, who plan to move in 2017 to a system of road testing for vehicle emissions standards.

Light commercial trucks

The EPA move comes amid a widening scandal over Volkswagen's diesel vehicles, as the automaker has admitted it installed a cheat device to remove nitrous oxide from exhaust emissions during lab testing.

On Friday, Germany's transport minister said that light commercial trucks made by Volkswagen appeared to have the same software geared toward cheating on U.S. emissions tests.

Transport Minister Alexander Dobrindt told lawmakers Friday that 2.8 million vehicles in Germany may be affected.

Meanwhile, Daimler AG, the maker of Mercedes cars, is rejecting claims by a German environmental group that it appears to have been involved in manipulation of emissions data.

The Deutsche Umwelthilfe group said Friday it had information that almost all German manufacturers of diesel cars exceed emissions limits and speculated that the cars were declared road-worthy by regulators because of cheat devices.

"We sharply deny the allegation that we manipulated our cars during emissions tests. We never did and do not now use a defeat device," Daimler said in a statement.

Questions over emissions testing

Volkswagen cars as far back as 2009 are equipped with the defeat software that is geared toward passing emissions standards.

The revelation has put the EPA, and testing agencies around the world, on the alert.

Chris Grundler, head of the EPA's office of transportation and air quality, was clearly on the defensive, saying the EPA had left it to European regulators to do more extensive tests of

diesel as the fuel is in wider use there.

It wasn't the EPA that uncovered the high nitrous oxide emissions from VW diesel cars, but the International Council on Clean Transportation (ICCT), a nonprofit research organization based in Virginia.

"Do I wish we had uncovered it sooner? Absolutely," he said.

VW was able to fool the EPA because the agency only tested the cars on treadmill-like devices called dynamometers and didn't use portable test equipment on real roads. The software in the cars' engine-control computers checked the speed, steering wheel position, air pressure and other factors to determine when dynamometer tests were under way. It then turned on pollution controls that reduced the output of nitrogen oxide, an ingredient in harmful ozone, the EPA has said.

The agency does have on-road testing equipment, but it is used to monitor automaker gas mileage estimates and heavy-duty diesel trucks, which create more emissions.

"It's not a question of equipment or technology or capability. It's a question of where we deploy those resources," Grundler said.

Any new testing will include investigations that will uncover any software designed to fool emissions testers, Grundler said.

More extensive road testing is also on the way, he warned automakers, though he did not specify exactly which tests the EPA plans.

The scandal has also exposed holes in the European testing system, where tests are done in laboratory conditions on special pre-production models provided by the manufacturers. Norway, France and Italy announced moves today to investigate VWs sold in their countries.

Europe's tests have not been upgraded since 1996 and critics say its testing is less rigorous than North American testing.

The EU has proposed real-world testing from 2017, with new proposals to close loopholes and design testing to more closely resemble real-world road conditions.

ICCT testing of diesel cars hints at trouble for many automakers around diesel emissions, with poor results for Volvo, Renault and Hyundai as well as Volkswagen.

From: Gong, Kristiene
Sent: Friday, September 25, 2015 1:26 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne

Subject: RE: Volkswagen Clips 9/25/2015

Detroit Free Press:
http://www.freep.com/story/money/cars/2015/09/25/epa-expands-emissions-tests-wake-vw-scandal/72794218/

EPA expands emissions tests in wake of VW scandal
By Greg Gardner
The EPA also will test diesel vehicles produced by other automakers.

The U.S. Environmental Protection Agency will introduce new tests to detect devices like the one Volkswagen used to cheat on its emission test to comply with the Clean Air Act, agency officials said today.

The German automaker said Matthias Mueller, currently the head of its Porsche unit, will become CEO, replacing Martin Winterkorn who resigned earlier this week because of the emissions cheating scandal.

The EPA apply the new regimen to diesel vehicles produced by other automakers. The agency is also asking owners to allow EPA researchers to test their diesel vehicles to learn more about how the German automaker disguised their violations, that could lead to a fine of up to $18 billion in the U.S. alone. More broadly Volkswagen has said 11 million vehicles worldwide used some type of software to game various countries' environmental standards.

"We're going to adapt new practices and more demanding tests to improve our enforcement," said Chris Grundler, director the EPA's office of transportation & air quality. "We are not going to tell manufacturers what these new tests are. They don't need to know."

In the U.S., the EPA found that 482,000 Volkswagen cars sold between the 2009 and 2015 model year used a defeat device when testing the vehicles.

They include:

Jetta (model years 2009-15)
Beetle (model years 2009-15)
Audi A3 (model years 2009-15)
Golf (model years 2009-15)
Passat (model years 2014-15)

Without the defeat devices, which were deactivated after Volkswagen met the emission requirements, the VW and Audi vehicles were emitting nitrogen oxides (NOx), a greenhouse gas, at levels up to 40 times the permissible standard.

Grundler and Janet McCabe, EPA acting assistant administrator for the office of air and

radiation, asserted that neither their agency nor the California Air Resources Board, which can also penalize Volkswagen and Audi, don't allow any manufacturer to "self-certify," or conduct their tests without regulatory involvement.

EPA and CARB uncovered the defeat device software after independent analysis by researchers at West Virginia University, working with the International Council on Clean Transportation, a nongovernmental organization.

Grundler said EPA has the money and staff to expand its emission testing.

"We have the equipment. We have the people. We have 23 of these measurement systems and they are not cheap," he said.

Washington Post:
http://www.washingtonpost.com/business/economy/epa-to-begin-more-rigorous-testing-of-all-diesel-cars-after-vw-scandal/2015/09/25/f20fa39a-6393-11e5-8e9e-dce8a2a2a679_story.html

EPA to begin more rigorous testing of all diesel cars after VW scandal
By Thad Moore

Federal regulators are launching more aggressive testing of diesel-engine cars across all manufacturers in the wake of the Volkwagen emissions-cheating scandal, the Environmental Protection Agency said Friday.

The EPA also says it will add additional tests designed to ferret out “defeat devices” like the software VW used to circumvent emissions tests.

The agency had been focused its diesel testing on big-rig trucks because they are more common than diesel cars and account for more pollution in the U.S., said Christopher Grundler, director of the EPA’s Office of Transportation and Air Quality.

The EPA will begin testing cars Friday, Grundler said, and it will seek out test vehicles from rental car fleets and consumers. The agency doesn’t know how long the testing would take, but Grundler said it is working with regulators in California and Canada to speed the process.

VW acknowledged that 11 million of its vehicles worldwide, including nearly 500,000 in the United States, were involved in a deception that allowed the vehicles to pass emissions tests while emitting nitrogen oxide at up to 40 times the federal standard. Its’ CEO, Martin Winterkorn, stepped down this week and the company is under criminal investigation and faces billions in fines. VW also set aside more than $7 billion to fix the problems with its cars and begin to repair its reputation with customers.

Neither the EPA nor Volkswagen have said how long it will take to fix the nearly half-

million cars in the U.S. with defeat devices. But it expects cars in the 2015 model year will be patched "relatively quickly," Grundler said.

Older versions of the Passat should be fixed soon after that, but other models will take longer because designing a solution "will require additional engineering development that will take longer," Grundler said.

US News & World Report:
http://www.usnews.com/news/articles/2015/09/25/epa-beefing-up-emissions-tests-in-wake-vw-audi-cheating-scandal

EPA Beefing Up Emissions Tests in Wake of VW Scandal
The agency also says it plans to test gasoline and diesel vehicles that are on the road today.
By Alan Neuhauser

One week after Volkswagen copped to cheating on federal emissions tests of popular VW and Audi "clean-diesel" cars, the Environmental Protection Agency sent a letter to vehicle manufacturers Friday announcing it was toughening its emissions tests. The agency also will be launching audits of every current make and model of light-duty diesel passenger vehicle, reflecting concern that cheating might be widespread.

The expanded checks will include on-road testing to better emulate real-world driving conditions. Some critics had previously alleged that the tests were outdated and easily outsmarted. The new audits will also include gasoline vehicles, an EPA official said

In this photo taken Feb. 14, 2013, a Volkswagen logo is seen on the grill of a Volkswagen on display in Pittsburgh. The Environmental Protection Agency (EPA) says nearly 500,000 Volkswagen and Audi diesel cars built in the past seven year are intentionally violating clean air standards by using software that evades EPA emissions standards.
RELATED

Volkswagen Sees Billions Erased From Market Value After Rigging Claims

The agency also confirmed that affected VW and Audi vehicles – diesel Passats, Jettas, Beetles, Golfs, and A3s, together numbering around 500,000 cars in the U.S. – would be recalled as the German auto group devises solutions to make the cars compliant with U.S. air standards.

"These violations are very serious," Janet McCabe, acting assistant administrator for the EPA's Office of Air and Radiation, said during a call with reporters. "VW was concealing the acts from EPA, from the state of California, and from consumers."

The California Air Resources Board tests vehicle emissions and was among the groups that uncovered the cheating regimen.

Volkswagen Group CEO Martin Winterkorn resigned Wednesday amid the continuing fallout from the scandal, stating he was "shocked by the events of the past few days" and "stunned that misconduct on such a scale was possible in the Volkswagen Group."

VW and Audi may ultimately face a penalty of up to $18 billion, or $37,500 per vehicle in violation. By comparison, Hyundai and Kia were penalized $300 million last year for overstating vehicles' fuel economy and greenhouse gas emissions.

The Justice Department has also reportedly opened a criminal investigation of Volkswagen AG.

EPA officials intimated that they expected VW and Audi penalties – as well as the expanded audits – to reflect the flagrancy of the violations. The cars, from model years 2009 through 2015, contained "defeat devices" buried in the software governing their engine controls. These lines of code automatically reduced emissions of nitrous oxide, or NOx, during tests, then switched off the restrictions during normal driving.

The cars were found to emit as much as 40 times the legal limit of NOx, the EPA said, which causes smog and a range of health problems. With 11 million of the vehicles on the road worldwide, one "back-of-the-napkin" calculation by Vox's Brad Plumer found they churned out as much as 20 times the NOx of a typical power plant, contributing to anywhere from dozens to hundreds of premature deaths.

"The facts before us show us that this firm sadly developed a very sophisticated scheme to defeat this test using software very deep in the engine control," Christopher Grundler, director of the EPA's Office of Transportation and Air Quality, said during Friday's call.

The EPA is partnering with the California Air Resources Board and bringing about Environment Canada – that nation's version of the EPA – to carry out its audits of gas and diesel vehicles. The agency said it would test cars from private owners who volunteer, as well as vehicles from rental companies. Officials declined to speculate how long the testing would take or how much it would cost the agency, but did acknowledge that expected recalls of VW and Audi vehicles would take longer for older models.

"We expect the first generation of vehicles, all pre-2015 vehicles except for the Passat, will require additional engineering … that will take longer," Grundler said.

VW's four-cylinder diesel vehicles for 2016 also have not yet received required emissions certification from the EPA because officials aren't yet certain the vehicles will perform as required.

The EPA's testing procedures date to 1975 and were most recently updated in the "early 2000s," Grundler said, when they were expanded to reflect aggressive driving, high-speed driving, and driving in hot and cold weather.

In light of the VW and Audi practices, he added, "we are going to be adopting some new

approaches and new tests as a continuous improvement of our oversight."

CNBC:
http://www.cnbc.com/2015/09/25/epa-expect-range-of-penalties-for-vw-amid-scandal.html

EPA: Expect range of penalties for VW amid scandal
Fred Imbert

The Environmental Protection Agency said Friday it will be cracking down on Volkswagen after the German automaker admitted it added software on its vehicles to deceive emissions tests.

The EPA said it will hit the company with a range of penalties as a result of the investigation, but added that it has not issued a recall since the discovery.

"We are upping our game," Chris Grundler, head of transportation and air quality at the Environmental Protection Agency, told reporters in a teleconference.

The automaker, one of the largest car companies in the world, could face fines of $37,500 per vehicle in the U.S., the EPA said last week. With around 482,000 of its diesel vehicles sold in the U.S. since 2008, this could mean a penalty of up to $18 billion.

Rain clouds are seen over a Volkswagen symbol at the main entrance gate at Volkswagen production plant on September 23, 2015 in Wolfsburg, Germany. Volkswagen CEO Martin Winterkorn and other members of the supervisory board are believed to be meeting inside the headquarters to discuss the Volkswagen Diesel emission scandal, which affects 11 million vehicles worldwide.

Europe's carmakers caught up in VW storm
The agency also said it has already begun new testing of all diesel-powered vehicles, and is planning even more new tests.

The EPA said it will improve its ability to detect so-called defeat devices or software that can reduce emissions during testing. But it will not tell automakers specifically how it is improving the testing.

"They don't need to know," Grundler said.

It added that the vehicles are safe to drive. Nevertheless, it also said these events make it clear it needs to improve its oversight over automakers and that Canada's Department of the Environment would be an active partner in testing vehicles more quickly.

Volkswagen German-listed shares have fallen nearly 30 percent in the last week, according to FactSet.

From: Gong, Kristiene
Sent: Friday, September 25, 2015 1:07 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/25/2015

LA Times:
http://www.latimes.com/business/la-fi-hy-epa-auto-testing-20150925-story.html

VW cheating scandal prompts EPA to widen testing of diesel cars
By JERRY HIRSCH

Working with regulators in California and Canada, the Environmental Protection Agency launched a new testing program Friday to look at the emissions from every make and model of diesel passenger cars on U.S. roads.

The increased oversight is a response to the discovery earlier this month that Volkswagen was using sophisticated software to cheat on pollution tests on 482,000 diesel vehicles sold in the U.S.

The automaker, which faces a federal criminal investigation and other regulator sanctions, admitted cheating and said the software could be on as many as 11 million vehicles worldwide.

"Clearly this is a concern for air quality and public health," said Janet McCabe, acting assistant administrator of the EPA office of air and radiation. "The Volkswagen violations before us now show that we must continue to improve our oversight."

Both the California Air Resources Board and the Environment Canada will join in the testing.

"This will allow us to move more quickly to test more models," said Christopher Grundler, director of the EPA's office of transportation and air quality.

The agency sent a letter Friday to all automakers explaining that their vehicles will undergo extra scrutiny.

The EPA said it now will test or require testing on any vehicle in a setting that emulates normal driving specifically for investigating the presence of a so-called defeat device, the industry term for systems that hide a vehicle's true emissions.

This will be in addition to the five standard emissions tests all new vehicles undergo and may require additional time, the agency said.

The agency and its partners also will use portable devices to measure the real life emissions

of vehicles as they are driven on open roads, Grundler said.

Environmental groups welcome testing expansion and said it will deter other automakers from evading emissions regulations.

"EPA is on the job," said Luke Tonachel, director of clean vehicles and fuels project at the Natural Resources Defense Council. "This expansion of testing will is another signal that cheating will not be tolerated."

There is no evidence at this point to suggest that any other companies are cheating.

After tips from researchers in Europe and the University of West Virginia, California and federal regulators discovered that VW had buried an algorithm in 100 million lines of computer code in its vehicle electronics that allows the cars to emit up to 40 times the legally allowed amount of nitrogen oxide.

The cars met environmental regulations when tested on a dynamometer -- a kind of treadmill for vehicles -- in a laboratory. But they spewed pollution when driven on roads.

VW's software senses the testing environment by analyzing a variety of data -- steering position, speed, duration of engine operation, barometric pressure and changes in the car's performance.

The affected cars are the 2009 to 2015 Volkswagen Jetta TDI, 2009 to 2014 Volkswagen Jetta SportWagen TDI, 2012 to 2015 Volkswagen Beetle TDI, 2013 to 2015 Volkswagen Beetle Convertible TDI, 2010 to 2015 Audi A3 TDI, 2010 to 2015 Volkswagen Golf TDI, 2012 to 2015 Volkswagen Passat TDI, 2015 Volkswagen Golf SportWagen TDI.

Additionally, Volkswagen suspended new and used sales of the all 2.0-liter TDI four-cylinder diesel engines, including 2015 Beetle, Jetta, Golf, Passat TDI, as well as the Audi A3 TDI. Sales of VW's 2016, 4-cylinder diesel models are held up as they await EPA certification.

Grundler said the EPA is working with Volkswagen to evaluate potential remedies for the diesel vehicles' emission systems. The 2015 models will be the first fixed, followed by the 2012-15 Passats.

Because the range of cars affected include three generations of diesel engines, the remedies for the other vehicles could take much longer to develop.

Other automakers said they are ready for more rigorous testing of their diesel vehicles.

"We are prepared for testing," said Annalisa Bluhm, a GM spokeswoman. "We are not changing our diesel strategy as a result of what is going on with Volkswagen."

The automaker sells diesel pickup trucks and a diesel version of the Cruze sedan.

Bluhm said GM is "committed to the robust emissions compliance of all our vehicles" and expects its employees to know the regulations and "act legally and ethically."

Only about 3% of all autos and light truck sales involve diesel power trains.

According to the Diesel Technology Forum, there are 39 diesel-powered passenger vehicles being sold in the U.S. Those are made by Audi, BMW, Chevrolet, Jaguar, Jeep, Land Rover, Mercedes-Benz, Porsche, Ram and Volkswagen.

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That number will grow, the forum said, by 15 more vehicles within the next year. Among the new entries will be light trucks from GMC, Chevrolet and Nissan.

Meanwhile, other German automakers issued statements saying that they have not gamed emission testing for their diesel offerings.

BMW said it observes "the legal requirements in each country.... Our exhaust treatment systems are active whether rolling on the test bench or driving on the road."

Mercedes-Benz said that it has never used defeat devices to evade testing, in response to allegations by a German environmental group that other automakers' diesels also exceed smog-forming nitrogen oxide emissions. The company said it sticks to all laws and rules and isn't aware of any measurements showing that its vehicles fail to keep to legal requirements.

Mercedes said it supports efforts to develop new testing methods to measure emissions based on real driving conditions.

The VW cheating scandal prompted the resignation of the automaker's chief executive, Martin Winterkorn. The company is expected to name a new CEO later Friday or in the coming days.

Financial Times:
http://www.ft.com/intl/cms/s/0/8c6d5aec-6392-11e5-a28b-50226830d644.html#axzz3mgG3bZd2

EPA warns other carmakers it will test for defeat devices
Chris Bryant in Frankfurt and Barney Jopson in Washington

The US environmental regulator put all vehicle manufacturers "on notice" on Friday that it will intensify its emissions testing on diesel-powered vehicles to discover whether "defeat devices" were being used more widely.

Janet McCabe, acting assistant administrator of the Environmental Protection Agency, told

reporters: "We are stepping up our testing activities in response to VW's alleged violation."

The new testing regime will start immediately and Christopher Grundler, director of the EPA's office of transportation and air quality, said that for manufacturers it meant "we'll be keeping their vehicles a little bit longer and driving them more".

The EPA's announcement came as Volkswagen's board gathered to appoint a new chief executive to lead the carmaker, with Matthias Müller, head of Porsche, widely viewed as the favourite candidate.

The supervisory board meeting at VW's Wolfsburg headquarters follows Martin Winterkorn's resignation after eight years at the helm of the group.

Mr Müller is close to the Porsche and Piech families, who together control a majority of VW's voting shares, knows Volkswagen inside out and has a reputation for speaking his mind. The company declined to comment.

The board is also expected to decide on Friday which managers must leave the company over the scandal, with attention focusing on high-level engineers and designers.

VW has been reeling since the EPA revealed last Friday that the group had rigged its diesel cars to pass emissions tests, potentially laying itself open to criminal charges and substantial fines.

The EPA said that VW had installed defeat device software that turned off emissions controls during regular driving and turned them on during an emissions test. The software meant cars emitted up to 40 times the amount of nitrogen oxides that US environmental standards allow.

The EPA said 482,000 vehicles sold in the US since 2008 were affected, but VW later raised that figure to 11m worldwide. It said it would take a €6.5bn charge to cover the costs of the crisis.

A senior official at the EPA told the Financial Times that Volkswagen had orchestrated an unprecedented effort to beat the EPA's rigorous testing regime. "The level of deceit the company went through to game the system was enormous," the official said.

The EPA operated a cutting-edge testing regime to police compliance with clean air regulations, the official said, and it took an "elaborate, aggressive, ongoing, co-ordinated effort" to beat it. "We've seen uses of defeat devices, but nothing to this scale," the official added.

Forbes:
http://www.forbes.com/sites/neilwinton/2015/09/25/vw-struggles-to-agree-new-ceo-but-heres-some-advice-for-the-eventual-incumbent/

VW Struggles To Agree New CEO, But Here's Some Advice For The Eventual Incumbent
Neil Winton ,CONTRIBUTOR

A meeting in Wolfsburg, Germany, of Volkswagen executives to appoint a new CEO was dragging on into the evening, suggesting a lack of agreement on who should replace Martin Winterkon.

Winterkorn resigned this week in the wake of the scandal in which VW duped the EPA with false diesel data. VW's shares dived on stock markets, and the company's 20-member supervisory board is apparently torn between appointing the media favourite Porsche CEO Matthias Mueller or VW brand chief Herbert Diess to replace Winterkorn.

Max Warburton, analyst with Bernstein Research, said Diess was his first choice.

"He's the best candidate if VW wants to show everyone – internally and externally – that the regime has changed," Warburton said.

Diess was recently hired from BMW so is not tainted by any of the VW scandals.VWLogo.jpg

"Diess would also be the best choice for shareholders who would like other changes after the EPA scandal has been dealt with. Our second vote goes to Hans Dieter Poetsch. He would be a good option in the short-term as VW needs an eloquent, unflappable face to put in front of U.S. Congress and media," Warburton said.

Poetsch, currently VW's finance chief, was nominated earlier this month as the replacement for Ferdinand Piech as Chairman of the board. Poetsch faces a shareholder vote in November to confirm his appointment.

Whoever gets the new CEO job should do the following, Warburton said.

Offer to buy back and scrap every 2.0 diesel sold in the U.S. – all 482,000 of them – cost $6 billion.

Announce that VW will henceforth abandon all efforts to sell diesel engines in the U.S., but will embrace gasoline and plug-in hybrids.

Send the new CEO to the U.S. Monday to meet government officials, the EPA and media.

Announce the immediate suspension of the 100 engineers most closely linked with the engine and software development.

Announce the cessation of all motorsport activities immediately, turning all the funding over the electric, plug-in hybrid and environmental research in a new research facility located in the U.S. employing U.S engineers.

CNN:
http://money.cnn.com/2015/09/25/news/companies/volkswagen-epa-emission-scandal/index.html?section=money_latest

EPA to automakers: We'll test everyone for VW problems
By Chris Isidore and Ahiza Garcia @CNNMoney

Federal regulators are putting U.S. automakers on notice.
The EPA said Friday it will test emissions at every automaker to make sure no other company is trying to dodge pollution regulations like Volkswagen did.

The agency will send a letter to all manufacturers to notify them that it's stepping up its emissions policing.

The EPA said it will test every model of diesel car, SUV and pickup that's now on the road in the U.S. The testing won't include large vehicles such as semi-tractors and buses, which also use diesel.

It added that the new testing procedures will be more vigorous to prevent automakers from cheating, and will more closely approximate the emissions from a vehicle in real-world driving conditions.

Last week, the EPA found that Volkswagen had falsified pollution tests on 482,000 VW and Audi diesel cars in the U.S.

Those models include the VW Jetta, the Passat from 2014-2015, the Beetle and the Golf from 2009 through 2015, and the Audi A3, model years 2009-2015. Audi is owned by Volkswagen (VLKAY) Group.

Volkswagen manipulated software so its cars would seem cleaner when they were being tested. But when they were on the road, the cars pumped out nearly 40 times the legal level of nitrogen oxide. Volkswagen has since admitted it cheated.

EPA officials insisted on a call with reporters Friday that the previous testing procedures were sophisticated and sufficient to accurately detect the emissions from the diesel cars as long as a manufacturer is not deliberating trying to cheat the process.

Since the EPA plans to test older cars that are no longer available from the manufacturers, the agency said it will borrow cars from individuals as well as businesses, such are rental car companies, which own the vehicles it wants to test.

Volkswagen's directors are meeting Friday to name a new CEO after Martin Winterkorn stepped down earlier this week.

Winterkorn said he was unaware of the emissions cheating and apologized for the possible data manipulation in roughly 11 million cars worldwide.

VW has had to set aside €6.5 billion ($7.3 billion) to deal with the issue, but the final total could far exceed that. The automaker is also facing criminal probes from U.S. state attorneys generals and possibly the federal government. The EPA could impose a civil penalty of $37,500 per violation, which would come to $18 billion.

Volkswagen's share price has plunged 50% in the wake of the scandal.

Newsweek:
http://www.newsweek.com/epa-volkswagen-emissions-defeat-device-retest-announcement-376641

EPA to Begin Retesting All Light Diesel Cars on the Road for Defeat Devices
BY ZOË SCHLANGER

The search for more "defeat devices" installed in cars and meant to cheat emissions tests has begun. The U.S. Environmental Protection Agency announced on Friday it would begin systematically re-testing all models of light diesel vehicles currently on the road in the U.S. The goal is to weed out any other potential defeat devices following the discovery that Volkswagen designed and installed software in their cars that for years tricked the EPA's testing system.

"Today we are putting vehicle manufacturers on notice" that there will be additional testing to look for defeat devices, Christopher Grundler, director of EPA's Office of Transportation & Air Quality, said on a call with reporters Friday. "We aren't going to tell them what these tests are, they don't need to know. They only need to know we will be keeping their cars a little bit longer, and driving them a little bit more."

EPA maintains that it has the necessary expertise and equipment to detect defeat devices. However, the regulator did not catch Volkswagen's alleged fraud on the U.S. portion of the 11 million cars globally that contained the defeat device. The cars range from model years 2009 to 2015. According to EPA, the cars 'knew' when they were being tested for emissions, and were able to temporarily present much lower emissions than they did while on the road.

"As you know, the company, very deeply, within 100 million lines of software code, had a very specific algorithm to defeat the test," Grundler said. "They developed a very sophisticated scheme to defeat the test. It was a deliberate attempt to have two calibrations on the vehicle."

Each VW car was able to emit up to 40 times the allowed amount of NOx. EPA still has not calculated the additional amount of NOx the cars contributed to the atmosphere, but Janet McCabe, EPA's acting assistant director, said the agency "need[s] to address this." One

estimate puts the number at between 250,000 to 1 million extra metric tons of NOx pollution per year, according to The Guardian.

NOx emissions have been found to contribute to respiratory illness and heart disease as well as early death.

Buzzfeed News:
http://www.buzzfeed.com/danvergano/volkswagen-deception-spurs-epa-to-start-defeat-device-tests#.huywrmMbNN

Volkswagen Deception Spurs EPA To Start "Defeat Device" Tests Of All Cars
The Environmental Protection Agency will start auditing all cars for "defeat devices" designed to cheat on emissions tests. The decision was spurred by Volkswagen diesel cars violating clean air laws in this fashion.
Dan Vergano

The U.S. Environmental Protection Agency told all major auto companies on Friday that it would now audit cars for emissions test "defeat devices," following revelations that Volkswagen diesel cars cheated on pollution standards.

The environmental agency announced last week that software in Volkswagen diesel cars – perhaps 11 million vehicles worldwide – was designed to turn off exhaust cleaning controls in engines except when the vehicle underwent emissions tests. With the controls off, the vehicle's exhaust contained up to 40 times more pollutants than allowed by law.

"Today we are putting vehicle makers on notice," EPA's Christopher Grundler said during a news conference. Unlike past emissions test, the details of how the agency, along with Canada's environmental agency, will test vehicles for emissions cheating would not be provided to car makers, he said. That will prevent them from writing software allowing cars to recognize when they are being tested and turn on emissions controls.

In the past, the agency had focused on heavy diesel trucks for such tests because of their significant emissions and history of defeat devices, Grundler said. But now all cars will face added inspection for emissions cheating.

Volkswagen's chief, Martin Winterkorn, resigned in light of the revelations on Wednesday. And claims that BMW cars might have similar emissions questions affected the company's stock on Thursday, leading to a 9.7% drop.

The nonprofit International Council on Clean Transportation (ICCT), which had helped alert EPA to the Volkswagen emissions cheating, said in a statement last week that "defeat devices" are a worldwide problem in cars. European studies, "repeatedly found large and growing gaps between real world emissions and the regulatory certification levels."

"This is a global problem that will require a coordinated global solution," said ICCT's Drew

Kodjak.

From: Gong, Kristiene
Sent: Friday, September 25, 2015 11:46 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/25/2015

The New York Times:
http://www.nytimes.com/2015/09/26/business/epa-to-bolster-testing-because-of-volkswagen-scandal.html?_r=0

E.P.A. to Bolster Testing Because of Volkswagen Scandal
By THE NEW YORK TIMES SEPT. 25, 2015

Government regulators said Friday that they planned to step up the testing requirements of cars in the wake of the Volkswagen scandal.

The Environmental Protection Agency, which disclosed last week that it had learned that Volkswagen diesel cars had equipment to evade smog-testing standards, said it had sent a letter to manufacturers of gasoline and diesel cars saying that regulators would be looking for so-called defeat devices in all vehicles.

The agency said Volkswagen had used a device programmed to fool emissions testers into thinking that the car was emitting much less pollution than it was during regular driving.

"Manufacturers should expect that this additional testing may add time to the confirmatory test process," the E.P.A. wrote in its brief letter. The agency said that the new procedures would start immediately and that the California Environmental Protection Agency and Canada's environmental regulators were involved with the stricter requirements.

"We are not going to tell them what these tests are, and they don't need to know," Chris Grundler, director of the agency's office of transportation and air quality, said during a conference call with reporters.

Bloomberg:
http://www.bloomberg.com/news/articles/2015-09-25/u-s-epa-said-to-alter-diesel-emissions-tests-due-to-vw-cheating

U.S. EPA Toughens Emissions Oversight After VW Cheating
Jeff Plungis
September 25, 2015 — 8:42 AM EDT Updated on September 25, 2015 — 10:41 AM EDT

U.S. environmental regulators will add more spot-checks to cars already on the road

following Volkswagen AG's admission that it fitted as many as 11 million diesel cars worldwide with software that rigged pollution tests.
"We are upping our game," said Christopher Grundler, director of the Environmental Protection Agency's Office of Transportation and Air Quality.

The U.S. Justice Department is conducting a criminal investigation of Volkswagen, and the company said it's cooperating with regulators. The admission has marred the reputation of the world's largest automaker and sent its shares to the lowest levels in years. Volkswagen's board is expected to name a successor Friday to former Chief Executive Officer Martin Winterkorn, who resigned this week.
The EPA is sending a letter Friday to automakers informing them that emissions monitoring is being enhanced. Grundler wouldn't say what changes the agency will make to the testing.

"They don't need to know," Grundler, speaking to reporters on a conference call, said of the automakers. "They need to know that we will be keeping their cars a little bit longer."
Grundler earlier told the Associated Press that the agency may add on-road testing. It already has on-road testing ability but it's only been used to check carmaker gas mileage estimates and diesel trucks, two situations in which they had uncovered emissions cheating in the past.

Past Cheating
The scandal now engulfing VW, which has admitted to outfitting cars with software designed to give false readings on emission tests, is unique both for the number of vehicles involved, and the digital complexity. But it's not the first emissions-cheating case, even for the Wolfsburg, Germany-based company.

In 1973, the EPA accused the automaker of installing defeat devices in cars it wanted to sell in the 1974 model year. VW then admitted it had sold 1973 model year cars with the devices, which consisted of temperature-sensing switches that cut out pollution controls at low temperatures.
General Motors Co. agreed in 1995 to pay $45 million after being accused of circumventing pollution controls on 470,000 Cadillac luxury sedans. The cars' 4.9-liter V-8 engines were tuned to turn off pollution controls when the air conditioning ran, the EPA said at the time.

The current VW case resembles a 1998 case involving seven manufacturers of heavy-duty truck engines: Caterpillar Inc., Cummins Inc., Detroit Diesel Corp., Mack Trucks Inc., Navistar International Transportation Corp., Renault Vehicules Industriels, S.A. and Volvo Truck Corp.
The companies agreed to spend more than $1 billion, including $83.4 million in penalties, to settle the case -- the biggest civil fine to that point for violating an environmental law.

The Hill:
http://thehill.com/policy/energy-environment/254935-epa-steps-up-emissions-testing-after-volkswagen-scandal

EPA steps up emissions testing after Volkswagen scandal
By Timothy Cama - 09/25/15 11:22 AM EDT
The Environmental Protection Agency (EPA) is stepping up its emissions testing for diesel cars in an attempt to root out companies that cheat the tests.

The agency, working with officials in California's air pollution agency and Canada, plans to test every model of diesel car on the road to see if other automakers programmed their cars to skirt the tests like Volkswagen Group did.

"We're putting vehicle manufacturers on notice that our testing is now going to include additional evaluation and tests designed to look for potential defeat devices," Chris Grundler, director of the EPA's transportation office, told reporters Friday.
"We aren't going to tell them what these tests are. They don't need to know," he said.
"They only need to know we will be keeping their vehicles a little bit longer and we're going to be driving them a little bit more."

The new procedure comes a week after the EPA announced that Volkswagen had programmed many of its diesel cars sold since 2009 to figure out when they were undergoing EPA tests and change their pollution output to comply with the tests.

In real-world driving, the cars emit up to 40 times more nitrogen oxides than allowed under the Clean Air Act.

Officials with the different agencies hope that their tests can find any emissions problems that were not revealed in the testing that all new cars undergo, which is very standardized and does not usually involve on-road driving.

"We must continue to improve and adapt our oversight, and we will," said Janet McCabe, acting head of the EPA's air pollution office.

The emissions issue, to which Volkswagen has admitted, has quickly evolved into an international scandal, with government officials in Europe, Germany, the United Kingdom, France and elsewhere taking action.

Domestically, the Justice Department is conducting a criminal investigation, and a House committee will soon hold a hearing on the scandal.

Volkswagen's chief executive officer resigned this week, and the head of its United States operations is expected to resign as well.

The EPA initially identified less than 500,000 cars with Volkswagen and Audi branding affected. But the company later said the problem extended to 11 million cars worldwide, although the issue only applies to United States emissions standards.

The EPA has 23 devices for testing on-road driving emissions, but Grundler said those have usually been dedicated to heavy-duty truck use.

Grundler and McCabe repeatedly declined to outline the new test procedures, saying they do not want automakers to try to defeat them.

"The smart engineers at EPA, California Air Resources Board and Environment Canada have come up with clever ways to do this," Grundler said.

The announcement does not change the standard testing that applies to new vehicles. Instead, the EPA is using its authority to test cars currently in operation, including those from rental car fleets and individual consumers.

The new tests started Friday, Grundler said, declining to say how long it would take to test all diesel car models.

From: Gong, Kristiene
Sent: Friday, September 25, 2015 10:58 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/25/2015

AP (via Washington Times):
http://www.washingtontimes.com/news/2015/sep/25/epa-change-diesel-tests-thwart-volkswagen-cheating/?utm_source=RSS_Feed&utm_medium=RSS

EPA to change diesel tests to thwart Volkswagen-like cheating
By Tom Krisher and Matthew Daly - Associated Press - Friday, September 25, 2015

DETROIT (AP) — The U.S. Environmental Protection Agency plans sweeping changes to the way it tests for diesel emissions after getting duped by clandestine software in Volkswagen cars for seven years.

Chris Grundler, head of the EPA's office of transportation and air quality, indicated the agency would add on-road testing to its regimen. VW's sophisticated software allowed its cars to pass tests in the lab and then spew pollution into the atmosphere while on the highway.

The revelations meant unwanted scrutiny for the EPA. Its testing procedures have been criticized for being predictable and outdated, making it relatively easy for VW to cheat. What's more, the EPA did not initially uncover the problem; researchers at West Virginia University did, using on-road testing.

Grundler says the changes are designed to detect software and other methods automakers might use to rig a test.

The EPA and the California Air Resources Board have engineers who are "developing clever ways in which these things can be detected," Grundler says.

He also notes that testing of diesel engines, which make up only 1 percent of the vehicles on U.S. roads, wasn't the top priority for the EPA. The agency did have on-road testing equipment — but it was assigned to monitor automaker gas mileage estimates and heavy-duty diesel trucks, where cheating had been uncovered in the past.

Grundler, who has been with the EPA for more than three decades, says the lack of on-road testing for diesels "might change in the future." An announcement of the changes could come on Friday.

VW has admitted to installing software on Volkswagen and Audi cars with four-cylinder diesel engines that switches on pollution controls when they are being tested. When the software, called a "defeat device," determines that the cars are back on real roads, the controls are turned off. The EPA says about 500,000 U.S. cars including the Jetta, Golf, Beetle, Passat and Audi A3 have the cheating software, and VW says a total of 11 million cars have it worldwide.

VW was able to fool the EPA because the agency only tested the cars on treadmill-like devices called dynamometers and didn't use portable test equipment on real roads. The software in the cars' engine-control computers checked the speed, steering wheel position, air pressure and other factors to determine when dynamometer tests were under way. It then turned on pollution controls that reduced the output of nitrogen oxide, an ingredient in harmful ozone, the EPA has said.

VW started the scheme with the 2009 model year, and may not have been caught without testing performed at West Virginia University on behalf of the International Council on Clean Transportation, a nonprofit group that advises governments on regulations. EPA and California regulators confronted VW with those findings to VW in May 2014. The automaker eventually did a recall late last year, without much improvement, the EPA says.

Only when the EPA and CARB refused to approve VW's 2016 diesel models for sale did the company admit what it had done.

The EPA announced the violations a week ago and said VW could face billions in fines. The agency said the cars are safe to drive but VW will have to pay to recall and fix them. The agency also is going to test diesels from other manufacturers to make sure they don't have similar devices.

Sen. Bill Nelson of Florida is frustrated that regulatory agencies such as the EPA are failing to protect the public. "Seven years is way too long a time that the EPA has been asleep at the switch," he says.

He says the VW case has similarities to those involving General Motors ' defective ignition switches and Takata Corp.'s exploding air bag inflators, where it also took years before

those problems were disclosed to consumers.

"When there is this kind of deception, we've got to get these agencies to be able to cut through it and catch it," Nelson says.
It's not the first time the EPA has had to change testing to make sure automakers are playing by the rules. Earlier this year the agency updated gas mileage tests after some automakers were caught with inflated window sticker estimates.

Grundler disputes the notion that EPA would never have caught VW without the outside help. European regulators were looking into VW's on-road diesel emissions as far back as 2012, and since diesels make up half the cars there, the EPA decided to let Europe take the lead, he says.

"I don't think it's fair to say that this would never have been uncovered," he says. "Do I wish we had uncovered it sooner? Absolutely."

USA Today:
http://www.usatoday.com/story/money/cars/2015/09/25/epa-volkswagen-emissions-testing/72793818/

EPA to road-test cars after Volkswagen emissions scandal
Nathan Bomey, USA TODAY 10:40 a.m. EDT September 25, 2015
The change comes after Volkswagen fooled regulators into believing that its 4-cylinder diesel cars were compliant with emissions rules.

The Environmental Protection Agency told automakers on Friday that it will begin road tests of all new and used vehicle models to examine emissions claims following the exposure of Volkswagen's regulation cheating scandal.

The agency sent a letter to manufacturers notifying them that it will no longer rely exclusively on laboratory testing to validate emissions performance.

EPA also plans to begin testing all diesel models already on the road in the U.S. to check for similar violations.

"EPA may test or require testing on any vehicle at a designated location, using driving cycles and conditions that may reasonably be expected to be encountered in normal operation and use, for the purposes of investigating a potential defeat device," EPA told automakers in the letter.

The agency warned that the new process could mean it will take longer for automakers to secure certification required to sell new vehicles in the U.S.

"We aren't going to tell them what these tests are," said Christopher Grundler, director of the EPA Office of Transportation and Air Quality, in a conference call with reporters.

"They don't need to know."

The change comes after Volkswagen fooled regulators into believing that its 4-cylinder diesel cars were compliant with emissions rules by installing sophisticated software to manipulate lab tests.

In reality, 11 million Volkswagen cars worldwide are emitting nitrogen oxides — which can exacerbate respiratory conditions such as asthma — at rates of up to 40 times acceptable U.S. standards.

The scandal has severely damaged Volkswagen's reputation, led to the resignation of the automaker's CEO and called into question the future of diesel cars. Several criminal investigations and numerous lawsuits have also followed.

The automaker set aside more than $7 billion to pay for fixes and fines. The episode is expected to trigger a massive recall.

Fortune:
http://fortune.com/2015/09/25/volkswagen-golf-emissions-epa/

The Volkswagen scandal has sparked a huge change in car emissions testing
by Benjamin Snyder @WriterSnyder SEPTEMBER 25, 2015, 10:39 AM EDT

Critics have wanted this move for years.

The U.S. Environmental Protection Agency will being testing vehicles' ability to meet emissions standards under real-world driving situations, it announced Friday. The agency formerly conducted random testing of vehicles in a way that critics have argued failed to simulate actual driving.

The change comes less than a week after German automaker Volkswagen admitted that 11 million of its diesel vehicles worldwide were loaded with software designed to trick the emissions testing process. About half a million of those vehicles were sold in the U.S.

EPA may test or require testing on any vehicle at a designated location, using driving cycles and conditions that may reasonably be expected to be encountered in normal operation and use, for the purposes of investigating a potential defeat device," reads a letter the EPA sent to automakers Friday, using an industry term for the illicit software found on Volkswagen's cars.

EPA officials said on a call with reporters Friday that the agency is "actively" testing diesel cars to ensure they meet emissions standards following the Volkswagen's revelations. Environmental agencies in the State of California and Canada are spearheading efforts to ensure there's a "broader and more robust presence" of testing, officials added.

The EPA also said it's working with Volkswagen to determine how to modify the affected vehicles already sold in the American market.

Volkswagen's stock price has tanked amid the scandal, which forced Volkswagen AG CEO Martin Winterkorn to resign Wednesday.

From: Gong, Kristiene
Sent: Friday, September 25, 2015 10:47 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/25/2015

WSJ:
http://www.wsj.com/articles/epa-to-overhaul-air-emissions-testing-in-wake-of-volkswagen-cheating-revelation-1443187913

EPA to Overhaul Air-Emissions Testing in Wake of Volkswagen Cheating Revelation
By AMY HARDER
Sept. 25, 2015 9:31 a.m. ET

WASHINGTON—The U.S. Environmental Protection Agency is overhauling the way it polices auto-maker compliance with air-emissions standards after Volkswagen cheated on its testing for seven years, an agency official said Friday.

The EPA is sending a letter to auto manufacturers to explain that it may test or require testing of vehicles in an environment that would resemble normal driving conditions, the official said.

The EPA's current protocol doesn't test under real-word driving conditions, and requires auto makers instead to submit design certificates for compliance. The EPA has conducted random testing, but those are done in a controlled environment. Volkswagen had installed software designed to evade those tests.

Since at least 2008, Volkswagen has been using software, dubbed defeat devices, in several light-duty diesel models around the world—nearly a half-million cars in the U.S. and as many as 11 million world-wide—that disabled air-emissions controls under normal driving conditions.

The EPA's announcement Friday caps a tumultuous week for Volkswagen, whose CEO resigned following the revelations, and for the U.S. government, which scrambled to respond to the German auto maker's cheating.

The Justice Department is pursuing a criminal investigation.

"We have to be concerned about whether or not there are other defeat devices out there that

we have not been able to detect," EPA Administrator Gina McCarthy said at an event hosted by The Wall Street Journal this week. "This was particularly difficult for us to detect. We got there."

It wasn't immediately clear Friday how comprehensive the new testing in normal driving conditions would be. Some experts have been calling on the agency to conduct such testing.

"The most important change that could take place is if EPA started incorporating real-world testing throughout their compliance process," said Drew Kodjak, executive director of the International Council on Clean Transportation, a nonprofit research organization. The organization, alongside West Virginia University researchers, uncovered the testing anomalies in two Volkswagen model cars in 2014.

"The agency certainly has the authority to do this type of thing, but typically doesn't do them because, frankly, they're quite expensive," Mr. Kodjak said on Thursday.

In 2014, Mr. Kodjak's group and the university researchers conducted emissions testing, including under normal-driving conditions, that found two Volkswagen cars—a 2012 Jetta and 2013 Passat—had significantly higher nitrogen oxide emissions during normal driving conditions than what was certified with the EPA. Another car the researchers tested, a diesel-powered BMW, didn't have higher nitrogen oxide emissions.

Fortune:
http://fortune.com/2015/09/25/volkswagen-scandal-epa/

EPA to change diesel tests to prevent VW-like cheating
by Chris Matthews @crobmatthews SEPTEMBER 25, 2015, 7:50 AM EDT

Diesel 'wasn't the top priority for the EPA.'

The U.S. Environmental Protection Agency is planning wholesale reform of its procedure for testing diesel engines, following revelations that Volkswagen VLKPY -5.72% installed software in its cars that allowed it to fool regulators into thinking the vehicles were cleaner than they actually were, according to the Associated Press.

Chris Grundler, head of the EPA's office of transportation and air quality, told the news service that his agency would begin testing cars on the road in addition to the tests performed with cars on treadmills.

Grundler told the AP that cars with diesel engines, which make up only 1% of the vehicles on U.S. roads, "wasn't the top priority for the EPA."

"The agency did have on-road testing equipment — but it was assigned to monitor automaker gas mileage estimates and heavy-duty diesel trucks, where cheating had been uncovered in the past," the report said.

The EPA's testing procedures have been criticized for being predictable and outdated, the AP said, potentially making it easier forVW to cheat. And it was researchers at West Virginia University—not the EPA—that uncovered the problem using on-road testing, the AP added. An announcement of the changes could come on Friday.

Financial Times:
http://www.ft.com/intl/cms/s/0/d4feb2e2-628e-11e5-9846-de406ccb37f2.html#axzz3mgG3bZd2

Volkswagen board gathers to appoint replacement for Winterkorn
Chris Bryant in Frankfurt and Barney Jopson in Washington

Volkswagen's board are gathering to appoint a new chief executive to lead the troubled carmaker out of the worst scandal in its history, with Matthias Müller, head of Porsche, as the favourite candidate.
The supervisory board meeting at VW's Wolfsburg headquarters — which may take several hours — follows Martin Winterkorn's resignation after eight years at the helm of the group.

People close to VW indicated that Mr Müller is the frontrunner in the succession race.
He is close to the Porsche and Piech families, who together control a majority of VW's voting shares, knows Volkswagen inside out and has a reputation for speaking his mind.
The company declined to comment.

The board is also expected to decide on Friday which managers must leave the company over the scandal, with attention focusing on high-level engineers and designers.

VW has been reeling since the US Environmental Protection Agency revealed last Friday that the group had rigged its diesel cars to pass emissions tests, potentially laying itself open to criminal charges and substantial fines.

The EPA said that VW had installed "defeat device" software that activated technology designed to reduce emissions from the vehicles only when it detected that they were being tested. The emissions then returned to much higher levels during regular driving.

The EPA said 482,000 vehicles sold in the US since 2008 were affected, but VW later raised that figure to 11m worldwide. It said it would take a €6.5bn charge to cover the costs of the crisis.

A senior official at the EPA told the Financial Times that Volkswagen had orchestrated an unprecedented effort to beat the EPA's rigorous testing regime. "The level of deceit the company went through to game the system was enormous," the official said.

The EPA operated a cutting-edge testing regime to police compliance with clean air regulations, the official said, and it took an "elaborate, aggressive, ongoing, co-ordinated

effort" to beat it. "We've seen uses of defeat devices, but nothing to this scale," the official said.

From: Gong, Kristiene
Sent: Thursday, September 24, 2015 5:36 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/24/2015

Reuters:
http://www.reuters.com/article/2015/09/24/usa-volkswagen-deception-idUSL1N11U1OB20150924

INSIGHT-After year of stonewalling, VW stunned US regulators with confession
WASHINGTON/DETROIT SEPT 24 | BY TIMOTHY GARDNER, PAUL LIENERT AND DAVID MORGAN

The confession of cheating that's embroiled Volkswagen AG in one of the biggest scandals in auto industry history came on a cool California morning, on the sidelines of an academic conference focused on green transportation.

After more than a year of stonewalling investigators, Volkswagen stunned two senior officials with the U.S. Environmental Protective Agency and California's environmental watchdog by admitting the automaker hacked its own cars to deceive U.S. regulators about how much their diesel engines pollute.

That disclosure on Aug. 21, confirmed by two people with knowledge of the exchange, shows Volkswagen buckled to pressure from environmental regulators almost a month earlier than the scandal was made public. The admission to regulators came after a year during which VW officials insisted to regulators that tests on its diesel cars showing a spike in pollution levels on the road were in error.

U.S. officials exposed the deception on Sept. 18, triggering Volkswagen's admission that it had installed software in its cars to detect when they were being tested and alter settings to conceal the true emissions of 11 million cars sold worldwide. The delay between VW's confession and the U.S. exposure of the scandal occurred as regulators prepared their response to the disclosure.

As a result, Volkswagen, the world's largest automaker by sales, faces EPA fines that could reach $18 billion, class action and other lawsuits that could add billions of dollars more in liability and a U.S. criminal investigation. VW's leadership is in turmoil after chairman Martin Winterkorn was forced to resign and sources said other executives including the head of U.S operations were soon to follow.

Now, the story of how investigators unraveled systemic cheating in the face of consistent denials from the company may have implications for the sanctions VW will face and for an auto industry certain to face more scrutiny about its environmental claims. The company's lack of cooperation could figure into punitive action by the government.

At first, regulators were surprised that Volkswagen would make its confession at the conference, held in Pacific Grove, California. Minutes before Christopher Grundler, director of the EPA's transportation and air quality office, was to deliver a 9 a.m. speech to the conference, a Volkswagen representative told him about the deception. At the same meeting, representatives of the California Air Resources Board, a state agency that had been pushing VW hard, were also given a verbal notice of the deception, people with knowledge of the events said.

Volkswagen declined to comment on the sequence of events described to Reuters. It isn't clear who the VW representative was who delivered the news of the deception to Grundler and the CARB. Stuart Johnson, head of VW's engineering and environmental office in the United States, was registered to attend the Aug. 21 conference, which was organized by the University of California, Davis. Johnson, who still works for VW in Auburn Hills, Michigan, did not respond immediately to a request for comment.

Norbert Krause, who was head of VW's U.S. environmental office until 2009 and who retired from VW in 2011, said nobody at Volkswagen of America was involved in the process of engineering the diesel cars.

"I don't know anything about the modification of the software," Krause said when reached by telephone in Germany. "The software was okay when we certified the vehicle and we made our durability runs. Everything was fine."

DECEPTION ACKNOWLEDGED

A formal acknowledgement of the deception came on Sept. 3, when the EPA and California officials held a conference call with Volkswagen executives in Germany and the U.S. During the call, the automaker went over written details provided to the participants explaining how software used in its diesel cars was able to manipulate emissions tests in the United States.

That admission came after the EPA threatened to withhold approval for the company's 2016 Volkswagen and Audi diesel models, according to a letter sent by the EPA to Johnson and VW's attorney. The letter detailed some of the timetable of the EPA's actions.

So ended 15 months of back-and-forth between Volkswagen and U.S. and California regulators who had come to suspect that the diesel engines were producing higher nitrogen oxide emissions during normal driving conditions than what was certified by the EPA and California, people involved said. Nitrogen oxide emissions have been linked to smog and acid rain.

Volkswagen had heavily marketed what it called "clean diesel" engines starting in 2008 with the 2009-model Jetta TDI. It appeared to have found a sweet spot between high-performance and fuel-efficiency with a zippy, fun-to-drive car that topped 40 miles per gallon in highway driving. Named "Green Car of the Year" at the Los Angeles auto show in 2008, the Jetta TDI was seen as a breakthrough in a country where diesel passenger cars occupy a tiny niche compared with Europe, where they are about half of the market.

GRANDFATHER'S DIESEL

"It's not your grandfather's diesel," Krause said in a September 2008 presentation to U.S. regulators, according to a video of the remarks.

Krause and other VW officials promised a diesel that would meet pollution laws in all states, including California where diesel engines had long been associated with smog and cancer-causing soot.

By that point, VW and other automakers had lobbied for almost a decade for regulators to give diesel another chance. In 2000, VW and other companies with an interest in promoting diesel, including Mazda, formed the Diesel Technology Forum to lobby for increased use in the United States as a way to reduce reliance on imported oil. In 2005, an energy bill signed by President George W. Bush offered tax credits for diesel buyers. That gave the first wave of diesel Jetta buyers an income tax credit of $1,300 each.

In 2009, after the new Jetta went on sale, VW dealers initially sold out, including in California where regulations had effectively shut the market to diesels earlier in the decade.

Around the same time, in Europe, regulators were skeptical. A European Commission study concluded in 2013 that European car makers were exploiting test loopholes. Separate findings by the EC's Joint Research Centre showed a discrepancy between test results and real world performance in European diesel engines.

California began its inquiry after EC regulators sought to obtain American data on the on-road emissions performance of diesel engines, said Stanley Young, CARB's communications director. The Europeans had a working theory that diesels should run more cleanly in the United States, where regulations are stricter, than in Europe.

To produce that data, they commissioned the U.S.-based nonprofit International Council on Clean Transportation in February 2013, which hired researchers at a West Virginia University lab.

The WVU researchers placed emission-monitoring equipment on a rented 2012 Jetta and a 2013 Passat. Over seven weeks in spring 2013, they drove the cars around Los Angeles and up the West Coast to Seattle, comparing them to a BMW X5 sport-utility with a diesel engine, said Daniel Carder, who led the WVU team. While the BMW's emission results came in under what the vehicles produced in laboratory tests, those of the Jetta were 15 to 35 times higher than the legal limit and the Passat 10 to 20 times higher.

Soon after, the same rental cars tested by WVU were monitored in CARB's El Monte, California, test facility east of Los Angeles. There were no irregular emissions.

Over the next 12 months, the West Virginia University researchers analyzed the data. They presented their findings at a March 31, 2014, conference in San Diego partly sponsored by California regulators and the EPA.

EXECUTIVES ON ALERT

"That data put our executives on alert that there was clearly a problem for the U.S. and California," said Young, the CARB official.

At meetings between California officials and Volkswagen that began in the summer of 2014, engineers from the German carmaker tried to "discredit the findings" by challenging the data and methodology of the study, Young said. "They were recalcitrant," he said. "It was a range of issues. Every time it was something different."

Among other things, VW said that "our calibration was off" and that the discrepancies had to do with "the conditions under which the test was done," Young said.

On Dec. 2, Volkswagen shared the results of its own tests, blaming its increased emissions on "various technical issues and unexpected in-use conditions," according to the EPA. Then Volkswagen agreed to recall vehicles to fix their engine-control software.

Engineers at CARB kept testing and found the proposed software fix did not significantly reduce emissions. A break came when they looked at diagnostic data stored in the cars' own computer system.

"We discovered some very strange anomalies," Young said. "For instance, the car was running more cleanly when it was cold than when it was warm, which is the opposite of what every other car does - because once you warm a car up that's when it begins to deliver its best pollution controls. This was not the case. So clearly something else was going on. Over time we assembled enough proof and questions that they could no longer provide any reasonable explanation for what was going on."

On July 8, CARB shared its results with VW, but there was no change in Volkswagen's position. Some officials privately questioned whether Volkswagen was deliberately violating the federal Clean Air Act by installing defeat devices -- software programmed to switch engines to a cleaner mode during official emissions testing, according to a person involved in the process.

During normal driving, the software then shuts off, enabling cars to emit as much as 40 times the legal limit of pollutants.

In early August, Oliver Schmidt, who followed Krause and preceded Johnson in VW's U.S.

engineering and environmental office, attended a conference in Traverse City, Michigan and told regulators Volkswagen stood by its conclusions that the problem was technical, said people involved said. Schmidt declined to speak to Reuters.

"I'm just amazed," said Alan Lloyd, who headed CARB from 1999 to 2004 and helped open California's market to diesels. "Why someone would think they could cheat in this way and get away with it is beyond me."

AP (via ABC News):
http://abcnews.go.com/Business/wireStory/volkswagen-scandal-tarnish-made-germany-image-34017356

Will Volkswagen Scandal Tarnish 'Made in Germany' Image?
By DAVID RISING, ASSOCIATED PRESS
BERLIN — Sep 24, 2015, 4:54 PM ET

The "Made in Germany" label has stood for precision and reliability for decades, but since Volkswagen admitted to cheating on U.S. car emissions tests, many are questioning whether the automaker's problems could taint the rest of the country.

It's the second serious blow to a major German company's reputation in six months, following the tragic crash of a Germanwings jet that killed 150 people. Parent company Lufthansa has faced questions over why it failed to identify the psychological issues suffered by the pilot who intentionally flew the plane into a French mountain.

Will such crises tarnish the hard-won, valuable reputations for quality of other German brands, such as BMW, Daimler or Bosch?

Experts say VW's problems could hurt the economy in the short term due to the company's sheer size, but that long-term damage to the country is unlikely.

That doesn't mean others won't try to capitalize. Companies will try to grab market share. And across Europe, people in countries that have been lectured by Germany for years about the virtues of financial honesty could be feeling smug.

"Not only does this make Germany look bad, I think that Germany has been very good at moralizing to the rest of Europe about the financial crisis and other things," said Michael Hewson, chief market analyst for CMC Markets in London.

"Germans have a word for it — 'schadenfreude' — and Germany's getting a big dose of it now," he said, referring to the German word for taking pleasure at the misfortune of others.

Indeed, Internet memes of VWs covered in clouds of smog were already making the rounds, and media commentators were quick to pounce on the issue.

"In Europe, there is a strong dose of schadenfreude ... after the Germans, and primarily Chancellor Angela Merkel, have for years been giving lectures others," wrote Thilo Schaefer for Spain's La Marea news magazine.

Still, in Lufthansa's case, the airline has not appeared to suffer any serious damage following the March crash.

Volkswagen's case could prove more costly for the company, though by how much is still unclear. CEO Martin Winterkorn resigned Wednesday and the company is expected to name a replacement Friday.

The EPA accused VW of installing the so-called "defeat device" in 482,000 cars sold in the U.S. VW later acknowledged that similar software exists in 11 million diesel cars worldwide and set aside 6.5 billion euros ($7.3 billion) to cover the costs of the scandal.

It still faces possible criminal investigations and maybe as much as $18 billion in U.S. fines. The final cost could also depend on a host of class action lawsuits being filed by consumers who feel duped.

This is by no means the first time in recent years that a major German company's reputation for probity has taken a huge knock — though perhaps the first time that the damage has stemmed directly from a product that was popular with consumers.

Volkswagen itself was at the center of an unappetizing scandal less than a decade ago — before Winterkorn took over — that resulted in criminal convictions for the company's then-personnel chief and employee council chief, among others. That case centered on allegations that VW's influential employee representatives received illegal privileges, including lavish foreign trips involving prostitutes paid for by the company. The probe started after Volkswagen alerted prosecutors to possible wrongdoing.

Industrial conglomerate Siemens AG acknowledged dubious payments of up to 1.3 billion euros in a bribery case that came to light in 2007 and prompted the departure of the company's then-CEO and board chairman.

The company's biggest bank, Deutsche Bank, has also struggled to put behind it lawsuits and legal issues that in some cases date back years.

In April, Deutsche Bank agreed to pay $2.5 billion to authorities in the U.S. and Britain to settle allegations its traders rigged important market interest-rate benchmarks used to determine rates on a variety of debt.

Hartmut Dziemballa, who conducts image research for Germany's GfK institute with a focus on the automotive and airline sectors, said past scandals have not had lingering effects and that he didn't expect the Volkswagen scandal would significantly affect other German manufacturers — even car companies.

"The quality and the German engineering is still there, and people know that," he said.

Still, if a scandal with any brand has the potential to smear the whole "Made in Germany" label, it's Volkswagen, which is deeply interconnected with the country's people and politics.

Germany is the world's third largest exporter, vehicles are its largest export, and Volkswagen is its largest automaker. It employs over half a million people globally.

It's the largest single employer in its home state of Lower Saxony, which owns 20 percent of the company and whose governor and economy minister sit on its board of directors. VW's former personnel director Peter Hartz was also an adviser of former Chancellor Gerhard Schroeder, and today's welfare system is still called "Hartz IV" after his reforms.

Carsten Brzeski, an analyst with ING in Frankfurt, said while "the reputational damage is currently impossible to assess," because of its size even if the main impact of the scandal is limited to Volkswagen it could have serious economic effects on the German economy overall.

"While the German economy defied Greece, the euro crisis and the Chinese slowdown, it could now be facing the biggest downside risk in a long while," he said in a research note.

Analysts say there is the possibility that the fallout from the scandal might affect other car companies, whether through the need for tougher regulation or a shift away from the diesel engines at the center of the U.S. scandal.

Vice Chancellor Sigmar Gabriel told reporters at the auto show in Frankfurt after the news broke that the VW scandal would mean nothing to the "Made in Germany" label — before adding "I hope."

From: Gong, Kristiene
Sent: Thursday, September 24, 2015 4:18 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/24/2015

AP (via Lansing State Journal):
http://www.lansingstatejournal.com/story/news/local/2015/09/24/dealers-owners-frustrated-vw-scandal/72750326/

Dealers, owners frustrated over VW scandal
Associated Press 3:21 p.m. EDT September 24, 2015

LOS ANGELES — Bob Rand bought his Volkswagen Passat last year for its clean emissions and high gas mileage. He liked the car so much he convinced his son and a friend

to buy one, too.

Now, as Volkswagen comes clean about rigging diesel emissions to pass U.S. tests, Rand is desperately trying to sell the fully loaded model with white leather seats for $10,000 below what he paid. His sole bite has been from a man who offered $7,500 on speculation that he could resell it in Mexico.

"Volkswagen was somebody that you could rely on for cutting-edge products and quality and all those things and now you find out that they're not above lying just flat out," said Rand, who plans to join a class-action lawsuit against VW. "That's probably about as bad a thing as a company can do is lie to your face when you're buying a $35,000 car."

Rand's anger at the world's top-selling car company was echoed Wednesday by private dealers, auto wholesalers and owners across the U.S. as fallout from the smog test trickery mounted.

The EPA first disclosed Friday that stealth software makes VW's 2009-2015 model cars powered by 2.0-liter diesel engines run cleaner during emissions tests than in actual driving. On Wednesday, Volkswagen CEO Martin Winterkorn resigned and took responsibility for the "irregularities" found by U.S. inspectors — a scandal that has wiped out billions in the company's market value and raised the possibility of criminal investigations and billions more in fines.

The revelations left dealers sitting on hundreds of diesel cars they could not sell. Many also dealt with a flood of angry calls, emails and tweets from Volkswagen owners who felt betrayed because they believed they had bought a car that polluted less without sacrificing the good gas mileage and performance that comes with a diesel engine.

"I think their feet should be held to the fire. I think apologies don't mean anything when something is so premeditated," said Joe DeCarolis, of Cary, North Carolina, who owns a 2012 TDI Jetta Sport Wagon — a car he bought after careful comparison shopping for its clean emissions and good gas mileage.

Jon Vitale of Fowlerville, Michigan, listed his 2012 Volkswagen Passat for sale on the Internet last month, barely getting any interested callers.

But after finding out about the scandal, he's thinking the news might actually make it easier to sell his car.

"I don't know if the news will help me or hurt me," said Vitale, who bought the car used two years ago for its gas mileage. "I didn't get much interest before the news came out. If someone wants it, maybe they'll pay more because there's a stop sale on the new models."

Dealers can't give customers good answers because Volkswagen hasn't said a whole lot, said AutoNation CEO Mike Jackson, the leader of the largest auto dealership chain in the U.S.

AutoNation's six Volkswagen and eight Audi dealerships in the U.S. are telling customers that the cars are safe to drive and promising to call them as soon as they know more about repairs. "That's not adequate," Jackson said. "We need answers by next week."

A lot of people within VW had to know about the software that turned emissions controls on during government tests and off for regular driving, especially because the scheme went on for multiple years, Jackson said.

"This tells me that it's not a bad apple. It's not a rogue employee. It's deliberate deception," Jackson said. "It's a systemic failure. This took a lot of meetings. This took a lot of engineers. This took a lot of software programmers to put in place and keep in place."

Meanwhile, concern was growing at private dealerships about what to do with inventory that's now gathering dust.

At Volkswagen of Oakland, California, nearly two dozen new diesel cars have no chance of being sold in the short-term, while 25 2016 model vehicles are being held up at the Port of San Diego because they can't pass emissions standards, sales manager Chris Murphy said. Customers have been calling and emailing to demand the dealership buy their cars back or offer refunds.

"We can't afford to buy all those cars back. We're just one dealer," he said, adding that diesel models make up about 30 percent of the business. "This is definitely going to impact our business. We're trying to focus on positive, not negative things because there's nothing we can do."

Williams Volkswagen in Lansing declined to comment on how the company's actions affected its sales. It's the only Volkswagen dealer in the region.

Vitale thinks used models may become more valuable to some people who aren't as environmentally conscious, particularly because Michigan doesn't require emissions testing.

"I got a call a few days ago and the guy asked me about the news, and despite all that, he still wanted it," said Vitale, who is selling the car because he no longer needs it. "It's not illegal to drive in Michigan because there's no emissions testing here."

Volkswagen has taken steps to help out the dealership, Murphy said. That includes guaranteeing reimbursement for sales objectives for two quarters whether or not the goals are met and waiving the interest the local franchise normally pays on unsold cars on their sales floor, he said.

"They're making all the right steps. … I'm just waiting for everything to get uncovered to see how deep this really goes. I'm not mad at anyone except the people higher up who made these decisions," Murphy said.

Lash Volkswagen of White Plains, N.Y., has been scrambling to accommodate affected Volkswagen owners by giving them loaner cars and picking up or dropping off their cars when it's time for repair, said Tom Backer, general manager of the dealership in New York's Westchester County.

Dealers, he said, were told that there will be both software and hardware changes to fix the problem. They're already on 2016 models and are awaiting approval from the Environmental Protection Agency, Backer said. Older models will get the same fixes, he said.

But not every Volkswagen dealer is fielding calls from angry customers.

Bill Haggerty, a sales manager at a VW dealership in the Chicago suburb of Oak Lawn, Illinois, said he hasn't heard concerns from customers so far. Diesels make up less than 20 percent of his business and draw the most interest from customers looking for better gas mileage, he said.

"We have 200 Volkswagens in stock; three of them are Jetta diesels," he said. "So, it's not like every Volkswagen out there has got a diesel motor in it. They sell an awful lot of cars with good gas mileage and great safety records."

International Business Times:
http://www.ibtimes.com/volkswagen-diesel-scandal-epa-partly-blame-2112674

Volkswagen Diesel Scandal: Is The EPA Partly To Blame?
By Cole Stangler @colestangler c.stangler@ibtimes.com<mailto:c.stangler@ibtimes.com>
on September 24 2015 2:10 PM EDT

Are emissions tests too easy? A Volkswagen car is pictured at a technical and testing center in Zenica, Bosnia and Herzegovina, Sept. 23, 2015. Reuters/Dado Ruvic
Since Volkswagen admitted this week to cheating on pollution tests for years, there has been a flood of outrage. Overwhelmingly, it is directed at the most obvious culprit: the German automaker, which admitted to equipping 11 million of its diesel cars worldwide with software specifically designed to reduce emissions during tests. But some critics argue Volkswagen is not the only one to blame. Are the regulators at fault, too?

"Automakers have been able to exploit lax testing systems in the U.S. and Europe," declared a Bloomberg editorial this week. "Regulators owe it to both car buyers and the environment to make these systems more rigorous."

In the United States, critics say, the Environmental Protection Agency isn't as strong a watchdog as it should be. The editorial board at Bloomberg says the EPA gives automakers like Volkswagen too much latitude in determining testing conditions. The agency doesn't have engineers on hand at the labs that actually conduct the exams, doesn't vary its testing

routines enough and should have done more to detect the sneaky software gambit that will likely lead to the recall of some 500,000 cars in the U.S.

The EPA did not respond to requests for comment.

Volkswagen's deception may be particularly widespread and therefore more egregious. But it's not the first company to cheat American emissions standards. Hyundai and Kia acknowledged they overstated fuel economy standards on 1.2 million cars from 2010 to 2012. Last November, the companies agreed to a combined $300 million settlement with the Justice Department and the EPA for doing so.

Still, Tyson Slocum, director of the energy program at consumer advocacy group Public Citizen, said it's unfair "to claim the EPA is responsible for a very sophisticated deception."

Emissions tests in the United States consist of the following: Automakers put their cars on rollers at various testing sites and run them through a set of federally approved maneuvers. Volkswagen duped the system by writing code into its diesel cars' software that automatically switched them into a sort of "low-emissions mode" during these moves.

Even with a beefed-up team of monitors on hand at testing sites, Slocum said, Volkswagen's trick "would have been very hard to catch." "Stopping a determined criminal is tough," he said, and "at the end of the day, you've got to hold the primary entity accountable."

At the same time, Slocum said, those complaining about the agency's oversight methods or regulatory capabilities should turn to federal legislators.

"Congress is to blame for the EPA's light touch," he said. He scoffed at the "Chicken Little" attacks from federal lawmakers and industry alike that frequently deride the agency as a jobs killer. Since 2010, the agency has seen its budget decline by 20 percent, or about $2 billion. (Earlier this month, before the emissions scandal broke, 20 members of Congress filed articles of impeachment against Gina McCarthy, head of the EPA.)

Europe's testing system, on the other hand, is widely seen as more hands-off than the United States'. Automakers there comply with the New European Driving Cycle, a test that got its last major revision in the 1990s. It takes less time to complete than its American counterpart and doesn't properly simulate real-world conditions, critics contend, and therefore is easier to game. A recent report from the U.K. Committee on Climate Change found the gap between official and real-world emissions of new passenger cars rose from 10 to 35 percent between 2002 and 2014.

Officials from the European Environment Agency did not respond to requests for comment.

Bill Becker is the executive director of the National Association of Clean Air Agencies, a group that represents state and local pollution control agencies. He said "the EPA certainly has a role but they don't deserve a severe whipping about what happened."

Those concerned with preventing similar conspiracies in the future should look toward the judicial system, which has the ability to set a strong deterrent effect, he said. Penalties wield far more influence over automaker behavior than any changes to emissions testing procedures.

"The solution here is for the courts and the Justice Department to impose as severe a penalty as possible," he said, "to penalize so harshly that no other employer would ever consider this again."

From: Gong, Kristiene
Sent: Thursday, September 24, 2015 2:48 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/24/2015

AP (via Washington Post):
https://www.washingtonpost.com/world/europe/board-member-expects-further-resignations-at-volkswagen/2015/09/24/f5ef9382-628d-11e5-8475-781cc9851652_story.html

Germany: VW cars with suspect software in Europe too
By Geir Moulson | AP September 24 at 12:19 PM

BERLIN — The software at the center of Volkswagen's emissions scandal in the U.S. was built into the automaker's cars in Europe as well, Germany said Thursday, though it isn't yet clear if it helped cheat tests as it did in the U.S.

A day after longtime CEO Martin Winterkorn resigned over the scandal, a member of Volkswagen's supervisory board said he expects more executives to step down. The company's supervisory board meets Friday and could announce new resignations then as well as a new CEO.

The U.S. Environmental Protection Agency disclosed Friday that stealth software makes VW's 2009-2015 model cars powered by 2.0-liter diesel engines run cleaner during emissions tests than in actual driving.

The EPA accused VW of installing the so-called "defeat device" in 482,000 cars sold in the United States. VW later acknowledged that similar software exists in 11 million diesel cars worldwide and set aside 6.5 billion euros ($7.2 billion) to cover the costs of the scandal.

The company has told officials that the vehicles in question included VW cars with 1.6-liter and 2-liter diesel engines in Europe, German Transport Minister Alexander Dobrindt said Thursday.

"We don't yet have figures for how many of these 11 million cars that are apparently affected are in Europe," Dobrindt said. "That will be cleared up in the next few days."

Authorities will continue working with Volkswagen to determine what cars exactly are involved.

It isn't yet clear to what extent the scandal affects other brands in the Volkswagen Group, which has 12 brands in all — including Seat, Audi, Skoda and Porsche. It was also not clear whether the software would have led to VW cheating on emissions tests outside the U.S. as well.

Dobrindt this week set up a commission of inquiry to look into the scandal. The motor transport authority is conducting static and road tests on Volkswagen models and spot tests on cars made by other manufacturers, German and foreign.

In neighboring France, Environment Minister Segolene Royal on Thursday announced random tests of about 100 French cars to ensure that their engines meet pollution standards in the wake of Volkswagen's emissions scandal.

And the European Union's executive Commission called on national authorities "to look into the implications for vehicles sold in Europe and ensure that EU pollutant emission standards are scrupulously respected."

Olaf Lies, economy and transport minister of VW's home state Lower Saxony, which holds a 20 percent stake in the company, said the investigation into the scandal was only just starting.

"There must be people responsible for allowing the manipulation of emission levels to happen," he told rbb-Inforadio.

Winterkorn said Wednesday he took responsibility for the "irregularities" found by U.S. inspectors in VW's diesel engines, but insisted he had personally done nothing wrong.

VW is filing a criminal complaint with German prosecutors, seeking to identify those responsible for any illegal actions in connection with the scandal.

Other auto companies have seen their shares drop, too, though there have been no allegations they cheated emissions tests.

On Thursday, shares in BMW dropped 5.2 percent to close at 75.68 euros after Germany's Auto Bild magazine reported that road tests by the International Council on Clean Transportation showed the BMW X3 xdrive model exceeding European emissions limits by more than 11 times. It did not say what the cause for the alleged problem was.

BMW said in a statement that it was not familiar with the test and would ask the ICCT for clarification. It said that "the BMW Group does not manipulate or rig any emissions tests."

Reuters:
http://uk.reuters.com/article/2015/09/24/uk-usa-volkswagen-letters-exclusive-idUKKCN0RO0AY20150924

Exclusive - VW recall letters in April warned of an emissions glitch
SAN FRANCISCO | BY ALEXANDRIA SAGE

In April of 2015, Volkswagen of America, Inc.(VOWG_p.DE) sent letters to California owners of diesel-powered Audis and Volkswagens informing them of an "emissions service action" affecting the vehicles.

Owners were told they would need to take their cars to a dealer for new software to ensure tailpipe emissions were "optimised and operating efficiently."

The company didn't explain that it was taking the action in hopes of satisfying government regulators, who were growing increasingly sceptical about the reason for discrepancies between laboratory emissions test results and real world pollution from Volkswagen's diesel cars.

Officials at the California Air Resources Board and the EPA agreed in December of 2014 to allow a voluntary recall of the company's diesel cars to fix what Volkswagen insisted was a technical – and easily solved - glitch. The recall was rolled out nationally over a period of months.

On Wednesday, California Air Resources Board spokesman Dave Clegern confirmed that the letters were part of that recall. "This is one of the fixes they presented to us as a potential solution. It didn't work," he said.

Volkswagen, which had no obligation at the time it initiated the recall to disclose the discussions that had led to it, declined to comment on the letter.

The controversy came to public attention last week after Volkswagen acknowledged it had deliberately deceived officials about how much its diesel cars polluted.

The recall letter instructed owners of certain 2010-2014 Volkswagen vehicles with 2-liter diesel engines to contact dealers for a software update in order to fix an issue with the malfunction indicator light illuminating.

"If the [light] illuminates for any reason, your vehicle will not pass an IM emissions inspection in some regions," the letter warned, noting that California required the update before it would renew vehicle registrations.

"The vehicle's engine management software has been improved to assure your vehicle's tailpipe emissions are optimised and operating efficiently," read the letter, which said an

earlier software update increased the likelihood of the light illuminating.

It is customary for carmakers to perform updates to their cars through dealerships to fix or update software.

Volkswagen has said that 11 million of its cars around the world could be affected in the scandal that broke last week. The German company has set aside 6.5 billion euros ($7.3 billion) in its third-quarter accounts to help cover the costs of any fallout.

The U.S. Justice Department has launched a criminal probe and at least 25 proposed class actions on behalf of consumers have already been filed in seven states.

WSJ:
http://www.wsj.com/articles/vws-customers-feel-confusion-remorse-1443051169

VW's Customers Feel Confusion, Remorse
Auto owners worry how emissions scandal will affect vehicles' performance, resale value and compliance with clean-air standards
By CHRISTINA ROGERS in Detroit and ERIC SYLVERS in Milan

Deborah Scott went shopping for a new car in 2010 and came back home with a diesel station wagon made by Volkswagen AG. Fuel efficiency, low emissions and a peppy engine won her heart.

Now, she finds herself suffering from a case of buyer's remorse. "I feel very confused," said the 61-year-old retired nurse practitioner from Chattanooga, Tenn.

Less than a week ago, the Environmental Protection Agency said the German maker of her car lied about its diesel-emissions performance and is demanding a fix on nearly 500,000 affected vehicles on U.S. roads. That leaves owners, such as Ms. Scott, wondering how that will affect performance, resale value and compliance with clean-air standards.

"I feel like I'm eventually not going to have the car that I initially agreed to buy," said Eric Schoenecker, a Minnesota owner of a 2013 diesel Jetta. A recent visit to Craigslist.com indicated resale value on cars like his have fallen 20% since the emissions scandal emerged. The EPA says affected Volkswagens emit nitrogen oxides at up to 40 times the standard.

Volkswagen's emissions headache has gone global, with the auto maker now saying 10.5 million additional vehicles could be affected outside the U.S. On Wednesday, the company's chief executive resigned amid a sharp decline in market value and many investigations initiated in various countries.

Buyers, however, are primarily interested in answers that aren't immediately forthcoming.

"All we've received so far are talking points from VW emphasizing that we tell customers

this is not a safety issue," Mike Jackson, chief executive of No. 1 car dealer chain AutoNation Inc., said. "They tell us they will get back to us on how they will bring cars into compliance."

Volkswagen representatives said the company is investigating the matter and will be in touch with dealers and buyers as soon as possible.

Dealers say traffic in Volkswagen showrooms is drying up in the U.S., deepening the pressure the auto maker has experienced in recent years as market share has fallen. "As this story matures, we expect it to have more of an impact on sales," said one dealer, choosing to remain anonymous.

Volkswagen has 650 dealers in the U.S., and sold 238,000 vehicles through August—a 2.8% decline from the same period in 2014 and far below other major auto makers selling cars in America. About 20% of those deliveries are diesel.

At some point, those dealers will need to employ a fix, according to EPA guidelines. Volkswagen, setting aside $7 billion for the crisis, will have to pay for repairs. Meanwhile, cars are likely to pass emissions standards because they are fitted with a device that enables cheating on emissions tests, the EPA said.

Anna Stefanopoulou, a mechanical-engineering professor and engine expert at the University of Michigan, said a permanent fix could be as simple as downloading new software for the car. Or, Volkswagen could be looking at a cost of $2,000 a vehicle if new hardware needs to be installed.

Fuel economy, rated at more than 40 miles a gallon for some diesel models sold by VW, will take a hit. Consumption could rise 5% to 7% at high speeds or other driving conditions because components needed to clean emissions can dent engine performance.

Some doubt the solution will be simple.

"A software fix in the U.S. seems very unlikely because the emissions are so much higher than is allowed," Paolo Martino, a Frost & Sullivan consultant, said. Any adjustment would probably so radically "change the performance of the cars that consumers would no longer want to own them.

Wired:
http://www.wired.com/2015/09/vw-going-pay-smog-scandal-much/

Eric Niiler

VOLKSWAGEN ISN'T GOING to get away with this. You don't (allegedly!) fake emissions data for a few million cars and just walk away. But what the German automaker's punishment will be, and how much it's going to hurt—those are still open questions.

The final decision will be up to lawyers at the US Environmental Protection Agency and Department of Justice. That latter agency has opened a criminal probe into the company's (alleged!) emissions software tampering shenanigans. But based on precedent and the outlines of what Volkswagen actually seems to have done, we can make a few predictions.

If US officials absolutely throw the book at VW, EPA rules stipulate a maximum fine of $37,000 per affected car. At 482,000 cars on American roads, that comes to $18 billion. But according to attorneys who work on these kind of cases, that number is way too high for what'll actually happen. The biggest fine of this kind to date was $1.2 billion, a criminal penalty that Toyota paid in 2014 for concealing information about faulty ignition switches that triggered sudden accelerations.

But that was for a mechanical breakdown. For a closer analogy we could look back to 1998, when seven truck manufacturers including Caterpillar and Mack together paid $1 billion for installing defeat devices—sounds familiar—in tractor trailer and pickup trucks. A year before, Ford paid a relatively paltry $7.8 million to settle allegations the company violated the Clean Air Act by yes, installing defeat devices—this time in Econoline vans. But the company also paid $2.5 million in emissions offsets and $1 million to study new technology that fought emissions. So it's possible VW might have to pony up for regulatory violations as well as smog offsets for what they actually emitted.

As a matter of process, regulators will want a fine that's big enough to work not only as punishment for VW but as a deterrent to anyone else who might think about trying something similar. It can't just be the cost of doing business. "There aren't a lot of examples of this kind of conduct," said one private attorney who has handled pollution settlements between major companies and the government. "There are a fair number for failure to disclose, or even covering it up. But to actually plan a violation? That's pretty extraordinary. This will be the highest penalty EPA ever assesses."

Yeah, but how high? To figure that out, EPA lawyers have a lot to consider. Specifically, EPA will want to know what kind of economic benefit VW got from rigging emissions controls. The company claimed greater engine power, performance, and gas mileage, and charged more for the engine than a gasoline engine in a comparable vehicle. VW also got a marketing benefit, donning a green mantle by touting its "clean diesel" technology.

On the other hand, EPA regulators will also factor in what VW does to fix the problem. The company said Tuesday it was setting aside more than $7 billion for repairs. EPA might build that consideration into its calculations and lower the fine accordingly.

That's all on the civil, regulatory side. DOJ's criminal probe could lead to prosecutions of the executives in Germany who approved the so-called "defeat device." Like the bumper sticker says, a fine is a tax for doing wrong. Prison time, though? That's a whole other kind of serious.

But if you believe Gilbert and Sullivan and think the punishment should fit the crime, than

what was this (alleged!) crime's actual shape? Yes, VW diesel-powered Jettas, Passats, Golfs, and Beetles (and an Audi) polluted more during real-world driving than their annual smog tests said they would. But how much more? Tests performed by the International Council on Clean Transportation in 2013 revealed that the VW cars emitted anywhere from 5 to 35 times more nitrogen oxide pollution than allowed by law. So with the help of some air pollution experts, let's do a little back-of-the-envelope figuring. Making it easy on ourselves, we'll use a midpoint of a 20X increase in emissions. Assuming 482,000 cars in the United States with, oh, say, a 120,000-mile lifetime of a diesel engine, VW's US fleet produced 46,657 more tons of harmful, smog-forming NOx pollution than anyone knew.

Now, cars in California alone emitted 161,000 tons of NOx in 2011, according to EPA. (California has a lot of cars.) But still—that's a lot more smog than anyone planned for.

Vox:
http://www.vox.com/2015/9/23/9383641/volkswagen-scandal-pollution

How many deaths did Volkswagen's pollution scandal cause?
A back-of-the-envelope estimate.
Updated by Brad Plumer on September 24, 2015, 8:58 a.m. ET @bradplumer
brad@vox.com<mailto:brad@vox.com>

This week, Volkswagen admitted that it had secretly rigged as many as 11 million diesel cars worldwide so that their pollution controls only worked when they were being tested by regulators. The rest of the time, while the cars were actually being driven, they emitted smog-forming nitrogen oxides at 15 to 35 times higher than the US legal limit.

So how much extra pollution is Volkswagen's deception responsible for? And, since we know air pollution is already harmful, how many additional deaths might those extra emissions cause? What follows is a very rough, back-of-the-envelope estimate based on what we know so far. (Spoiler: the premature death numbers range from single digits to hundreds per year. Like I said, rough.)

1) How much extra pollution do Volkswagen's cars cause? By my calculations, Volkswagen's 482,000 deceitful US cars are currently adding between 5,800 to 14,200 additional tons of nitrogen oxide pollution (NOx) to the atmosphere per year, assuming the cars are driven the US average.*

Extrapolating that out to 11 million cars around the world, and assuming the rest of the cars are driven the European average, we get somewhere between 86,800 and 212,500 additional tons of NOx emissions per year.**

Now, there are lots of assumptions and simplifications embedded in those estimates, particularly around how many miles VW's cars are actually driven. But that's ... potentially a large amount of extra NOx pollution. At the high end globally, it's 20 times what a typical coal plant without emission controls puts out in a year.

2) How many deaths might that extra pollution cause? We know NOx pollution is harmful — current emissions from all the world's cars, trucks, factories, and power plants already cause various health ailments and contribute to thousands of deaths each year. What we're interested in is the additional toll caused by Volkswagen's illegal pollution.

This is a bit trickier to calculate. Certain types of nitrogen oxides are harmful both both because they can irritate the lungs and because they can help form damaging particulate pollution and smog. Higher smog levels have been linked to respiratory illnesses, increased asthma attacks, and even premature deaths (especially among the sick or elderly). The complicated part is that the exact levels of smog formation can vary from place to place, depending on sunlight, temperature, local winds, and other factors. What's more, the exact harm can depend on where the pollution occurs, how dense the area is, and so on.

Still, we can get ballpark figures using data from the Environmental Protection Agency, which calculates that every ton of NOx from vehicles in the United States leads to somewhere between 0.00085 and 0.0019 premature deaths. (Note that this only includes impacts from particulate formation, not smog effects, which are harder to quantify. See p. 40 of this report.)

Using these figures, the estimated extra pollution from Volkswagen's US cars can be expected to lead to an additional 5 to 27 premature deaths per year. If we extrapolated worldwide to all 11 million vehicles, that would come to somewhere between 74 and 404 premature deaths each year.***

Again, this is a back-of-the-envelope exercise, not a peer-reviewed scientific analysis. Criticisms and refinements are welcome. But the broader point is that air pollution can cause genuine harm, up to and including killing people. The United States and Europe have been trying to limit that health damage over the last 50 years by putting pollution limits in place. And, by evading those limits, Volkswagen's actions had real consequences.

(As counterpoint, Volkswagen's cheating might have been mildly helpful for global warming efforts. The company appears to have rigged the cars so that they would get slightly better fuel economy. And NOx emissions can have an indirect cooling effect. That said, this effect is likely to be smaller in the grand scheme of things. And this really isn't the way to go about solving climate change...)

Footnotes and updates:

* Here's how I estimate US pollution: the current Tier2-Bin5 lifetime standard for NOx emissions in the United States is 0.07 grams per mile driven. Testing by the ICCT has said Volkswagen's 482,000 clean diesel cars in the United States were emitting NOx at 15 to 35 times that standard, depending on how they were driven. And the average US car is driven 11,244 miles in a year. So multiply those numbers together, subtract out the "legal" pollution, convert to tons, and you get your range of additional pollution caused by VW's cars.

(Note that this estimate is for the current year. VW's cars were obviously sold in stages, so the pollution impact is smaller the further you go back in time.)

** For the global figures, I'm assuming the pollution controls in the remaining 10.5 million Volkswagen diesel cars with a Type EA 189 engine worked the same way and produced similar levels of additional pollution. I've updated this section by also assuming the rest of the cars were driven the European average of around 7,170 miles per year (since most of them were likely in Europe). That lowered the global pollution estimates from an earlier version.

*** This global estimate of health impacts might well be low, since a simple extrapolation from US data isn't ideal. The World Health Organization's research suggests that NOx pollution can have even higher mortality effects in some parts of Europe (due to higher population density), but we'd really have to know where the rest of Volkswagen's 11 million problematic diesel cars are being driven to get any more precise.

From: Gong, Kristiene
Sent: Thursday, September 24, 2015 2:19 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/24/2015

Bloomberg:
http://www.bloombergview.com/articles/2015-09-23/volkswagen-and-the-epa-s-dirty-little-secret

Volkswagen and the EPA's Dirty Little Secret
87 SEPT 23, 2015 3:50 PM EDT
By Editorial Board

Cheating reflects badly, first and foremost, on the cheater -- and so it is with Volkswagen, whose shocking manipulation of U.S. emissions tests continues to exact a price in market value, legal costs and reputation. At the same time, it's not unreasonable to ask how the cheating happened in the first place, and that question implicates more than just Volkswagen.

For years, automakers have been able to exploit lax testing systems in the U.S. and Europe. Regulators owe it to both car buyers and the environment to make these systems more rigorous.

As things work now in the U.S., carmakers test their own vehicles and send the results to the Environmental Protection Agency, whose engineers review them and, usually, apply a rubber stamp. The EPA allows manufacturers broad latitude in determining test conditions, an invitation to hanky-panky. The agency does some independent, random testing -- but on

just 10 percent to 15 percent of new models. Only in rare cases does it test cars that have actually been driven off the lot.

The problems with this regime were obvious even before VW's shenanigans. In 2013, Consumer Reports found that 55 percent of hybrids and 28 percent of turbocharged cars fell short of their EPA fuel-efficiency ratings. Last year, the Justice Department reached a $350 million settlement with Hyundai and Kia for overstating gas mileage. Ford, Mercedes, Mini and other manufacturers have restated their official mileage ratings in the last three years, usually under threat of consumer lawsuits.

Europe, where automakers also test their own vehicles, has its own issues. Just before the VW scandal broke, a European environmental advocacy group released test results showing major discrepancies between lab and real-world emissions in cars made by BMW, Mercedes and Opel. The European Commission has announced that all passenger cars will be undergo "real world" emissions testing starting in 2017.

Any system will inevitably rely on self-reporting to some extent. Government regulators simply don't have the money or personnel to test every new vehicle. But they can enact safeguards on a system that is all too easy for carmakers to game.

First, the EPA should have some of its engineers on hand at the industry labs to oversee compliance. Carmakers have a bevy of little tricks that can increase efficiency -- low-resistance tires, removing side mirrors and taping over cracks between panels -- and while the EPA has done better than the Europeans at closing loopholes, vigilance must be maintained. The agency should also vary the testing routines periodically so that carmakers won't know in advance exactly what they are in for. (The current regime's predictability may well have been a big part of VW's successful deception.) The EPA should consider following the EU's lead with on-the-road studies, for gas mileage as well as pollutants.

Also, the so-called defeat device VW used to game the emissions test was actually a pretty simple software tweak. It shouldn't be too hard for the EPA to invest in some computer forensic capabilities to track what's going on in our increasingly computerized vehicles.

Just as important, there need to be greater consequences for cheating. Any company caught in violation should lose its self-monitoring rights for a number of years. It should have to dig into its own pockets for trials by neutral third parties, such as parts manufacturers, which have the necessary equipment.

What Volkswagen did appears to be in a category all its own, and it deserves special condemnation. But other carmakers game the system, and regulators tolerate it. That is the dirty little secret of emissions and efficiency testing, and the EPA needs to clean it up.

Financial Times:
http://www.ft.com/intl/cms/s/0/bbd61c58-62d7-11e5-9846-de406ccb37f2.html#axzz3mgG3bZd2

EPA surprised by scale of Volkswagen's deceit
Barney Jopson in Washington and Andy Sharman in London

The US regulator that exposed Volkswagen for cheating on emissions tests has been taken aback by revelations that the German carmaker's deception extended to millions of vehicles far beyond American shores.

"It's clear that the company went above and beyond in its efforts to game the system and deceive consumers. The agency has a very robust emissions testing programme. So this deceit was significant," according to a senior Environmental Protection Agency official close to the investigation.

The EPA announced on Friday that VW had admitted installing "defeat device" software on 482,000 cars in the US.
But VW then shocked the regulator and the markets — sparking a two-day 37 per cent fall in its share price — by revealing that up to 11m vehicles worldwide could be affected.
"It's been surprising to see the scale of the deceit in terms of the number of vehicles impacted," the official said.

On Thursday the German government said VW executives had admitted to manipulating emissions tests on diesel-powered vehicles in Europe as well as the US.
The EPA official told the Financial Times the US regulator had been "engaged" with the German government over the matter even as it continued its own investigation.

"You'll continue to see news coming out of the agency on this" relating to VW, the official added.
The regulator is also "considering what our options are" regarding other auto manufacturers.
Several companies have come forward to say they have not engaged in similar cheating, the official said, and the EPA will continue working to ensure that is the case.

The EPA's concern about VW behaviour relates not just to the installation of defeat devices but to more than a year of dialogue between the regulator and the carmaker, another EPA official said. During that period VW repeatedly sought to attribute the difference between its cars' test results in the lab and on the road to a "technical glitch".

In May 2014, the EPA and a California state regulator were alerted to emissions discrepancies with a 2012 Jetta and a 2013 Passat by researchers at West Virginia University, which had analysed the results with the International Council on Clean Transportation, a non-profit research group.

Laboratory tests showed the VW cars complied with Clean Air Act rules, but when tested on the road the Passat's emissions were five to 20 times the official test result and the Jetta's emissions were 15 to 35 times the lab reading.

The German carmaker is engulfed in the worst scandal in its 78-year history over findings it manipulated diesel emissions test data in the US and Europe to make its vehicles appear less polluting
Following the West Virginia study, VW continued to assert that the increased emissions from the vehicles could be attributed to "various technical issues and unexpected in-use conditions", according to an EPA letter to VW about the violations last week.

VW tried — and failed — to fix the apparent problem with a voluntary recall last December affecting half a million vehicles in the US.
Only when the EPA told VW that it would not certify its 2016 models as emissions compliant did VW admit to the regulator on September 3 that it had used the defeat device.
The EPA carried out additional inquiries over the following 10 days to two weeks before deciding that it would send the company the official "Notice of Violation" released last Friday, the senior official said.

Reuters:
http://www.reuters.com/article/2015/09/24/us-usa-volkswagen-idUSKCN0RL0II20150924

Volkswagen boss quits over diesel emissions scandal
BERLIN | BY ANDREAS CREMER

Volkswagen (VOWG_p.DE) Chief Executive Martin Winterkorn resigned on Wednesday, succumbing to pressure for change at the German carmaker, which is reeling from the admission that it deceived U.S. regulators about how much its diesel cars pollute.

"Volkswagen needs a fresh start - also in terms of personnel. I am clearing the way for this fresh start with my resignation," Winterkorn said, following a marathon meeting with the executive committee of the VW board.

The world's biggest carmaker by sales has admitted to U.S. regulators that it programmed its cars to detect when they were being tested and alter the running of their diesel engines to conceal their true emissions.

Volkswagen did not name a successor, but said proposals on management appointments would be made to a full board meeting on Friday.

Porsche chief Matthias Mueller, Audi chief Rupert Stadler and the head of the VW brand, Herbert Diess, are seen as the front-runners to replace Winterkorn, three people familiar with the matter said. Mueller is seen as the favourite among the three due to his years of experience within the group, two of the people said.

Mueller, a former head product strategist, is also a management board member of Porsche SE (PSHG_p.DE), and so close to the Piech-Porsche family that controls Volkswagen.

Winterkorn, who during his eight years in charge oversaw a doubling in Volkswagen's sales

and an almost tripling in profit, said he was shocked that misconduct on such a massive scale had been possible at the company.

The carmaker was under huge pressure to take decisive action, with its shares down more than 30 percent in value since the crisis broke.

German Chancellor Angela Merkel had urged Volkswagen to move "as quickly as possible" to restore confidence in a company held up for generations as a paragon of German engineering prowess.

The U.S. Environmental Protection Agency (EPA) said on Friday Volkswagen could face penalties of up to $18 billion.

Since then the crisis has snowballed, with the U.S. Justice Department launching a criminal inquiry, according to a source familiar with the matter. European and Asian countries as well as Canada have also said they are investigating the matter.

Senior members of Volkswagen's board said in a statement they expected more heads to roll as an internal investigation seeks to identify who was responsible for the wrongdoing.

German Economy Minister Sigmar Gabriel said Winterkorn was taking responsibility for decisions made when he was at the helm of Audi, rather than Volkswagen.

WSJ:
http://www.wsj.com/articles/the-vw-emission-bug-1443047920

The VW Emission Bug
Why would the company install a 'defeat device' on its U.S. cars?
Sept. 23, 2015 6:38 p.m. ET

Volkswagen AG's reputation and share price have taken major hits after the Environmental Protection Agency and California Air Resources Board (CARB) last week accused the German auto maker of gaming vehicle-emission rules. VW deserves a keelhauling if the charges are true. But regulators and VW first should produce the motive and method for the alleged malfeasance.

On Friday the EPA in conjunction with CARB charged VW with installing "defeat devices" that disable nitrogen oxide emission controls in five of its clean-burning diesel models. EPA has threatened up to $18 billion in fines for the nearly half million cars VW sold in the U.S. between 2009 and 2015 that contain the device. The Justice Department is investigating.

VW's stock has since plummeted nearly a third. On Sunday CEO Martin Winterkorn promised to cooperate with regulators "to clearly, openly, and completely establish all of the facts of this case," including an external investigation. Volkswagen's U.S. chief Michael Horn apologized and said the company had been "dishonest."

On Tuesday VW said 11 million diesel cars world-wide were equipped with the device and it would set aside $7.3 billion, more than half of its annual profits, to cover penalties and recall costs. On Wednesday Mr. Winterkorn resigned. The slow-rolling revelations raise more questions.

To wit: Who decided to install the bugs, and what was their motivation? Did VW executives approve or know? Do the devices serve a purpose other than evading U.S. emission regulations? The public knows little outside the government narrative provided by EPA and CARB letters to VW last Friday.

The government investigation was prompted by a 2014 research project between West Virginia University and environmental nonprofit International Council on Clean Transportation, which found that NOx emissions from VW's 2012 Jetta and 2013 Passat soared in real world driving conditions and exceeded Clean Air Act regulations by five to 35 times.

After CARB confirmed the disparity between on-road and lab testing, VW in December 2014 recalled a half million cars to make software fixes. In May CARB reran its on-road test and determined that VW's adjustments didn't significantly reduce NOx emissions. CARB says it then met several times with VW, which suggested potential technical justifications for the discrepancy.

However, after the agencies threatened to withhold government certification for its 2016 diesel models, VW on Sept. 3 said the vehicles contained a "defeat device" to disable NOx emission-controls under normal driving conditions.

According to EPA, a software switch senses whether the car "is being tested or not based on various inputs including position of steering wheel, vehicle speed, the duration of the engine's operation and barometric pressure" and these "inputs precisely track the parameters of the federal test procedure." Under normal driving conditions, the switch activates a separate engine calibration.

In other words, the cars are electronically programmed to produce compliant emissions results only during government testing. On highways and streets, they spew 10 to 40 times as much as allowed under U.S. law.

Defeat devices aren't new or a diabolical German invention. As EPA notes, mechanisms that deactivate emissions controls may serve a legal purpose if they protect vehicles against damage. But manufacturers are then required to disclose to regulators their presence in certification applications, which VW didn't.

Two decades ago GM had to cough up $45 million for installing defeat devices in nearly half a million cars that overrode carbon monoxide controls. In 1998 seven U.S. manufacturers of heavy-duty diesel engines, including Caterpillar and Volvo Truck, settled federal charges of implanting devices that disabled NOx controls for $1 billion.

What regulators don't ever explain is that these defeat devices serve a functional purpose, which is usually to increase performance and fuel efficiency. They want to pretend that emissions regulations are a clean, free ride. Until now, VW—which advertised its environmental friendly and powerful engines—was in on the charade.

Auto experts have posited that VW's defeat device was intended to boost fuel economy and torque, which are two big draws of modern diesel cars. VW's 2015 Passat gets 44 miles per gallon on highways. Trouble is, engines that are designed to burn more efficiently—and therefore emit less carbon—release more NOx. They also have less oomph. EPA and CARB should fess up to this trade-off, and the wrongdoing involved ought to be precisely identified.

The immediate upshot is that VW will have to recall the lemons to bring them in compliance with government rules. Any fix will likely cost several thousand dollars per vehicle, reduce performance and increase carbon emissions. Will drivers even want the government's clean bill of health?

VW deserves to pay for any intentional wrongdoing, but the rest of the industry and the country need to know whether this is the great deception that EPA alleges or the kind of well-known regulatory trade-off that is being harshly punished for the first time.

TIME:
http://time.com/4048115/volkswagen-golf-emissions-researchers/

This Small Study Helped Expose Volkswagen's Deception
Victor Luckerson @VLuck 11:15 AM ET

Their findings have been public for months

Before the Environmental Protection Agency was threatening Volkswagen with up to $18 billion in fines for cheating on emissions tests, a small research team in West Virginia already knew something was wrong with the automakers' vehicles.

A five-person engineering team at West Virginia University led by Daniel Carder first discovered discrepancies in the emissions rates for VW vehicles way back in 2013. The findings were made public about a year and a half ago, according to Reuters. "We actually presented this data in a public forum and were actually questioned by Volkswagen," Carder said.

Carder and his team initially though their testing was faulty because the results of their road tests were so out of whack with EPA standards. The findings were later corroborated by the EPA and the California Air Resources Board, leading to Volkswagen's admission that it installed illegal software in 11 million of its diesel cars to cheat on emissions tests. Volkswagen AG CEO Martin Winterkorn stepped down Wednesday; a replacement has not

yet been named.

Carder said seeing his findings confirmed and watching Volkswagen become embroiled in controversy was not especially exciting for him. "Obviously, we don't want to see something spewing emissions and polluting the environment," he told Reuters. "But we really have no horse in the race, as they say."

Detroit News:
http://www.detroitnews.com/story/business/autos/foreign/2015/09/24/vw-caught/72715074/

How VW got caught cheating emissions tests
David Shepardson, Detroit News Washington Bureau 12:14 a.m. EDT September 24, 2015

Washington — Volkswagen's monumental crisis over emissions-test cheating — which forced the resignation of its longtime CEO on Wednesday and threatens to cost the German automaker at least $7.3 billion — began with a routine test led by researchers in West Virginia two years ago.

Without that chance finding, VW might never have been caught using a bit of hidden software that allows pollution-control systems on 2.0-liter diesel cars to work normally when being tested for harmful emissions coming out of the tailpipe — but shuts those systems off during regular driving. That allowed 11 million cars worldwide to produce up to 40 times the allowable smog-forming pollution allowed in the United States.

"We're a tiny, non-governmental organization," Drew Kodjak, executive director of the International Council for Clean Transportation, said in an interview Wednesday. "It was really happenstance that this was ultimately uncovered."

In 2013, his organization commissioned a study of VW diesels by West Virginia University after questions were raised about European diesel emissions standards and whether European vehicles were emitting too much nitrogen oxides linked to smog. Testers looked at three diesel cars for the U.S. market: a 2012 VW Jetta, a 2013 VW Passat and a BMW X5.

The group expected the cars they tested would perform better than those in Europe, because U.S. regulations are tougher. They were surprised the two Volkswagens had significantly higher-than-expected emissions, while the BMW performed well. They were so certain they had done something wrong that they tested the cars two more times with similar results.

The researchers made their findings public in May 2014 in a report that got little attention. But it caught the notice of the Environmental Protection Agency and California Air Resources Board, which opened investigations.

The Detroit News has learned that, in response to tests by the EPA and CARB, the automaker actually issued two separate recalls labeled as service campaigns for certain cars:

one in December 2014, another in March. Software patches were VW's remedy, and the automaker assured the EPA and CARB that they fixed the problem. Out of 390,000 cars identified by VW at the time, about 196,000 were reflashed with new software.

CARB began testing VW's remedy in May. The California agency had developed a special dynamometer that showed the emission controls in the Volkswagens were not working properly. The software patch, in fact, did not cut exhaust emissions.

At the time, government officials never suspected VW was intentionally cheating. They kept looking for other potential problems. All summer long, VW kept offering "explanation after explanation," a person involved in the talks said Wednesday. "They did not add up."

Even through early August, government officials believed the automaker was acting in good faith. They thought other issues like a bad "dosing sensor" or a test problem could have accounted for the results.

In early August, EPA and CARB officials met with VW at an annual automotive conference in Traverse City to talk about the problem. By that time, California and EPA were withholding certification allowing 2016 diesel models to be sold until they were sure the recall fix would address the problem. VW said it had everything fixed.

Finally, at a conference in California on Aug. 20, an official from VW could not answer technical questions and admitted it had been intentionally cheating through so-called "defeat devices."

After months of work and testing, government officials were shocked at VW's admission of fraud.

The deception was sophisticated: Electronic control modules told the emissions controls to only work during emissions testing — something the computer could determine by the steering wheel position and other factors. That turned out to be a big clue for government investigators.

In a typical car, a dashboard indicator is supposed to light up if it's emitting more than allowable emissions. The Detroit News has learned the VW diesels were programmed not to activate those onboard diagnostics required of all cars since 1996 under the Clean Air Act.

On Friday, the EPA and CARB announced Volkswagen had admitted to installing defeat devices on 482,000 2009-15 Volkswagen Jetta, Passat, Sportwagen, Beetle and Audi A3 cars with 2.0-liter engines sold in the U.S. That included the 390,000 cars initially identified by the automaker, plus another 92,000. The cheat caused the cars to emit 10-40 times the allowable pollution.

By Tuesday, the automaker disclosed that 11 million diesel cars worldwide may have evaded clean-air rules. It could face U.S. fines of up to $18 billion — $37,500 per vehicle — as well as criminal prosecution.

People are shocked at the fraud, Kodjak said, "because of the deliberate nature, and the fact that this came from one of the greenest countries that's known for being extremely law-abiding."

Analysts speculated there are only three advantages to such a device: VW may have wanted to get higher fuel economy for the cars, better performance or avoid more expensive emissions controls like those on larger diesel VWs.

Industry, government and researchers say the automaker could have avoided criminal investigations and massive worldwide lawsuits linked to the admission that they cheated on emissions tests if their software fix had actually worked.

"Why didn't it work? That is literally one of my biggest questions is why didn't it work," Kodjak said. If it had, investigators may never have learned about VW's intentional fraud. "California told you they were going to check. If they had just fixed it then ... the only answer I can surmise is it is not easy."

Government officials expect VW will have to come up with three separate fixes since there are three generations of diesel engines that use different systems to prevent the release of smog-causing nitrogen oxides. It is not yet known whether a new software patch will suffice, or if new pollution-control equipment must be installed.

Boston Globe:
https://www.bostonglobe.com/business/2015/09/23/how-many-volkswagen-vehicles-massachusetts-are-affected-recall-lot/nxliz8S0LU9v5aEPyXbNmJ/story.html

How many Volkswagen vehicles in Mass. are affected by the recall? A lot
By Callum Borchers GLOBE STAFF SEPTEMBER 23, 2015

The tally is in on the number of diesel-engine Volkswagens in Massachusetts that will be subject to recall: 11,674.

According to the Registry of Motor Vehicles, that's how many cars fit the makes, models and years identified by the US Environmental Protection Agency as having a so-called "defeat device" that made them appear cleaner in emissions tests than they actually were on the road.

The EPA determined the vehicles — marketed as "clean" diesel cars — spew as much as 40 times what federal pollution limits allow.

Volkswagen chief executive Martin Winterkorn resigned Wednesday but claimed he did not know about the company's effort to cheat emissions tests, saying he was "stunned that misconduct on such a scale was possible in the Volkswagen Group."

Combining the EPA's description of affected vehicles with RMV statistics, the following list shows how many diesel cars of each type have been recalled in Massachusetts:

• Jetta model years 2009 to 2015: 3,562

• Jetta Sportwagen model years 2009-2014: 3,926

• Beetle model years 2012 to 2015: 81

• Beetle Convertible model years 2012 to 2015: 95

• Golf model years 2010 to 2015: 1,489

• Golf Sportwagen model year 2015: 159

• Passat model years 2012 to 2015: 1,998

• Audi A3 model years 2010 to 2015: 364

The EPA said roughly 482,000 cars nationwide are affected by the recall, and Volkswagen said the worldwide total exceeds 11 million.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 4:38 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/22/2015

The Tennessean:
http://www.tennessean.com/story/news/politics/2015/09/22/tn-senate-leader-requests-hearing-on-volkswagen-issues/72625196/

TN Senate leader requests hearing on VW cheating issues
Dave Boucher

A leader in the Tennessee Senate is asking a fellow lawmaker to call a hearing to look at how cheating revelations regarding Volkswagen may affect the state.

Senate Speaker Pro Tem Bo Watson, R-Hixson, notes the German automaker's significant investment in Tennessee as a reason he wants Senate Finance, Ways and Means Committee Chairman Randy McNally, R-Oak Ridge, to schedule a hearing.

"While all of the relevant facts may remain unreported at this time, I am very concerned as to the financial impact these violations could present to the state of Tennessee," Watson writes.

"As the chairman is aware, Tennesseans have made a significant investment in Volkswagen and any action that threatens the stability and sustainability of the investment should be reviewed by the finance committee, without delay," he continued later in the letter.

Tennessee provided Volkswagen with $165 million in grants in connection to its massive facility in Chattanooga, where more than 3,200 people are employed. Volkswagen received more than $577 million in incentives to build the plant in Chattanooga in 2008, The Associated Press reported. The AP also noted another state and local package worth up to $300 million was offered last year to persuade VW to expand the Chattanooga plant to build a new SUV in Tennessee as opposed to elsewhere.

Volkswagen CEO Martin Winkerton apologized Tuesday in the wake of accusations from the U.S. Environmental Protection Agency that the company had intentionally installed software that allowed its cars to cheat in emissions tests. The company said the emissions software affected 11 million cars worldwide.

On Tuesday it was reported the company has set aside more than $7 billion in anticipation of fines. USA TODAY reported recently that the car company could face $18 billion in fines from the federal government.

Volkswagen sets aside $7.3B over emissions scandal

On Monday Gov. Bill Haslam said he was concerned when he heard the revelations. He said he'd only spoken briefly with representatives from the EPA and Volkswagen.

"Volkswagen is somebody that is a major partner for us in the state of Tennessee, both in terms of investment and the jobs created. We're obviously very interested in their continued growth, but they're going to have to address this issue," Haslam told reporters Monday.

Lt. Gov. Ron Ramsey, R-Blountville, told the Chattanooga Times Free Press that the revelations are "depressing, hard to believe. On and on. We've made a huge investment."

Watson asked McNally to call the public meeting to discuss potential impact on Tennessee as soon as possible.

From: Gong, Kristiene
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To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/22/2015

NBC News:
http://www.nbcnews.com/business/autos/volkswagen-11-million-vehicles-could-have-

suspect-software-emissions-scandal-n431456

Volkswagen Sets Aside $7.2 Billion to Pay for Emissions Cheating Scandal
by PAUL A. EISENSTEIN

Volkswagen said Tuesday it is setting aside more than $7.2 billion to cover the anticipated cost of resolving its diesel emissions cheating scandal, a figure that could be eclipsed by potential penalties and lawsuits facing the German automaker in the U.S.

The issue, meanwhile, now is spreading to other markets, with VW confirming it used the same illicit software - dubbed a "defeat device" by U.S. regulators - on 11 million diesel vehicles sold worldwide. That has triggered calls for new investigations in markets from South Korea to the European Union.

The money that VW is setting aside, 6.5 billion euros, is part of the company's efforts to "win back the trust of our customers," VW said in a statement Tuesday.

Meanwhile, it noted that it is "working intensely" to find a technical solution to removing the software without reducing the performance of affected VW products. A total of 488,000 VW and Audi brand vehicles equipped with four-cylinder engines were recalled Friday, while the automaker ordered dealers to stop selling products equipped with those diesels.

Concerns about the mounting costs and potential impact to VW's reputation have led to a panic among the company's investors. On Monday, the value of VW shares plunged by 17 percent, and the sell-off was continuing midday Tuesday on the German exchange.

The crisis could lead to a shake-up in management at Volkswagen AG, industry analysts have warned.

The U.S. Environmental Protection Administration announced Friday that the automaker had surreptitiously equipped its diesel vehicles with software designed to recognize when those products were being tested on a dynamometer, essentially an automotive treadmill. In such a situation, the full complement of emissions controls systems would operate at their maximum, bringing the vehicles into compliance with U.S. - and even tougher California - emissions standards.

But once the testing would be completed, according to the EPA, the vehicles would revert to a different mode, effectively allowing emissions levels to increase by as much as 40 times.

In its new statement, VW gave more details, admitting that "discrepancies" related to vehicles with Type EA 189 engines and involved some 11 million vehicles worldwide.

"A noticeable deviation between bench test results and actual road use was established solely for this type of engine," the VW statement said. "Volkswagen is working intensely to eliminate these deviations through technical measures."

While the maker acknowledged the computer control systems on 11 million vehicles contain the code, it also claimed that the "majority of these engines the software does not have any effect."

The U.S. has the world's toughest diesel emissions standards, largely focusing on levels of micro-fine particulates and smog-causing oxides of nitrogen. In Europe, where the emphasis is on global warming gases like CO2, diesels handily meet test standards because they are so energy efficient.

Even so, there are mounting calls in Europe for a full investigation of the VW diesel test scandal, and CEO Martin Winterkorn has told Germany's transit ministry the company will fully cooperate with its investigation. Officials in South Korea also have called for an investigation.

Meanwhile, the U.S. Justice Department has reportedly taken the preliminary steps to open a criminal investigation.

Whether the $7.3 billion set aside is enough to cover VW's costs from the scandal remains to be seen. According to EPA rules, VW could be fined up to $37,500 for each vehicle not in compliance with emissions regulations, or a total of around $18 billion. California regulators could issue their own fines.

Several law firms also have taken initial steps of their own to bring class action lawsuits against Volkswagen on behalf of owners.

But perhaps the biggest question concerns the impact the scandal will have on VW's image and sales. The maker overtook Toyota to become the world's best-selling automaker during the first half of 2015. But it has been struggling to build momentum in the critical American market where about a quarter of its sales are diesel-powered vehicles. For now, VW has halted the sale of those models until it can come up with a fix for the faulty software.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 2:33 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/22/2015

Bloomberg (via Chicago Tribune):
http://www.chicagotribune.com/news/sns-wp-blm-news-bc-vw-states22-20150922-story.html

Volkswagen probed by states over pollution cheating
Christie Smythe, Bloomberg News

Several states have begun an investigation into Volkswagen's admission that it equipped cars with technology to cheat federal air pollution tests, joining federal investigators and a growing list of countries probing the German automaker.

Wolfsburg, Germany-based Volkswagen said on Sept. 18 that it used "defeat device" software to beat emissions tests in labs. The diesel vehicles spewed as much as 40 times the legal limit of pollutants when they were on the road, the Environmental Protection Agency alleges. Volkswagen said it's cooperating with U.S. officials.

The matter may cost Volkswagen $18 billion in penalties from the EPA, based on a maximum $37,500 violation for each of nearly a half-million diesel versions of the VW Jetta, Golf, Beetle and Passat and the Audi A3.

Matt Mittenthal, a spokesman for New York Attorney General Eric Schneiderman, said in an e-mail today that he could confirm New York is part of the multistate group but was unable to say what other states were part of the probe.

The U.S. Justice Department has also begun a criminal probe, according to officials who spoke on a condition of anonymity.

The German government opened its own probe on Tuesday. Environment Canada also started an investigation, promising unspecified "enforcement action" if the car maker cheated in that country.

From: Gong, Kristiene
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To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/22/2015

NY Times:
http://www.nytimes.com/2015/09/23/business/dealbook/volkswagen-debacle-on-financial-par-with-bp-oil-spill.html

Volkswagen Debacle on Financial Par With BP Oil Spill
SEPT. 22, 2015
By ANTONY CURRIE and OLAF STORBECK

— Volkswagen's cheating on clean air rules in the United States has driven investors into a deep funk.

The German carmaker's market capitalization shrank 16.6 billion euros, or $18.6 billion, in just over a day, after it was caught falsifying emissions on certain cars sold in the United States. The eventual cost could be higher. Although other carmakers have paid less for misdeeds, the better analogy might be oil: BP's 2010 Deepwater Horizon fiasco.

Rival carmakers got off relatively lightly for recent transgressions in the United States with more disastrous immediate consequences. General Motors paid $900 million to settle a lawsuit over faulty ignition switches linked to 124 deaths. Toyota paid $1.2 billion last year for malfunctioning accelerators tied to fewer fatalities.

No deaths can be directly pinpointed to Volkswagen blocking accurate checks on emissions – though the software installed in some vehicles hid levels of harmful nitrogen oxide up to 40 times above permitted levels.

The environmental twist perhaps makes BP's disastrous Gulf of Mexico oil spill a better comparison. Initial total cost estimates by analysts were as low as $3.5 billion. The final bill under the Clean Water Act was $5.5 billion, less than half the maximum fine. But BP's other costs, including damages, ballooned. All in, BP ended up setting aside almost $55 billion in fines, compensation and cleanup costs.

The Clean Air Act allows the Environmental Protection Agency to charge up to $37,500 a vehicle for any breaches. With 482,000 affected cars, that's $18 billion. The E.P.A. could be kinder than that, but Volkswagen, run by Martin Winterkorn, cheated government tests for six years, dissembled when confronted and meanwhile lauded Volkswagen's status as an environmentally sustainable carmaker.

Volkswagen can pay $18 billion, over time, and retain its credit rating. It has €21 billion in net cash, with more coming from planned divestitures.

That, though, doesn't factor in other costs, including recalls, refits, vehicle buybacks and class-action lawsuits – or the possibility that Volkswagen's emissions shenanigans were more pervasive. Diesel cars account for more than half its sales in Europe, its largest market, though with more lenient nitrogen oxide standards. If the scandal undermines the business case for Volkswagen's diesel engines, a €16.6 billion drop in value will look like a country jaunt.

From: Gong, Kristiene
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To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/22/2015

Washington Post:
http://www.washingtonpost.com/news/wonkblog/wp/2015/09/22/anatomy-of-volkswagons-deception-the-recall-that-never-fixed-any-cars/

Anatomy of Volkswagen's deception: The recall that never fixed any cars.
By Peter Whoriskey and Joby Warrick September 22 at 12:20 PM

Volkswagen's decision to equip 11 million vehicles with devices to cheat emissions tests worldwide has sent the company into an acute corporate crisis in recent days. But on December 2, 2014, the company assured U.S. and California regulators that their engineers had a straightforward solution.

Volkswagen told officials then that a software change would remedy the overflow of pollution emitted by their diesel cars, according to state and federal letters to the company. At the time, Volkswagen proposed a "voluntary recall" of about 500,000 vehicles. State and federal officials approved the plan.

That fix was either a technical failure or, some officials said, another ruse.

By May of this year, California tests showed that "the recall calibration did reduce emissions to some degree but NOx emissions were still significantly higher than expected."

The extent of the recall, which is discussed in letters between government and company officials, is unknown. Company officials wouldn't say this week how many recall notification letters Volkswagen issued to consumers, and how many consumers brought their cars in for the purported fix.

But the incident is one of the highlights in what federal and state officials have likened to a cat-and-mouse game between regulators and one of the world's largest automakers.

"They basically ran out of excuses," said Stanley Young, spokesperson for the California Air Resources Board. "They would say the tests weren't at the right temperature, or some other issue. We had them in [to our offices] several times."

EPA administrator Gina McCarthy said on Tuesday that the agency would step up efforts to look for cheating by other manufacturers, though she suggested that Volkswagen was an "outlier" in the extent of its cheating to defeat emissions standards.

"We are not going to sit down around and worry about whether or not there are other devices. We're going to find it," she said. "So right now we're upping our game in terms of going out and doing the work to take a look at what we need to do with other vehicles."

The company's dire diesel troubles have erupted over just a few days, but they were a long time in gestation.

The regulations that shaped the design of the diesel engines were put in place more than 15 years ago, when the EPA finalized rules that raised the emission standards for diesel cars.

After a years-long grace period, the tough standards were phased in between 2004 and 2007. At the time, the government acknowledged that meeting the standards for NOx, or nitrogen oxide, as well as soot, would be difficult.

"Manufacturers have expressed concerns that diesel-fueled vehicles would have difficulty meeting NOx and particulate matter levels like those contained in today's rule," EPA officials wrote in issuing the new standards. "Clearly, these standards will be challenging."

For a time, Volkswagen and other automakers stepped back from the U.S. diesel car market. It was a time to retool. Experts said the challenge of making a diesel engine clean enough for the U.S. standards - without compromising how the engine works - is very difficult.

"NOx is more of a challenge for diesel engines than it is for gasoline engines," said John Storey, distinguished research and development staff member at Oak Ridge National Laboratory. "The strategies companies use to clean them up all have an impact on performance, fuel economy and maintenance."

The engineering hurdles in controlling diesel emissions are high enough, some experts said, that they may provide an incentive for companies to skirt the rules.

"I can't say I'm surprised," John M. DeCicco, Ph.D. Research Professor at the University of Michigan Energy Institute, of the recent revelations. "The temptation to game the system with a defeat device is definitely high because of the technical challenges."

In 2008, Volkswagen came back with a diesel version of the Jetta. The company touted it as an example of the "clean diesel." It won raves, including "Green Car of the Year" at the Los Angeles Auto Show.

"After a three-year break that seemed interminable to fans, Volkswagen's back in the U.S. diesel-car market with a clean-burning diesel in its popular Jetta compact sedan," USA Today told readers.

But what seemed like a breakthrough seems now, in the light of recent revelations, like a massive cheat.

The company's two-liter diesel engines in the U.S. had been equipped with a "defeat device" that allowed the cars to pass federal emissions tests despite emitting more than 10 times the permitted amounts of NOx when it is on the road. Those emissions help produce smog on hot summer days, triggering a variety of health problems, particularly for asthmatics and other people with breathing difficulties.

As has been widely reported, the emission problems were detected in a May 2014 report by the International Council on Clean Transportation and West Virginia University.

The results were presented to the company and several months later, in December 2014, the company told California regulators that they had a fix. They would "recalibrate" the software that runs the engine.

"Based on this meeting, VW initiated a voluntary recall...This recall was claimed to have fixed among other things, the increased real world driving NOx issue," according to a

recent letter from the California Air Resources Board to the company.

By May of this year, California officials had run road tests on cars altered as under the recall. Despite the fix, the car showed higher than expected NOx emissions. California engineers also created a special dynamometer test, apparently to address company concerns that the previous testing was unfair.

California Air Resources Board "has determined that the previous recall did not address the high on-road NOx emissions, and also resulted in the vehicle failing certification standards," it told the company earlier this month.

McCarthy, speaking to reporters in Washington, acknowledged that the Volkswagen software ruse was "particularly difficult for us to detect. We haven't found similar types before but we'll take a look and make sure we're attacking it successfully," she said.

McCarthy defended the EPA's regulatory standards as reasonable, and said most other car manufacturers appear to have found a way to comply.

"This is about a NOX emission standard that was put in place a few decades ago. The industry knew what was happening. We feel pretty confident the industry has been innovating to be able to meet this standard," she said. "So we don't think that this problem with the standards at all."

McCarthy said she was gratified by Volkswagen's aggressive response in acknowledging its mistakes, even as she criticized the company for its years of deliberate deception.

"I think it will be very difficult for Volkswagen at this going to be looked at as anything other than a real outlier," she said.

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Subject: RE: Volkswagen Clips 9/22/2015

Financial Times:
http://www.ft.com/intl/cms/s/0/ac6742b2-611d-11e5-a28b-50226830d644.html#axzz3mU7mhPP8

How VW's 'defeat device' cheated on EPA emissions tests
Clive Cookson, Science Editor

The "defeat device" that Volkswagen used to cheat on US emissions testing sounds as if a secret little black box was hidden deep in the diesel engine just waiting to switch anti-

pollution controls on during government inspections.

During normal driving, these controls are relaxed, which improves performance and reduces engine wear.

"The test cycles are very formal and well established, so priming a vehicle to sense when it is being tested is potentially quite straightforward," said Professor Alastair Lewis, an air pollution expert at York University in the UK. "For example are only its drive wheels turning, is the acceleration unnaturally smooth, or constant speeds too precise for a human driver?"

Modern "clean diesel" engines aim to reduce pollution in a series of computer-controlled steps. For example, the computer may adjust the ratio of air to fuel in the combustion chamber, change the operating temperature or alter the rate at which exhaust gases flow through catalytic converters and filters.

Another refinement is to inject a chemical called urea into the exhaust stream. It then reacts with polluting nitrogen oxides (NOx) and converts them into harmless nitrogen and water.

"A huge amount of complex electronics controls it all," said Roger Kemp, professor of engineering at Lancaster University. "The code in the software gives thousands of different usage patterns corresponding to different combinations of inputs.

"There is a trade-off between pollution control and engine performance," Prof Kemp added. For example running at a hotter temperature may cut emissions but reduce engine life.

Bosch, the German car parts company, supplies components to VW, including fuel injection and exhaust treatment systems that reduce emissions. But people familiar with the cars said VW writes the software that deploys the equipment.

According to the EPA's notice of violation, the software ran the engine with "dyno calibration" settings designed to minimise pollution when it detected testing in progress (dyno refers to dynamometer equipment at the test centre). For the rest of the time it ran on "road calibration" which puts less emphasis on reducing emissions.

Even when the software switches to road running, a modern diesel engine is much less polluting than its filthy predecessors, Prof Kemp pointed out. Its filters and combustion chamber are particularly effective at cutting emissions of the tiny soot particles that used to belch out of ill-tuned engines (and still do in parts of the developing world).

The EPA allegations focus on NOx, reactive gases that are one of the main sources of urban smog and lung-irritating ozone pollution. The violation came to light when researchers at West Virginia University tracked emissions from VW diesel cars on the road and found that NOx soared to levels 10 to 40 times higher than the EPA permits.

Many air pollution experts have long believed that other manufacturers operate their own

versions of VW's defeat devices.

"Virtually all new vehicles in recent years appear to emit substantially more NOx in the real-world than they do when tested in labs, irrespective of manufacturer," said Prof Lewis. "VW appear to have been caught red-handed, but it would seem highly likely that others have also played dubious games to pass emissions tests."

Ian Colbeck, professor of aerosol science at the University of Essex, commented: "It has been observed for some time that real world driving conditions do not deliver the emission reductions shown in the laboratory. The European Commission will require real world tests in 2017."

USA Today:
http://www.usatoday.com/story/money/cars/2015/09/22/volkswagen-emissions-scandal/72605874/

Volkswagen emission scandal widens: 11 million cars affected
Nathan Bomey

Investors crush Volkswagen shares as company sets aside $7.3 billion to address software that manipulates emissions tests.

Volkswagen's emissions scandal ballooned Tuesday as the automaker said it affects 11 million vehicles worldwide and will require the company to set aside 6.5 billion euro ($7.3 billion).

The startling admission instantly makes the crisis one of the most expensive automotive scandals in recent memory.

The crisis also threatens to upend the company on its rapid path to becoming the world's largest automaker. Volkswagen had seized the title from Toyota for the first six months of 2015.

"This could damage the Volkswagen brand globally for years to come," said former automotive marketing executive Peter De Lorenzo, blogger at Autoextremist.com, in an interview. "Trust and belief in the brand has been broken."

Volkswagen CEO Martin Winterkorn pledged to regain the public's trust and rectify the company's mistakes, amid speculation that he could lose his job over the crisis. Winterkorn's contract, coincidentally, is up for renewal at the automaker's board meeting Friday.

In a video statement Tuesday he said he's "endlessly sorry" for the situation but pledged to stay on the job, according to several reports translating the German remarks.

Investors crushed the Germans automaker's stock, driving shares down 18% as of 9:47 a.m. ET, a day after the stock plunged 19%.

The crisis began Friday when the U.S. Environmental Protection Agency accused Volkswagen of installing sophisticated software on nearly 500,000 U.S. vehicles to manipulate emissions tests.

The technology tricks regulators into believing that 4-cylinder diesel vehicles comply with emissions standards, but the cars are actually admitting harmful pollutants at rates of up to 40 times acceptable standards. Volkswagen quickly halted sales of the cars after the allegations surfaced.

The U.S. Justice Department has opened a criminal probe into the automaker's actions. The EPA's own investigation is ongoing, and foreign regulators are expected to launch their own probes.

"Volkswagen is working at full speed to clarify irregularities concerning a particular software used in diesel engines," the company said Tuesday in a statement.

The "discrepancies" affect vehicles with what it called "Type EA 189 engines," causing "a notable deviation between bench test results and actual road use."

The company added: "Volkswagen is working intensely to eliminate these deviations through technical measures."

Volkswagen said it would set aside 6.5 billion euro in its third quarter to address the matter and warned that the number could change.

In the U.S., the EPA could fine Volkswagen up to $37,500 per car, which would equal a maximum fine of some $18 billion.

"Volkswagen does not tolerate any kind of violation of laws whatsoever. It is and remains the top priority of the Board of Management to win back lost trust and to avert damage to our customers," the company said.

The scandal raises serious questions about whether high-level executives knew about the software, which had been installed on some nameplates for at least six consecutive model years.

Earlier this month a subcommittee of Volkswagen's board recommended that the full panel extend Winterkorn's contract through 2018. The official renewal at Friday's board meeting was viewed as a routine matter, but now it may be up in the air.

Winterkorn kept his job earlier this year after then-chairman Ferdinand Piech tried to displace him. Piech exited the company shortly after his failed effort.

De Lorenzo, the automotive marketing veteran, said Winterkorn will be forced to answer questions about his knowledge of the emissions scandal.

"He's very much detailed-oriented. He's always regaled his underlings with his depth of knowledge of detailed items that they would assume he wouldn't bother with," De Lorenzo said. "I think heads will roll and this could bring down Winterkorn and some of his trusted lieutenants."

Dave Sullivan, an analyst with AutoPacific, said the "chances of him coming out unscathed have got to be very small."

The EPA has said the company admitted to installing the software. The agency said the software affected the four-cylinder diesel versions of the 2009 to 2015 Jetta, Beetle, Golf, the 2014 and 2015 Passat and the 2009 to 2015 Audi A3.

The episode is likely to trigger a recall and a flurry of consumer lawsuits. It may prompt the company to compensate individual car owners or other measures.

European regulators are expected to place Volkswagen under intense scrutiny. But it scandal also could bode poorly for Volkswagen in the world's largest vehicle market, China, where Volkswagen is No. 1 by market share.

"The problem is the Chinese are starting to realize they have got to do something with their air and this could have an effect on the relationship the Chinese have with Volkswagen," Sullivan said.

The Environmental Protection Agency is working on new tests to detect cheating on the part of automakers in the wake of Volkswagen AG's massive cheating scandal.

EPA Administrator Gina McCarthy told reporters at a Wall Street Journal forum on Tuesday that the agency won't sit still and is "upping its game" to catch cheaters.

VW was able to evade U.S. emissions requirements for 482,000 2009-2015 diesel cars by using sophisticated software that only turned on emissions equipment during testing. It's not clear if VW did that to boost low-end torque, raise fuel efficiency or avoid more costly emissions requirements.

The fact that VW was able to get away with the cheating for nearly seven years suggests the agency must take new steps to detect bad behavior, analysts say. Cars are very sophisticated machines with more than 100 million lines of code.

The VW emissions issue came to the attention of the EPA in 2014 after independent analysis by researchers at West Virginia University — working with the International Council on Clean Transportation, a non-governmental organization — raised questions about emissions levels. After extensive testing, EPA confirmed that the vehicles were emitting up to 40 times the allowable pollution in road use.

The EPA told The Detroit News on Friday that it was investigating whether other automakers had similar problems. But McCarthy said so far it appears VW is an "outlier."

This will not be the first time in recent years that EPA has had to change its rules to ensure companies are complying with emissions.

In February, the EPA issued new guidelines to automakers for conducting fuel economy testing. The move came after five major automakers have had to restate mileage ratings for certain models.

The guidelines detail how vehicles must be prepared before being tested — including what is an acceptable level of wear on the tires and how vehicles should be broken in prior to testing.

Also at issue are tests used to determine the impact of aerodynamic drag and tire rolling resistance on gas mileage. Currently, that is measured at 50 miles per hour. Under the new guidelines, automakers must measure the results at all speeds up to 70 mph.

In 2014, the agency said it was considering writing new formal regulations covering mileage labeling by automakers. Instead, it is opting to issue the guidelines. It typically takes EPA two to three years to write new legal binding mandates.

Chris Grundler, the EPA's director of the Office of Transportation and Air Quality, said in an interview in February that "it's a very dynamic time" in the auto industry, and the agency doesn't want to spend several years crafting rules that could be outdated when issued.

"Writing regulations takes time," Grundler said. "When you are working in the rapidly changing environment that we're in right now, we want to make sure that we are agile enough and flexible enough to change with those times."

He said new guidelines are aimed at getting better results. He noted that the EPA will follow the guidelines when it conducts audits of automaker testing.

In November, Korean automakers Hyundai Motor Co. and Kia Motors Corp. agreed to a record-setting $360 million settlement for overstating fuel economy ratings for 1.2 million 2011-13 U.S. vehicles. The settlement includes a $100 million civil penalty, forfeiting $210 million in greenhouse gas emission credits and spending $50 million to ensure independent auditing of its current and future vehicles.

After an investigation by the EPA, Hyundai and Kia in November 2012 agreed to restate expected gas mileage for 1.1 million vehicles in North America, including 900,000 in the United States. That reduced Hyundai-Kia's fleetwide average fuel economy from 27 to 26 mpg for the 2012 model year. Hyundai was forced to abandon claims that four models got 40 mpg.

In August 2013, Ford Motor Co. dropped mileage ratings for the 2013 C-Max hybrid from a combined 47 mpg to 43 mpg. In June 2014, Ford Motor Co. said it is lowering the fuel ratings on six new cars and would make payments of $125 to $1,050 to more than 200,000 owners.

The move was a significant embarrassment to Ford, which has emphasized the fuel efficiency of vehicles in its lineup. It was he second time in a year that Ford has had to correct its mileage numbers.

Under current rules, Ford was able to assign the same fuel efficiency rating to the C-Max as the Fusion hybrid because they're in the same family. While that's worked for conventional cars, it hasn't been as accurate for hybrids.

Other German automakers besides VW have faced EPA scrutiny. In October, BMW AG agreed to reduce its fuel economy ratings on four 2014 Mini Cooper models.

BMW reduced the combined fuel economy of the three-door manual transmission to 33 miles per gallon from 34 mpg, the three-door semi-automatic from 33 to 32, the Cooper S 3-door manual from 29 to 28 and the semi-automatic version from 31 to 30. The biggest fall is in the highway rating for the Cooper S 3-door manual will fall from 38 to 34 mpg.

Also last year, another Daimler AG agreed to lower the mpg ratings on two of its Mercedes-Benz vehicles after a government audit turned up a problem.

Mercedes-Benz made minor changes to two models. It will reduce the city mpg figure for the 2013-14 C300 to 19 mpg from 20 mpg, but the combined 22 mpg and 27 mpg highway value will remain the same. For the 2013-14 4-Matic PZEV the combined mpg fell to 22 mpg from 23 mpg, while the city and highway mpg figures both fell by 1 mpg to 19 and 28, respectively.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 11:44 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/22/2015

AP (via Washington Post):
https://www.washingtonpost.com/world/europe/volkswagen-sets-aside-73-billion-over-emissions-scandal/2015/09/22/3fe272e8-6112-11e5-8475-781cc9851652_story.html

VW CEO: 'Endlessly sorry' as emissions scandal escalates
By Geir Moulson and Pan Pylas | AP September 22 at 11:32 AM

BERLIN — The crisis enveloping Volkswagen AG, the world's top-selling carmaker,

escalated Tuesday as the company issued a profit warning following a stunning admission that some 11 million of its diesel vehicles worldwide were fitted with software at the center of a U.S. emissions scandal.

The German company said it was setting aside around 6.5 billion euros ($7.3 billion) to cover the fallout from the scandal that has tarnished VW's reputation, raised questions over the future of CEO Martin Winterkorn and battered its share price.

Winterkorn pledged a fast and thorough investigation.

"Millions of people across the world trust our brands, our cars and our technologies," he said in a video message. "I am endlessly sorry that we have disappointed this trust. I apologize in every way to our customers, to authorities and the whole public for the wrongdoing."

"We are asking, I am asking for your trust on our way forward," he said. "We will clear this up."

The VW Logo is photographed at a car at the Car Show in Frankfurt, Germany, Tuesday, Sept. 22, 2015. Volkswagen has admitted that it intentionally installed software programmed to switch engines to a cleaner mode during official emissions testing. The software then switches off again, enabling cars to drive more powerfully on the road while emitting as much as 40 times the legal pollution limit. (Michael Probst/Associated Press)
The damage to Volkswagen's reputation is reflected in the market's response. Volkswagen's share price slid a further 16.2 percent Tuesday to a near four-year low of 112 euros. The fall comes on top of Monday's 17 percent decline.

The trigger to the company's market woes was last Friday's revelation from the U.S.'s Environmental Protection Agency that VW rigged nearly half a million cars to defeat U.S. smog tests.

The company told U.S. regulators that it intentionally installed software programmed to switch engines to a cleaner mode during official emissions testing. The software then switches off again, enabling cars to drive more powerfully on the road while emitting as much as 40 times the legal pollution limit.

"In my German words: we have totally screwed up," the head of Volkswagen's U.S. division, Michael Horn, told an audience in New York on Monday.

In a statement Tuesday, Volkswagen gave more details, admitting that there were "discrepancies" related to vehicles with Type EA 189 engines and involving some 11 million vehicles worldwide. The number of vehicles involved is more than the 10 million or so cars it sold in 2014.

Volkswagen said it is "working intensely" to solve the problem and that it "does not tolerate any kind of violation of laws whatsoever."

To cover the necessary service measures and what Volkswagen says are "other efforts to win back the trust" of customers, the company said it is setting aside some 6.5 billion euros in the current quarter. There was no mention of fines or penalties in the company's statement. The EPA has indicated that it could, in theory, fine VW up to $18 billion.

The Guardian:
http://www.theguardian.com/business/2015/sep/22/vw-scandal-caused-nearly-1m-tonnes-of-extra-pollution-analysis-shows

VW scandal caused nearly 1m tonnes of extra pollution, analysis shows
Emissions could have far greater impact in Europe, where almost half passenger cars are diesel, than the US
Karl Mathiesen and Arthur Neslen

Volkswagen's rigging of emissions tests for 11m cars means they may be responsible for nearly a million tonnes of air pollution every year, roughly the same as the UK's combined emissions for all power stations, vehicles, industry and agriculture.

The carmaker has recalled 482,000 VW and Audi brand cars in the US after the Environmental Protection Agency (EPA) found models with Type EA 189 engines had been fitted with a device designed to reduce emissions of nitrous oxides (NOx) under testing conditions.

A Guardian analysis found those US vehicles would have spewed between 10,392 and 41,571 tonnes of toxic gas into the air each year, if they had covered the average annual US mileage. If they had complied with EPA standards, they would have emitted just 1,039 tonnes of NOx each year in total.

On Tuesday the company admitted the device may have been fitted to 11 million of its vehicles worldwide. If that proves correct, VW's defective vehicles could be responsible for between 237,161 and 948,691 tonnes of NOx emissions each year, 10-40 times the pollution standard for new models in the US. Western Europe's biggest power station, Drax in the UK, emits 39,000 tonnes of NOx each year.

In the US, just 3% of passenger cars are diesel compared to almost half in the EU. Professor Martin Williams from King's College London said the US's low percentage of diesel cars meant higher diesel emissions in some cars would have a "limited effect" on air quality there.

"[In the US it would be] nowhere near the effect it would have in this country and in the rest of Europe for that matter," he said. In the UK, Williams added, emissions from diesel cars cause roughly 5,800 premature deaths each year. "If you were to make the cars emit at the legal limit you could reduce those deaths by at least a factor of two and maybe more. Maybe a factor of five."

The Clean Air in London campaign called for a royal commission to investigate carmaker's activities in the UK.

"Diesel is without doubt the biggest public health catastrophe in UK history. Even the black plague didn't affect everyone in the population," said founder Simon Birkett.

Not all NOx emissions – which include nitrogen dioxide (NO2) and nitrogen oxide (NO) – are dangerous. But an increasing proportion of the toxic NO2 gas has been detected in EU diesel emissions. A study in the British Medical Journal in May found that short term exposure to NO2 increased the number of premature deaths from heart and lung disease by 0.88% and 1.09%.

For years, UK air pollution measurements have failed to show improvements in air quality, even as standards have tightened.

"Since 2003 scientists have been saying things are not right. It's not just the VW story, this is part of something much bigger," said Dr Gary Fuller, also of King's College. "It has a serious public health impact."

Last week, a report from NGO Transport & Environment found that Europe's testing regime was allowing nine out of every 10 new diesel vehicles to breach EU limits. Testing regimes in the EU are known to fail to pick up "real world" emissions because cars are not driven in the same way in the laboratory as on the road. Some studies suggest the discrepancy may be up to seven times the legal limit.

Williams said being able to mask their NOx emissions would also enable carmakers to pass carbon emissions tests more easily as there was a trade-off between NOx and CO2 in diesel engines.

Catherine Bearder MEP, a lead negotiator on the EU's new air quality laws, said: "Manufacturers in the US have been caught out, but we know that pollution limits are also being breached in Europe... Unless we take action, thousands of lives will continue to be tragically cut short by air pollution."

In a sign that the emissions scandal will not remain restricted to the US, a Venice court will next month hear a case against VW and Fiat for misleading test advertising.

The Italian consumer rights group Altroconsumo is due to press its case for a class action suit against VW and Fiat on 2 October, after laboratory tests showed that fuel consumption and CO2 emissions from the VW Golf 1.6 and Fiat Panda 1.2 were up to 50% higher than claimed.

Altroconsumo wants the German car firm to pay damages of €502 (£365) to the owner of a VW Golf, in a case that raises the possibility of widescale compensation payouts by the car industry.

Monique Goyens, the director of the European consumer rights umbrella group BEUC, which includes Altroconsumo, called for an investigation by the European Commission into the use of software programmes to 'game' European emissions tests.

"The VW scandal has compounded our concern that underhand tactics are also being used in fuel consumption and CO2 testing programmes in Europe," she said. "One of the problems in the EU, unlike in the US, is the absence of a market surveillance system which would require independent in-use conformity testing. The EU needs to implement such a system to restore trust amongst consumers."

On Tuesday, the Italian government launched an investigation into VW's emissions testing regime.

Wired:
http://www.wired.com/2015/09/vw-fool-epa-couldnt-trick-chemistry/

VW Could Fool the EPA, But It Couldn't Trick Chemistry
Eric Niiler

FOR DECADES, AUTOMAKERS HAVE been caught between building an engine that squeezes a lot of energy out of the fuel it burns and one that has low emissions. It's not an easy tension to resolve. "Negotiating both fuel consumption and emissions is a hard tradeoff," says Anna Stefanopolou, professor of mechanical engineering at the University of Michigan.

When engineers at Volkswagen allegedly inserted a few lines of code into the diesel cars' electronic brains to circumvent emissions testing, they found a solution to this existential automotive conflict. Drivers got low emissions during the test, and high performance the rest of the time. The only problem: It's way outside of the rules. The company might have gotten away with it, too, if it hadn't been for those pesky engineers—and the basic chemistry of the diesel engine.

According to the US EPA, those lines of code hid the fact that nearly half a million diesel VWs in the US spewed up to 40 times more nitrogen oxide from their tailpipes than testing indicated. Volkswagen has now confirmed that the problem actually affects approximately 11 million diesel cars worldwide. Diesel engines use a different mix of fuel than gasoline engines and don't use spark plugs to induce combustion—relying instead on highly compressed, heated air and fuel injected as droplets. If a diesel engine doesn't get enough oxygen to combust the fuel, it'll emit all kinds of gunk—nitrogen oxides, uncombusted fuel, and particulate matter (soot, basically).

All that gunk is a big problem. Exposed to sunlight, nitrogen oxides convert to ozone—making smog. How much depends on a bunch of variables, like sunlight exposure and what happens to the hydrocarbon emissions (the uncombusted fuel), plus the

temperature and local winds.

However much extra crap came from the VWs, it won't be good. Exposure to nitrogen oxide and ozone is linked to increased asthma attacks, respiratory illnesses, and in some cases premature death. Ozone also worsens existing cardiovascular and lung disease.

To deal with those emissions, "you have a whole chemical factory at the tailpipe that traps the oxides," Stefanopolou says. This bumps the sticker price for diesel cars by $5,000 to $8,000 per vehicle. (On the other hand, diesels get better mileage, especially in highway driving.)

For years, diesel trucks and buses were the biggest polluters on the highway. But carmakers adapted a relatively new technology called selective catalytic reduction—the same tech that scrubs pollutants from factory smokestacks—to the tailpipe of the diesel engine.

Here's how it works: Inside a honeycombed chamber, the scrubbing system sprays a liquid made of 30 percent urea and 70 percent water into the diesel exhaust. This sets off a chemical reaction that converts nitrogen oxides into nitrogen, oxygen, water and small amounts of carbon dioxide—molecules that aren't as harmful to human health. Catalytic scrubbing was supposed to cut diesel NOx emissions up to 90 percent, according to the Diesel Technology Forum, an industry group based outside Washington. That made diesel engines clean enough to use in passenger cars, which have stricter emissions rules.

The scrubbing chemistry is also what gave away Volkswagen's alleged cover-up. In 2013, a small non-profit group decided to compare diesel emissions from European cars, which are notoriously high, with the US versions of the same vehicles. A team led by Drew Kodjak, executive director of the International Council on Clean Transportation, worked with emissions researchers at West Virginia University to test three four-cylinder 2.0-liter diesel cars in the Los Angeles area: a Jetta, a Passat, and a BMW. Only the BMW passed.

"We felt that it would be possible to get low emissions for diesels," Kodjak said. "You can imagine our surprise when we found two of the three vehicles had significant emissions."

The ICCT reported its findings to the EPA and the California Air Resources Board. Regulators met with VW officials in 2014 and the automaker agreed to fix the problem with a voluntary recall. But in July 2015, CARB did some follow up testing and again the cars failed—the scrubber technology was present, but off most of the time.

How this happened is pretty neat. Michigan's Stefanopolou says computer sensors monitored the steering column. Under normal driving conditions, the column oscillates as the driver negotiates turns. But during emissions testing, the wheels of the car move, but the steering wheel doesn't. That seems to have have been the signal for the "defeat device" to turn the catalytic scrubber up to full power, allowing the car to pass the test.

Stefanopolou believes the emissions testing trick that VW used probably isn't widespread in the automotive industry. Carmakers just don't have many diesels on the road. And now that

number may go down even more.

IEEE Spectrum:
http://spectrum.ieee.org/cars-that-think/transportation/advanced-cars/how-professors-caught-vw-cheating

How Engineers at West Virginia University Caught VW Cheating
By Philip E. Ross

Volkswagen, which had just become the biggest-selling automaker in the world, has now been nabbed committing perhaps the biggest corporate cybercrime of all time.

Its diesel cars were found to have cheated systematically on emissions tests run by the United States Environmental Protection Agency (EPA) over the past seven years. When the control system sensed that a test was under way, it would order the engine to ix-nay on the ox-nay—NOx that is, or nitrous oxides—long the bugbear of diesel engines. Later, when the coast was clear, the system would let the NOx pour out at up to 40 times the allowed levels in order to optimize fuel economy.

This dirty trick allowed for a clean getaway for some 482,000 cars under the VW and Audi brand names, including the VW Jetta and the Audi A3. The EPA found out, VW admitted wrongdoing, and it stopped selling the offending vehicles. Its shares lost more than 0ne-fifth of their value in the early hours of the next trading day.

But the guys who found the clues to the crime say they weren't looking for trouble—they were just working under contract to a clean-transportation group that wanted to convince European regulators to adopt stricter emissions standards, as the United States has done.

"We had no cause for suspicion; we thought the vehicles would be clean," John German, of the International Council on Clean Transportation, told Bloomberg news.

The ICCT subcontracted the testing to the University of West Virginia's Center for Alternative Fuels, Engines and Emissions (CAFEE). Its engineers compared emissions measured on a road trip to results from the same cars that their colleagues were getting in the lab. The discrepancies were great.

Dan Corder, head of WVU's Center for Alternative Fuels, Engines, and Emissions (CAFEE)
Some people have mischaracterized what our role was," says Dan Corder, who heads up CAFEE. "Some have used the phrase 'tipped off the EPA.' We didn't."

The engineers from CAFEE reported on these preliminary results in spring of 2014 at the Coordinating Research Council's Real-World Emissions Workshop, which was held in San Diego that year. Corder hastens to add that the results, based as they were on a handful of cars, were preliminary and that they researchers drew no conclusions. According to Corder:

We said, these are two vehicles. We're presenting what we can present. EPA people were in the audience. And the ICCT publicized the results on its website, then delivered them to the EU's Joint Research Center.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 11:31 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/22/2015

NY Times:
http://www.nytimes.com/2015/09/23/business/international/volkswagen-diesel-car-scandal.html

Volkswagen Says 11 Million Cars Worldwide Are Affected in Diesel Deception
By JACK EWING SEPT. 22, 2015

FRANKFURT — A scandal that has undermined Volkswagen in the United States spread to its core market of Europe on Tuesday, after the company said that 11 million of its diesel cars worldwide were equipped with software that was used to cheat on emissions tests.

Volkswagen did not provide information on where the affected cars are, but the overwhelming majority are probably in Europe, where the company dominates the market and accounts for more than one of every four cars sold.

The German automaker said it was setting aside the equivalent of half a year's profits — 6.5 billion euros, or about $7.3 billion — to cover the cost of fixing the cars to comply with pollution standards and to cover other expenses, which are likely to include fines as well as responses to civil lawsuits from angry customers.

The carmaker's statement was its first admission that diesel cars outside the United States may contain the software that led the Environmental Protection Agency to accuse the company of deliberately evading pollution tests. Previously, Volkswagen had acknowledged only that the problem affected about 500,000 vehicles in the United States.

The tampered vehicles use what is known as Type EA 189 engines, which are 2-liter engines. The company said on Tuesday that "a noticeable deviation between bench-test results and actual road use was established" for the engines.

Volkswagen said it would also make "other efforts to win back the trust of our customers."

The number of cars involved suggests that the scale of the damage to Volkswagen's reputation and its financial standing may be even greater than thought.

Volkswagen shares fell by nearly 18 percent through late-afternoon trading in Frankfurt on Tuesday, after falling by 16 percent on Monday.

The diesel cars were programmed to sense when emissions were being tested and to turn on equipment that reduced emissions, according to United States officials. At other times, the cars had better fuel economy and performance, but produced as much as 40 times the allowed amount of nitrogen oxide, a pollutant that can contribute to respiratory problems including asthma, bronchitis and emphysema.

"Volkswagen is working intensely to eliminate these deviations through technical measures," the company said.

It is not clear, though, how fully Volkswagen might be able to correct the problem on the 11 million vehicles. The company could presumably alter the engines, so that the cars on the road begin actually meeting the required emissions standards. But doing so would probably degrade the vehicles' fuel economy and performance, and might cause the engines to wear out sooner.

The E.P.A. has ordered Volkswagen to recall almost a half-million vehicles sold in the United States from 2009 to 2015. The affected Golf, Passat, Jetta and Beetle cars were equipped with 2-liter diesel engines. Some Audi models also use the same diesel engine.

Volkswagen has halted sales of cars with the engines in the United States.

Reuters:
http://www.reuters.com/article/2015/09/22/us-usa-volkswagen-idUSKCN0RL0II20150922

Volkswagen CEO's days appear numbered as emissions crisis deepens
BERLIN | BY ANDREAS CREMER

Martin Winterkorn's days as head of Volkswagen AG appeared numbered on Tuesday after the German carmaker said a scandal over falsified vehicle emission tests in the United States could affect 11 million of its cars worldwide.

The Tagesspiegel newspaper, citing unidentified sources on Volkswagen's supervisory board, said the board would decide on Friday to replace Winterkorn with Matthias Mueller, the head of the automaker's Porsche sports car business.

A Volkswagen spokesman denied the report. The company later said it would post a video statement by Winterkorn at 1500 GMT. A spokesman for Porsche said Mueller was attending a Volkswagen board meeting at its headquarters in Wolfsburg.

A key Winterkorn ally withheld public support for the under-fire chief executive on Tuesday.

"I don't want to preempt the upcoming intense deliberations and will not comment on details or any consequences," Stephan Weil, head of the German state of Lower Saxony, told reporters in Hanover when asked about Winterkorn's future.

Weil, a supervisory board member representing Volkswagen's second-largest shareholder, earlier this year helped Winterkorn to see off a challenge to his leadership by long-time chairman Ferdinand Piech.

Shares in Europe's biggest carmaker plunged almost 20 percent on Monday after it admitted using software that deceived U.S. regulators measuring toxic emissions in some of its diesel cars.

The stock tumbled another 20 percent to a four-year low on Tuesday after some countries in Europe and Asia said they would launch investigations themselves.

Volkswagen said it would set aside 6.5 billion euros ($7.3 billion) in its third-quarter accounts to help cover the costs of the biggest scandal in its 78-year-history, blowing a hole in analysts' profit forecasts.

It also warned that sum could rise, adding diesel cars with so-called Type EA 189 engines built into about 11 million Volkswagen models worldwide had shown a "noticeable deviation" in emission levels between testing and road use.

Volkswagen sold 10.1 million cars in the whole of 2014.

The U.S. Environmental Protection Agency (EPA) said on Friday Volkswagen could face penalties of up to $18 billion for cheating emissions tests. The carmaker also faces lawsuits and damage to its reputation that could hit sales, while media reports have said the U.S. Department of Justice has opened a criminal inquiry into the matter.

The crisis has sent shockwaves through Germany, with Chancellor Angela Merkel calling for "complete transparency" from a company long seen as a beacon of the country's engineering excellence, and newspapers putting the blame squarely on Winterkorn.

The 68-year-old was due to have his contract extended at a supervisory board meeting on Friday, but is now facing questions over why the scandal wasn't averted.

Volkswagen, which for several years has been airing U.S. TV commercials lauding its "clean diesel" cars, was challenged by authorities as far back as 2014 over tests showing emissions exceeded California state and U.S. federal limits.

The company attributed the excess emissions to "various technical issues" and "unexpected" real-world conditions.

It wasn't until the EPA and the California Air Resources Board threatened to withhold certification for its 2016 diesel models that Volkswagen in early September admitted its

wrongdoing.

"Winterkorn either knew of proceedings in the U.S. or it was not reported to him," Evercore ISI analyst Arndt Ellinghorst said. "In the first instance, he must step down immediately. In the second, one needs to ask why such a far-reaching violation was not reported to the top and then things will get tough too."

Porsche's Mueller was promoted to Volkswagen's executive board on March 1 and was previously its head product strategist. As a management board member of family-owned Porsche SE, he is also close to the Porsche-Piech clan that has a controlling shareholding in Volkswagen.

"TOTALLY SCREWED UP"

Winterkorn has built Volkswagen into a global powerhouse since he took the helm in 2007, with brands ranging from budget Seats and Skodas to premium Audis and top-end Porsches and Lamborghinis.

But he has also faced criticism for a centralized management style which some analysts say has hampered the company's efforts to address long-standing underperformance in North America.

Workers in Wolfsburg, where Volkswagen employs over 50,000 people, were dismayed by the damage to the company's image. "If Winterkorn knew of the manipulation, then he must go," said one staffer who works at the plant's human resources department.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 10:57 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

LA Times:
http://www.latimes.com/business/autos/la-fi-vw-subsidies-20150922-story.html

U.S. taxpayers duped into shelling out $51 million in green subsidies for 'clean' VW vehicles
By JERRY HIRSCH

The federal government paid out as much as $51 million in green car subsidies for Volkswagen diesel vehicles based on falsified pollution test results, according to a Times analysis of the federal incentives.

On Friday, federal and state regulators said the German automaker used software in 482,000

of its diesel vehicles since the 2009 model year to cheat on U.S. emissions tests. Environmental Protection Agency officials said Monday that the U.S. Department of Justice is also investigating.

The Times analysis matched Internal Revenue Service data with Volkswagen sales figures to determine the value of subsidies VW diesel buyers were eligible to collect in 2009, the first and only year the vehicles qualified. The $1,300 tax credit would have been available to buyers of about 39,500 Jetta and Jetta Sportwagen models that sold that year, according to Motor Intelligence, an industry research firm.

"It is really unfortunate," said Luke Tonachel, director of clean vehicles and fuels project at the Natural Resources Defense Council. "The government has been effective to help advance clean technologies, but it is a waste of taxpayer dollars when they aren't actually helping to clean the environment."

He said regulators should factor in the $51 million in subsidies when determining penalties for Volkswagen's Clean Air Act violations.

Such green car incentives have also gone to buyers of hybrid, electric and hydrogen fuel cell cars. But the EPA does not track aggregate figures for incentives paid out to buyers of specific models or brands.

The Volkswagen diesels qualified for the federal incentives in the same year the automaker first installed the software trick it used to cheat on emissions tests. The so-called defeat device employed an algorithm that automatically detects when the vehicle is undergoing pollution tests and changes the way the engine performs.

The algorithm senses whether the car is in a testing environment by analyzing a variety of data — steering position, speed, duration of engine operation and barometric pressure.

Away from the laboratory, during everyday driving, the cars emit up to 40 times the legally allowed amount of nitrogen oxide, environmental officials said.

The Environmental Protection Agency and the California Air Resources Board discovered the software. The EPA said Monday it will coordinate with federal prosecutors on further enforcement and penalties.

How Volkswagen cheated on emissions rules
Autos editor Brian Thevenot explains how Volkswagen used a software trick to hide illegal pollution levels in half a million diesel cars.

"Determinations regarding potential penalties and other remedies will be assessed as part of the investigation EPA has opened in conjunction with the U.S. Department of Justice," said EPA spokeswoman Liz Purchia.

The Justice Department has lately taken on a leading role in major investigations of

automakers, usually leveraging the threat of criminal charges to exact huge fines.

Last week, General Motors agreed to pay a $900-million fine to settle an investigation into why it did not promptly recall cars with a defective ignition switch that has led to crashes causing 124 deaths. Last year Toyota signed a $1.2-billion settlement and admitted to deceiving regulators about deadly safety defects that allegedly caused unintended sudden-acceleration incidents.

No individuals were charged in the GM and Toyota probes.

"This might be the perfect case for Department of Justice to come down on the criminal side against individuals and not just the company," said Carl Tobias, a University of Richmond law professor. "Someone had to do the computer programming. Someone had to OK this, and all in what is known as an autocratic, top-down company."

The German automaker admitted installing the software after it was confronted by regulators. In a statement Sunday, VW Chief Executive Martin Winterkorn said, "I personally am deeply sorry that we have broken the trust of our customers and the public."

Winterkorn said the automaker "will cooperate fully with the responsible agencies, with transparency and urgency, to clearly, openly and completely establish all of the facts of this case."

He said VW has also ordered an external investigation into the matter, pledging to "do everything necessary in order to reverse the damage this has caused."

Volkswagen declined to comment on the Times analysis of its revenue from the federal Alternative Motor Vehicle Credit.

Volkswagen shares fell $33.89, or 18.5%, to close Monday at $149.68.

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This was the second time Volkswagen has been charged with using devices to evade U.S. emission-control rules.

In 1974, the automaker paid a $120,000 fine to settle EPA charges that it gamed pollution control systems in four models by changing carburetor settings and shutting off an emissions-control system at low temperatures. VW didn't admit guilt but pledged management changes to ensure future compliance with EPA regulations.

This time the monetary damage could be much greater.

The automaker will have to recall all the vehicles and modify the emissions systems at its own expense, regulators said. Additionally it could face a fine of as much as $18 billion, or $37,500 per car. And for now it has suspended sales of thousands of new and used diesel models sitting on dealer lots — cars that are depreciating rapidly while the automaker

develops a fix for the emissions system.

The affected diesel models are Jetta (model years 2009-15), Beetle (2009-15), Audi A3 (2009-15), Golf (2009-15) and Passat (2012-15).

Volkswagen also will face civil lawsuits on two fronts, including consumer fraud cases and class-action litigation for what is called a "diminished value" lawsuit. The vehicles are likely to lose some of their resale value because of the problem.

The Volkswagen case breaks new ground for how corporations can make "end runs" around legal requirements, said Ryan Calo, a University of Washington professor and expert in robotics and autonomous systems law and policy.

A company, for example, might learn of an inspection at a construction site and then make sure that workers wear helmets or it might clean a food plant thoroughly before a scheduled review even if it doesn't operate that way all the time.

"But this is encoded," Calo said. "I bet that it happens elsewhere but it is rare we detect it because we typically don't go through the code. There could be many examples in everyday things."

The VW issue demonstrates why regulators need more technical expertise, including a federal robotics commission, he said.

"We need experts in a centralized place whether the issues are drones, driverless cars or things like the VW example," Calo said.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 10:34 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

WSJ:
http://www.wsj.com/articles/epa-is-upping-its-game-after-volkswagen-allegations-1442929373

EPA is 'Upping its Game' After Volkswagen Allegations
Top administrator is pleased with auto maker's 'aggressive stance' on tackling problem
By JEFFREY SPARSHOTT
Sept. 22, 2015 9:42 a.m. ET

WASHINGTON—The top official at the Environmental Protection Agency said the agency is "upping its game" in the search for possible violations of U.S. pollution rules following allegations that Volkswagen AG circumvented emissions standards.

"We are not going to sit around and worry about whether others have it, we are going to find it," Gina McCarthy said at a Wall Street Journal breakfast Tuesday. "Right now, we are upping our game in terms of going out and doing work to take a look at what we need to do with other vehicles."

The EPA last week accused Volkswagen of dodging air-pollution rules on nearly half a million cars sold in the U.S. The German company has since halted American sales of the diesel-powered cars at issue and apologized for violating customers' trust.

Volkswagen allegedly used software, dubbed a "defeat device," in the cars to make diesel-powered engines appear to have lower levels of emissions than they actually did. About 482,000 Volkswagen diesel-powered cars sold in the U.S. since 2008 were affected.

Ms. McCarthy said the alleged violation was difficult to detect, but she is "pleased Volkswagen is taking such an aggressive stance on admitting the problem and attacking it."

"I think we have to be concerned whether there are other defeat devices out there that we have not been able to detect," she said. But the auto industry is well aware of the pollution rules and has been working to comply.

"I think it will be very difficult for Volkswagen at this point to be looked at as nothing other than an outlier," Ms. McCarthy said.

Detroit Free Press:
http://www.freep.com/story/news/2015/09/21/us-house-panel-hold-hearing-vw/72583066/

Congress to hold hearing on VW air emissions violation
Todd Spangler and Nathan Bomey, Detroit Free Press and USA Today 8:15 p.m. EDT September 21, 2015

WASHINGTON — Congressional investigators will hold a hearing in the coming weeks to take testimony on allegations raised by the U.S. Environmental Protection Agency that Volkswagen sold hundreds of thousands of diesel-powered vehicles with software to get around air emission limits.

U.S. Rep. Fred Upton, who chairs the House Energy and Commerce Committee, said Monday that the committee's Oversight and Investigations Subcommittee will look into the EPA's allegations, which were first raised Friday. VW's stock value plunged Monday in the aftermath of the revelations, which could affect some 500,000 vehicles and potentially result in fines totaling as much as $18 billion.

Volkswagen's CEO said he was "deeply sorry" for violating U.S. emissions standards and on Sunday ordered an external investigation, two days after the EPA accused the automaker of purposefully manipulating emissions tests for almost 500,000 vehicles.

The German automaker ordered its U.S. dealerships to stop selling cars impacted by the probe until its engineers can deliver a fix.

A date was not set for the congressional hearing but Energy and Commerce staff said it would come within the next several weeks.

“Strong emissions standards are in place for the benefit of public health," Upton, R-St. Joseph, and subcommittee Chairman Tim Murphy, R-Pa., said in a joint statement. “We will follow the facts. We are ... concerned that auto consumers may have been deceived — that what they were purchasing did not come as advertised."

As the Free Press reported Friday, the EPA and the state of California accused VW of violating the Clean Air Act by using software in some 482,000 diesel-powered vehicles that could detect when the car was undergoing official emissions testing and turn full emissions controls on only during the test. The effectiveness of pollution control equipment was reduced otherwise.

EPA's violation notice covered model year 2009-15 Jettas, Beetles, Audi A3s and Golfs and model year 2014-15 Passats.

As a result, Volkswagen had a hand in potentially exposing people to harmful pollutants at levels 40 times the acceptable standard and that could exacerbate respiratory conditions such as asthma, the EPA charges.

"I personally am deeply sorry that we have broken the trust of our customers and the public," Martin Winterkorn, Volkswagen's CEO, said in a statement. "We will cooperate fully with the responsible agencies, with transparency and urgency, to clearly, openly and completely establish all of the facts of this case."

"We do not and will not tolerate violations of any kind of our internal rules or of the law," Winterkorn said. The company's board takes the allegations "very seriously," he said.

The violations could expose Volkswagen — the world's largest vehicle manufacturer through the first six months of 2015 — to up to $18 billion in federal fines if the EPA assesses the maximum possible penalty of $37,500 per vehicle.

The violations could invite charges of false marketing by regulators, a vehicle recall and payment to car owners, either voluntarily or through lawsuits. Volkswagen advertised the cars under the "Clean Diesel" moniker.

The state of California is investigating the emissions violations.

The EPA accused the German automaker of adopting what it called a "defeat device" to trick U.S. regulators into believing its cars met Clean Air Act standards for nitrogen oxides. Volkswagen admitted to investigators it had installed the defeat device, the EPA said.

Volkswagen told dealers they cannot sell the 4-cylinder diesel versions of those cars until a fix is available, Volkswagen spokesman Mario Guerreiro said Sunday.

The sales halt could put a significant dent in the company's September sales performance. About 20% of Volkswagen's vehicle sales are diesel engines, said AutoPacific analyst Dave Sullivan.

"It totally goes against all of the marketing they have had of a clean diesel," Sullivan said of the violations. "That's one of the biggest selling points for Volkswagen."

"The trust of our customers and the public is and continues to be our most important asset," Winterkorn said Sunday. "We at Volkswagen will do everything that must be done in order to re-establish the trust that so many people have placed in us, and we will do everything necessary in order to reverse the damage this has caused. This matter has first priority for me, personally, and for our entire Board of Management."

Chicago Tribune:
http://www.chicagotribune.com/business/ct-volkswagen-owners-0921-biz-20150921-story.html

Volkswagen owners should be nervous about emissions scandal, experts say
Becky Yerak and Gregory Karp

Volkswagen hit with class-action suit over emissions cheating.
Automobile recalls, even huge, highly publicized ones, typically don't hurt new or used car sales, but the Volkswagen scandal involving tricking emissions testers is different and could be cause for worry among VW diesel vehicle owners, experts say.

At least one class-action lawsuit has already been filed on behalf of Volkswagen and Audi owners. It claims fraud and breach of contract, citing the "diminished value" of the nearly 500,000 recalled diesel vehicles, which usually sell for a premium price over their gasoline counterparts. Specifically, after recalled Volkswagen diesels are fixed, the cars might have degraded horsepower and fuel efficiency, the suit says.

The EPA says Volkswagen violated the federal Clean Air Act by installing "defeat devices" — software programmed to switch engines to a cleaner mode during official emissions testing. The software then switches off again, enabling cars to emit as much as 40 times the legal limit of pollutants during normal driving.

Volkswagen marketed the diesel-powered cars as being better for the environment. The affected diesel cars, according to the EPA's letter to Volkswagen on Friday, include: Jetta, 2009 to 2015; Jetta SportWagen TDI, 2009 to 2014; Beetle, 2012 to 2015; Beetle Convertible, 2013 to 2015; Audi A3, 2010 to 2015; Golf, 2010 to 2015; Golf SportWagen TDI, 2015; and Passat, 2012 to 2015.

Consumer Reports called the Volkswagen scandal "outrageous" and a violation of law.

"Volkswagen was ripping off the consumer and hurting the environment at the same time," said Ellen Bloom, senior director of federal policy for Consumers Union, the policy and advocacy arm of Consumer Reports.

The EPA has ordered VW to fix the cars at its own expense but said car owners do not need to take any immediate action. The EPA insisted that the violations do not pose any safety hazard and said cars on the road remain legal to drive. Volkswagen has ordered a stop to sales of new and used TDI cars in stock.

The EPA said, however, that the cars pose a threat to public health. The agency said the carmaker could be fined more than $18 billion.

The automaker is also part of a criminal probe by the U.S. Justice Department, unnamed sources told The Associated Press and Bloomberg News.

In the Chicago region, Volkswagen dealerships were not responding to inquiries Monday, except one that said it hadn't heard from any consumers about the issue and expressed confidence the problem would be taken care of.

For consumers, whether diesel Volkswagens from seven model years will really have less value is an open question.

During recent high-profile recalls by GM, Toyota and Honda, there has been very little, if any, impact on sales, said officials from Kelley Blue Book, Black Book and Edmunds.

"With so many recalls in the news, they easily become white noise for a lot of consumers, and they don't appear to have much of an influence on shopping decisions," according to Edmunds.com.

Even when there's intense media coverage, the impact on resale value is "fleeting," as with the Toyota recall for accelerators that would stick, said Eric Ibara, a senior analyst with Kelley Blue Book. "It lasted for maybe six or eight months, and their resale values popped back to where they normally were.

Still, the Volkswagen recall is different.

First, it doesn't involve a safety issue but more a breach of public trust. "The impact on that could be longer-lasting," Ibara said. "Our concern is their image is tarnished ... I imagine if you own a Volkswagen, you're reading the coverage of what they've done."

Indeed, when a car is recalled for a safety reason, the recall could actually improve goodwill with the customer, said Anil Goyal, vice president of Automotive Valuation and Analytics for Black Book.

Another concern for current owners is how the resale values will react when Volkswagen eventually restarts selling the diesel models now sitting idle on lots after it stopped selling. "If they show up with higher incentive levels, that certainly impacts the used-car values," Ibara said.

In other words, if VW chooses to get rid of that inventory by offering great incentives and significantly lowering diesel car prices, demand for used cars would drop along with their prices.

Volkswagen offers some of the least expensive diesel models and in recent years had been a market leader in that segment of the vehicle market, said John Voelcker, editor of GreenCarReports.com. "Diesels in this country have mostly been confined to trucks," Voelcker said. "VW was the only volume maker of diesel cars."

According to Edmunds, VW and Audi account for 17 of 44 vehicle models that offer diesel engines, or 39 percent.

Diesel vehicles fetch a premium price both in the new and used markets. The premium price paid by new-car buyers for the diesel version of the recalled cars varies from $1,000 to almost $7,000, according to list prices.

In a quick analysis by Swapalease.com, a 3-year-old base model Volkswagen Golf using gasoline sold for 51 percent of its original value, while a diesel sold for 57 percent, said Scot Hall, executive vice president of operations for Swapalease.com. "That's a significant difference," he said.

It's an open question whether the VW diesels, which have TDI as part of the name for turbocharged direct injection, will retain the premium over their gasoline counterparts, Ibara said. "It would not surprise me if they drop a little bit, but I do not expect the premium to entirely disappear."

What fix Volkswagen will employ is unclear, whether it's a software solution or some physical repair or retrofit. It may just restate the fuel economy to be lower on diesels — maybe 3 to 5 mpg — and then be faced with offering some compensation to owners, Ibara said.

So far, it's difficult to say for sure that a fix would hurt the vehicle's fuel mileage, performance or reliability. But some current owners are expecting that, Hall said.

Hall said there's talk that some Volkswagen owners would avoid the fix because they prefer more power, better performance and greater fuel economy and care less about the emissions.

Consumer Reports said that, as a result of the scandal, it has suspended its "recommended" rating of two VW vehicles, the Jetta diesel and Passat diesel, until it can retest the cars with

the recall repair performed. It said it will also assess whether the repair hurts performance or fuel economy.

The potential downgrade in performance was also mentioned in the class-action lawsuit,

filed on behalf of David Fiol, a California resident and 2012 VW Jetta SportWagen TDI owner. He seeks class-action status both nationally and in California, for unspecified punitive damages and legal fees, among other things.

Fiol, in his lawsuit, mentions "future additional fuel costs" and the "diminished value" of his vehicle, despite the recall.

Volkswagen won't be able to make the vehicles "comply with emissions standards without substantially degrading their performance characteristics, including their horsepower and their efficiency," the lawsuit said. "As a result, even if Volkswagen is able to make" plaintiffs' vehicles EPA compliant, the owners "will nonetheless suffer actual harm and damages because their vehicles will no longer perform as they did when purchased and as advertised."

Volkswagen didn't immediately respond to a request for comment about the lawsuit, filed last Friday by Seattle law firm Hagens Berman Sobol Shapiro in a U.S. District Court in the Northern District of California.

In Illinois, diesel vehicles like the VWs in question don't require emissions inspections like gasoline models, so the flap won't affect owners in that way, according to a spokeswoman for the Illinois Environmental Protection Agency.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 10:12 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

NY Times:
http://www.nytimes.com/2015/09/22/business/it-took-epa-pressure-to-get-vw-to-admit-fault.html?_r=0

It Took E.P.A. Pressure to Get VW to Admit Fault
By BILL VLASIC and AARON M. KESSLER SEPT. 21, 2015

Volkswagen executives told environmental regulators for more than a year that discrepancies between pollution tests on its diesel cars and the starkly higher levels out on the road were a technical error, not a deliberate attempt to deceive Washington officials.

But this month, the executives made a startling admission: The diesel vehicles it sold in the United States used software meant to cheat on the tests.

VW made the admission only when the Environmental Protection Agency took the extraordinary action of threatening to withhold approval for the company's 2016 Volkswagen and Audi diesel models, according to letters sent to company officials by the E.P.A. and California regulators.

Since that deception became public on Friday, Volkswagen has scrambled to conduct damage control. The chief executive apologized and the company said it would stop selling diesel-powered cars from the 2015 and 2016 model years.

All this was possible because environmental regulators had tools and powers at their disposal that another area of enforcement — auto safety regulation — does not have, despite the efforts of lawmakers, consumer advocates and, more recently, auto safety regulators themselves. Often, the auto industry has beaten back more stringent laws.

The National Highway Traffic Safety Administration, for example, can impose a maximum penalty of $35 million on an automaker that flouts safety regulations — a relatively low sum for a company like General Motors, which last year paid such a fine for a defect that has now been linked to at least 124 deaths.

By contrast, under the Clean Air Act, Volkswagen, the world's largest automaker, could be fined as much as $37,500 for each recalled vehicle, for a possible total penalty of as much as $18 billion.

"The Clean Air Act statutory scheme gives E.P.A. more power and flexibility to move more quickly than N.H.T.S.A.," said Carl Tobias, a law professor at the University of Richmond, who has studied the government's response to auto safety issues. "E.P.A. also seems more tough-minded and savvy about how to be effective in this arena."

Still, the time it takes to investigate auto companies is often extensive, and getting the facts can be a challenge. "Even E.P.A. took a year to finally crack this case open," he said.

Beyond the E.P.A., the government has other tools at its disposal when it comes to enforcing environmental regulation.

As G.M. did, Volkswagen now faces a criminal investigation by the Justice Department, according to a person briefed on the inquiry. It is being conducted, though, by the department's Environment and Natural Resources Division, which is devoted to violations of environmental law. "Nearly one-half of the division's lawyers bring cases against those who violate the nation's civil and criminal pollution-control laws," the department's website says.

And on Monday, a subcommittee of the House Energy and Commerce Committee said it would hold a hearing on the issue.

It's only part of the pressure being applied to Volkswagen. An official with the Environmental Protection Agency said that discussions are continuing with Volkswagen, as the company grapples with how to handle a recall of the affected vehicles.

"We still have many questions for the company," said Christopher Grundler, head of the agency's transportation office. "It's the responsibility of Volkswagen and Audi to prepare a remedy for these vehicles."

There is no timetable for Volkswagen to submit a comprehensive plan to recall and fix the affected vehicles. But government officials are urging the company to take action quickly — both on developing a fix for the cars and starting a campaign to educate consumers on the problem.

"This does not happen immediately," Mr. Grundler said. "And we've been trying to be clear with the consumers that their vehicles are safe and they don't have to do anything right now." The assessment of fines for the violations will also not happen immediately. "That is down the road," he said.

"But we feel a sense of urgency to address the emissions of these vehicles that are already on the road."

A Volkswagen spokesman, John Schilling, said the automaker was "committed to fixing this issue as soon as possible" and to developing "a remedy that meets emissions standards and satisfies our loyal and valued customers."

Even with the looming punishment, the company almost got away with it. In fact, it most likely would have if not for a strange twist of fate and the curiosity of several auto researchers.

Two years ago, the International Council on Clean Transportation, a nonprofit environmental group staffed by a number of former E.P.A. officials, had been testing the real-world performance of so-called clean diesel cars in Europe, and were less than impressed with the emissions results.

The group decided it would test diesel-powered cars in the United States, where regulations were much more strict, as a way of almost shaming the European automakers to tighten their compliance. The group fully expected the American cars to do well, and run cleaner than their counterparts across the pond.

What they could not have foreseen was that they would stumble onto one of the biggest frauds in recent automotive history.

Further, on the campus of West Virginia University, a group of emissions researchers who mainly dealt with heavy trucks noticed an unusual posting by the transportation council, which was looking for a partner to test diesel-powered cars.

"No one had done that before in the U.S.," said Arvind Thiruvengadam, a professor at the university. "It sounded very interesting, to test light-duty diesel vehicles in real-world conditions. We looked around at each other said, 'Let's do it.' "

The university's team bid on the project and got the contract. Mr. Thiruvengadam and his colleagues never envisioned where it would lead. "We certainly didn't have an aim of catching a manufacturer cheating," he said. "It didn't even cross our minds."

The study also did not target Volkswagen specifically. It was something of a fluke, he said, that two out of three diesel vehicles bought for the testing were VWs.

It did not take long for suspicions to set in. The West Virginia researchers were well-versed in diesel performance on real roads, and had certain expectations for how the test cars should ebb and flow in their emissions. But the two Volkswagens behaved strangely.

"If you're idling in traffic for three hours in L.A. traffic, we know a car is not in its sweet spot for good emissions results," Mr. Thiruvengadam said. "But when you're going at highway speed at 70 miles an hour, everything should really work properly. The emissions should come down. But the Volkswagens didn't come down."

Even then, however, it is difficult for most researchers to be sure exactly what is going on. There are so many factors involved in real-world driving — speed, temperature, topography, braking habits. It is not unheard-of for cars to perform much differently in on-the-road tests than one expected.

But this time there was a key difference: The California Air Resources Board heard about the groups' tests and signed on to participate. The regulators tested the same vehicles in their specially equipped lab used to judge cars' compliance with state emissions standards. That gave the project what most studies lacked: a baseline.

"That broke loose everything," Mr. Thiruvengadam said.

In the lab, the two VWs performed flawlessly. But when they were taken out on the roads in California, they were belching out levels of nitrogen oxide that were 30 to 40 times higher than the regulatory standards. Even the heavy-duty trucks the researchers had tested had never performed that poorly by comparison.

"It just didn't make sense," said John German, one of the leaders on the project at the transportation council. "That was the real red flag for us."

Forbes:
http://www.forbes.com/sites/maggiemcgrath/2015/09/22/goldman-chief-lloyd-blankfein-discloses-highly-curable-cancer/

Volkswagen Credit Spreads Soar After EPA Charges Co. With Evading Pollution Controls
John Atkins, CONTRIBUTOR

Credit spreads referencing German automaker Volkswagen widened sharply today after the U.S. Environmental Protection Agency on Friday charged the company with evading government pollution controls through software designed to allow diesel models to meet clean-air standards, but only during official emissions testing. The government demand for recalls affects roughly 500,000 vehicles.

Volkswagen five-year CDS costs increased 80% today, rising 60 bps to the 135 bps area, or a high since 2012, trade data show. The 2.45% notes due Nov. 20, 2019 issued by subsidiary Volkswagen Group of America Finance last November, at T+85, changed hands today as much as 77 bps wider on the session, reaching at G-spread equivalents as wide as T+180, according to MarketAxess.

Credit analysts today noted the significant potential risks to VW's credit standing and reputation. "VW's operating margins have lagged peers (BMW, Daimler) for some time, and the automaker has cited encouraging U.S. vehicle sales in the context of its 2015 revenue and profit outlook," stated FTN Financial senior credit strategist Benjamin Millard in a credit note.

While it acknowledged uncertainties regarding the impact of the scandal on Volkswagen's brand image and reputation – and terming the development a "crisis" for VW – Fitch today said the scandal is unlikely to trigger an immediate downgrade of Volkswagen's A rating, even though Volkswagen reportedly faces a maximum penalty of $18 billion as well as any costs related to a recall effort.

"We believe the fine is unlikely to amount to the theoretical maximum amount of USD37,500 per car, although there have been only very few precedents of such cases and associated fines. In addition, the group's financial structure is sound and its free cash flow (FCF) generation extremely robust," Fitch stated today.

The outlooks on the respective A/A2 ratings at S&P and Moody's are currently stable, through S&P warned as recently as Sept. 7 that stricter carbon rules were fueling high capital spending demands on Europe's carmakers.

TIME:
http://time.com/money/4042745/volkswagen-epa-diesel-scandal/

The Volkswagen Diesel Emissions Scandal, By the Numbers
Ethan Wolff-Mann @ewolffmann Sept. 21, 2015

VW is accused of faking pollution tests on a grand scale.

Last week, the EPA accused Volkswagen of deliberately falsifying tests of its diesel engine

cars so that the vehicles would pass anti-pollution standards. A massive recall of nearly half a million Volkswagen diesel cars was ordered, causing a major stir in the industry—and especially among VW owners who had been drawn to the vehicles because of the automaker's "clean diesel" claims.

Let's look at the situation by the numbers.

482,000 Diesel cars affected, which include TDI Jettas, Beetles, Golfs, and Audi A3s from 2009-15 and Passats from 2014-15.

$37,500 Fine per vehicle that the German automaker could face in the U.S.

$18 billion Possible total penalties faced by Volkswagen, and that figure doesn't include fixing the recalled cars.

40 Times over the legal limit of certain types of pollution emitted by the vehicles, including nitrogen oxide—which can cause respiratory problems.

$6,855 Premium that buyers were paying for Passat TDI cars over standard gasoline versions.

-20% The hit Volkswagen stock has taken since the scandal.

12 Number of months Volkswagen has been denying cheating on the emissions test.

2017 When Volkswagen may sell diesel cars again in the U.S., now that sales have been halted.

2.0 Liter 4-cylinder engines affected. Larger diesel engines used in SUVs don't have the software at the center of the controversy.

$0 Current resale value of affected cars in California, because the cars were sold as "non-compliant" (and therefore cannot be resold).

14.28% Of affected cars that are registered in California

23 Percentage of Volkwagens sold in August that were diesels.

Automotive News:
http://www.autonews.com/article/20150921/OEM11/150929980/vws-diesel-sales-frozen-until-compliance-is-proven-epa-official-says

VW's diesel sales frozen until compliance is proven, EPA official says
Fix must be approved before recall can begin
Chris Grundler: "It will take more work to determine what the appropriate remedy for these

vehicles is."
By Ryan Beene

WASHINGTON -- With its diesel car lineup grounded by an emissions-test cheating scandal, Volkswagen now bears the burden of proving that these vehicles comply with federal emissions standards, the EPA's top auto regulator said.

Until then, said Chris Grundler, director of the EPA's Office of Transportation Air Quality, no sales.

Meanwhile, Grundler said, the EPA and California regulators are now probing all light-duty diesel vehicles in the U.S. market from all manufacturers to check for illegal software designed to fool U.S. emissions tests.

U.S. regulators accused VW on Friday of violating the Clean Air Act by selling 482,000 diesel-powered vehicles with such illegal software. The agency said the company admitted to fitting seven model years' worth of diesel cars with the softwared -- termed a "defeat device" -- that would activate the cars' emission controls during testing, but deactivate them in real-world driving.

In order to be able to resume sales of diesels, Grundler said, VW has to engineer a fix to bring those vehicles into compliance, and receive EPA approval before a recall can commence. It's not clear yet whether that fix will consist of a change to the engine's emission control software or more substantial engineering changes to vehicle hardware, Grundler said.

According to the EPA's website, it could take up to one year to identify "corrective actions," develop a recall plan and issue recall notices. But Grundler declined to discuss a specific timetable.

"Until we gather that information and are convinced ... we're not going to go forward with the recall," Grundler said. "It will take more work to determine what the appropriate remedy for these vehicles is."

Capitol Hill
U.S. lawmakers want more answers, too.

Republican leaders of the House Energy and Commerce Committee today announced plans to hold a hearing on the VW emissions scandal in the near future. The hearing will be held before the panel's Oversight and Investigations Subcommittee, though no date has been set.

"We will follow the facts. We are also concerned that auto consumers may have been deceived – that what they were purchasing did not come as advertised," U.S. Reps. Fred Upton, R-Mich., and chairman of the Energy and Commerce Committee and Tim Murphy, R-Pa., chairman of the investigations subcommittee, said in a joint statement.

"The American people deserve answers and assurances that this will not happen again. We intend to get those answers."

Also in Washington, the White House said today it was "quite concerned" about reports it was seeing concerning VW's conduct in complying with U.S. Clean Air Act requirements.

"It's fair to say that we're quite concerned by some of the reports that we've seen about the conduct of this particular company, but ultimately this is the responsibility of the EPA to take a look at it and that's exactly what they're doing," said White House spokesman Josh Earnest.

California questions
VW will also have to convince the EPA and California's Air Resources Board that its 2016 model year diesel vehicles will comply with emissions standards and are free of any illegal software, Grundler said. Until then, the agency will continue to withhold the emission certifications needed to begin sales of those models, which are currently being withheld from dealers.

The sales suspensions are a blow to Volkswagen, which counts on diesels for more than one-fifth of the VW brand's sales volume, and has touted its "clean diesel" technology as a key differentiator in the marketplace.

"We've been working with the company for a long time trying to get answers and it wasn't until very recently that VW admitted that these vehicles contained software designed to defeat the emissions standards," Grundler said. "We want to make sure that 2016 model vehicles don't operate the same way."

Popular Mechanics:
http://www.popularmechanics.com/cars/a17430/ezra-dyer-volkswagen-diesel-controversy/

This VW Diesel Scandal Is Much Worse Than a Recall
This isn't cost-cutting. This is outright cynical deceit.
By Ezra Dyer

Most of the time, media test cars are distinguished only by a license plate that might bear a discreet "manufacturer" tag. Audi diesels, though, are a different matter. Whether a Q7 or an A3, the diesel press cars from Audi (which is part of the Volkswagen group) always bear towering "TDI Clean Diesel" decals across their flanks. I guess the theory is that when the cars are out on the road they're serving double duty as billboards, spreading the gospel about the Volkswagen group's engineering prowess.

A few years ago I bought a nasty Ford F350 diesel for an engine swap, and I parked it next to an Audi A3 and took a few shots to capture the juxtaposition: truck from the dirty diesel past, Audi harkening to the clean-burning future. That certainly looks ironic today.

If you're not up to speed on Volkswagen's shenanigans, you can catch up here. Suffice to say that it seems the A3's sanctimonious TDI Clean Diesel stickers were relevant only when the cars were actually undergoing an EPA emissions test. Out in the real world, 2.0-liter Volkswagens and Audis were as much as 40 times above the legal emissions limit for nitrogen oxides (NOx). According to the EPA, about 482,000 four-cylinder Volkswagens and Audis built since 2009 included what the agency defines as a "defeat device," which is really just software that detects an emissions test and "turns full emissions controls on only during the test." The cheater software was discovered by researchers at West Virginia University who were trying to document the cleanliness of modern diesels. Volkswagen surely wishes they hadn't bothered.

The revelation of this emissions subterfuge answers at least two questions about VW's mighty little diesel. The first concerns urea injection, which every other modern diesel uses to pass emissions tests. The urea-injection systems help to neutralize NOx emissions, but they also add weight and cost to the car, and saddle car buyers with yet another tank of liquid that must be monitored. If you run out of this diesel exhaust fluid, it's like running out of fuel—on trucks with such systems, running dry on urea triggers a severe limp-home mode with a 5 mph speed limiter. That's how seriously the EPA takes NOx.

Everyone wondered how VW met emissions standards while foregoing urea injection. As it turns out, they didn't. It wasn't magical German engineering. Just plain old fraud.

The second question concerned fuel economy. It's been widely noted that four-cylinder TDIs tend to smash their EPA fuel economy estimates in real-world driving. The last TDI Jetta SportWagen I drove was rated at 42 mpg highway, but on 60-mph two-lane roads I averaged more like 50 mpg. That's a huge difference. Did running non-compliant emissions improve fuel economy? That's possible. And if so, that raises an interesting question: When the cheater VWs emitted too much NOx, were they also emitting a lot less CO2 thanks to improved economy? Maybe the good doesn't offset the bad, but it's something to consider. You can bet that VW's lawyers will.

THE INTENTIONALITY BEHIND THE DECEIT MAKES THIS SITUATION DIFFERENT FROM EVEN A HUGE-SCALE RECALL.

So, how is Volkswagen going to fix this? Putting aside the inevitable fines, possible criminal charges, and massive public disgrace, there are half a million cars running an emissions setup that never should've left the factory. And there's no quick fix to make up for VW's lies.

All the other carmakers control diesel emissions by spraying a urea solution into the exhaust stream, where a catalyst converts it to ammonia. The ammonia breaks down NOx into nitrogen and water. If all of that sounds like it would be tough to bolt right in, you're correct. Maybe VW can meet the standards without adding equipment—say, by tweaking the engine control unit (ECU) with a different tuning. But what if that new tuning meets the emissions standards but sacrifices performance or fuel economy? Now you've got 482,000 customers on a class action lawsuit.

There's no easy way out of this, but they'd better figure something out, and pronto. Right now dealers are banned from selling 2.0-liter TDIs, which make up about a quarter of VW's U.S. sales. News of the scandal caused VW to lose about a quarter of its market value, indicating that investors understand how bad this is. There's no cheap fix nor easy settlement here.

The intentionality behind the deceit makes this situation different from even a huge-scale recall. This isn't a story about a part that was made one cent cheaper than it should've been, where a car company cut a corner to save a little cash. It's about a huge corporation eying the rulebook and deciding there's a competitive advantage in violating the Clean Air Act. Incompetence is one thing, but calculated mendacity is quite another.

It's too bad. That Golf SportWagen TDI is a punchy, fun car. It's got great fuel economy, tons of torque and a bargain price. But when something seems a little too good to be true, maybe that's because it is.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 4:33 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

Chicago Tribune:
http://www.chicagotribune.com/business/columnists/ct-rosenthal-vw-emissions-0922-biz-20150921-column.html

VW comes clean on dark heart of its diesel cars. Can it clear the air?
Phil Rosenthal

Seems VW fought diesel wars with smoke and mirrors, mostly smoke. What the fahrvergnügen?!
Volkswagen called it clean diesel. Clean like Lance Armstrong. Clean like the Chicago River.

Seriously, what the fahrvergnügen?!

VW has admitted to the Environmental Protection Agency that hundreds of thousands of its diesel cars have been using what is literally a killer app.

The software allowed the vehicles to sail through U.S. emissions tests while reportedly spewing 10 to 40 times the level of certain pollutants as allowed in ordinary use.

It's been smoke and mirrors — mostly smoke — for the last seven model years.

We're talking about 2009, 2010, 2011, 2012, 2013, 2014 and 2015 VW Golfs, Jettas and

Beetles, along with Audi A3s, equipped four-cylinder, 2.0-liter turbodiesel engines. Oh, almost forgot the 2012-15 Passats.

That's nearly half-a-million vehicles in all, belching nitrogen oxide to preserve mileage ratings and performance no other carmaker could seem to match, thanks to emissions control systems programmed to operate only when testing protocols were detected.

So we get more smog and ozone and poisons tied to a litany of health problems, such as asthma attacks and other respiratory diseases, along with premature death. VW gets more car sales.

Score one for German engineering and systematic subterfuge, trading our health for its profits.

Apparently the EPA was first tipped to VW's plot when discrepancies showed up in independent testing. But it seems like precisely the sort of thing James Bond is told of when strapped to a nuclear missile about to launch.

The word diabolical comes to mind.

So does evil.

One pictures even C. Montgomery Burns, king of the corner-cutters on "The Simpsons," looking askance. And we don't know yet if VW is the only offender.

The auto industry isn't overburdened by high expectations, particularly in the last 12 months or so.

General Motors last week agreed to a $900 million settlement to end a criminal investigation into its failure to disclose a deadly ignition defect.

Toyota last year agreed to a $1.2 billion penalty for withholding information about its vehicles' unintended acceleration linked to other fatalities.

Takata, it's been revealed, knew of dangerous, potentially fatal defects in its airbags long before alerting federal regulators, leading to the recall of millions of Honda, Toyota, Chrysler, Subaru, GM, Mitsubishi, BMW, Mazda, Nissan and Ford vehicles.

Yet, as Automotive News noted, "Compared with other run-ins between the EPA and automakers, VW's alleged violation stands out in its brazenness."

This takes that kind of amoral corporate behavior to a whole other threat level.

VW didn't just conceal something it discovered endangering people. It created technology for the specific purpose of allowing it to benefit from endangering people.

Even if you're one of those people who somehow isn't a fan of clean-air standards, it's not a political statement to press on and try to throw authorities off the trail. It's just a crime.

Tampering with emissions control systems, under terms of the Clean Air Act, could mean a fine for VW as high as $37,500 per vehicle or roughly $18 billion, though you know what happens when you start to haggle with car guys.

But even if VW is fined and there's a mandatory recall, some drivers will be reluctant to embrace the fix because it likely will make the vehicle less effective and efficient than the one they thought they bought.

Funny we never caught wind of any of this in those slightly discomfiting VW commercials with the old ladies hitting on a salesman. Least we don't remember any mention of it.

VW pulled the ads off the air and, to the extent it could, off YouTube as word of its scandal came out, yet more proof that a carmaker can indeed move fast to protect something it actually cares about — like its bottom and bottom line.

This isn't the Olympics. It's one thing to try to keep test results from showing banned substances in one's own body, quite another to try to mask bad stuff being inflicted on others.

Cough.

This goes beyond the venality of one corporation to whether there's any confidence left in diesel cars and credibility in the entire auto industry. Even if this is as far as it goes, it will take quite a while to clear the air.

VW recently surpassed Toyota to become the world's largest carmaker, an achievement now eclipsed by the suspicion that there is nothing it wouldn't do.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 4:13 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

Bloomberg (via Australian Financial Review):
http://www.afr.com/news/world/volkswagen-faces-us-criminal-probe-on-emissions-20150921-gjrtss

Volkswagen faces US criminal probe on emissions

The US Justice Department is conducting a criminal investigation of Volkswagen's admission to cheating on federal air pollution tests, according to two US officials familiar

with the inquiry.

Volkswagen said last week it's cooperating with regulators probing gaps between emissions on the road and lab tests on some diesel models, affecting more than half a million cars. The US officials described the inquiry on condition of anonymity because it's a continuing investigation.

The Wolfsburg, Germany-based automaker plunged as much as 23 per cent Monday to 125.40 euros in Frankfurt, wiping out about 15.6 billion euros ($US17.6 billion) in market value. The stock closed at 132.2 euros, its lowest in more than three years.

Volkswagen's admission is putting pressure on Chief Executive Officer Martin Winterkorn to repair the reputation of the world's biggest carmaker. Winterkorn, whose contract renewal is scheduled for a supervisory board vote on Friday, now faces a serious challenge to his leadership, said Arndt Ellinghorst, a London-based analyst for Evercore ISI.

"This latest saga may help catalyze further management changes at VW," Ellinghorst wrote in a note Monday.

Justice Department spokesman Wyn Hornbuckle declined to comment.

Criminal inquiries can take months or years and lead to charges against individuals and companies. They can also result in fines and deferred-prosecution agreements, such as the one recently struck with General Motors Co., to spur companies into improving their behaviour and addressing problems revealed during the investigations.

Volkswagen admitted on September 18 to fitting some of its US diesel vehicles with software that turns on full pollution controls only when the car is undergoing official emissions testing, the Environmental Protection Agency said Friday. Affected are diesel versions of the VW Jetta, Golf, Beetle and Passat and the Audi A3.

During normal driving, the cars with the software -- known as a "defeat device" -- would pollute 10 times to 40 times the legal limits, the EPA estimated. The discrepancy emerged after the International Council on Clean Transportation commissioned real-world emissions tests of diesel vehicles including a Jetta and Passat, then compared them to lab results.

VW said it's cooperating with regulators probing gaps between emissions on the road and lab tests on some diesel models. According to the EPA, the company insisted for a year that discrepancies were mere technical glitches.

Winterkorn, who has led VW since 2007, was forced to halt sales of the cars on Sunday and issue a public apology, saying he's "deeply sorry" for breaking the public's trust and that VW would do "everything necessary in order to reverse the damage this has caused."

The violations could result in as much as $US18 billion in fines, based on the cost per violation and the number of cars.

The US accusations are "grave" and must be clarified swiftly, said Stephan Weil, prime minister of the German state of Lower Saxony, which owns 20 percent of Volkswagen's voting shares. "Possible consequences can be decided after that."

The European Commission also said it's taking VW's cheating seriously and is in contact with US regulators and the company about details of the case.

The Guardian:
http://www.theguardian.com/business/2015/sep/21/volkswagen-emissions-scandal-sends-shares-in-global-carmakers-reeling

Volkswagen emissions scandal could snare other companies, whistleblower claims
Billions wiped off value of industry heavyweights amid concerns that manipulation of air pollution data could be 'very widespread'
Joanna Walters Graham Ruddick and Sean Farrell

The emissions-fixing scandal that has engulfed Volkswagen in the US could extend to other companies and countries, one of the officials involved in uncovering the alleged behavior told the Guardian on Monday.

Billions of pounds have been wiped off the value of global carmakers amid growing concerns that emissions tests may have been rigged across the industry.

"We need to ask the question, is this happening in other countries and is this happening at other manufacturers? Some part of our reaction is not even understanding what has happened exactly," said John German, one of the two co-leads on the US team of the International Council for Clean Transportation (ICCT), the European-based NGO that raised the alarm.

Shares in Volkswagen fell by almost a fifth after the world's second biggest carmaker issued a public apology in response to US allegations that it used a "defeat device" to falsify emissions data.

The US Justice Department is conducting a criminal investigation of Volkswagen admission, according to Bloomberg, which cited two officials familiar with the inquiry.

The company could face a fine of up to $18bn (£11.6bn), criminal charges for its executives, and legal action from customer and shareholders. The US law firm Hagens Berman has already launched a class-action law suit on behalf of customers who bought the affected cars.

VW shares fell by 19% in Frankfurt, wiping almost €15bn (£10.8bn) off its value. Shares in Renault, Volkswagen's French rival, also dropped by 4%, while Peugeot was down 2.5%, Nissan 2.5% and BMW 1.5% amid concerns they could be caught up in investigations.

The US Environmental Protection Agency said on Friday that VW had installed illegal software to cheat emission tests, allowing its diesel cars to produce up to 40 times more pollution than allowed. The US government ordered VW to recall 482,000 VW and Audi cars produced since 2009.

In response, Martin Winterkorn, chief executive of VW, said on Sunday he was "deeply sorry" for breaking the trust of the public and ordered an external investigation.

German tipped off regulators at the California Air Resources Board (Carb) and the US Environmental Protection Agency (EPA) after conducting tests that showed major discrepancies in the amount of toxic emissions some VW cars were pumping out compared with the legal limits.

Max Warburton, an analyst at the financial research group Bernstein, said: "There is no way to put an optimistic spin on this – this is really serious."

A British expert in low-emission vehicles claimed the manipulation of air pollution data could be "very widespread" and that tests in Europe are "much more open to this sort of abuse".

Greg Archer, a former government adviser and head of clean vehicles at the respected Transport & Environment thinktank, said: "I am not surprised. There has been a lot of anecdotal evidence about carmakers using these 'defeat devices'. All credit to the US's EPA for investigating and finding the truth."

Archer, the former managing director of the UK's Low Carbon Vehicle Partnership and non-executive director for the government's Renewable Fuels Agency, said the scandal could spread into petrol cars and CO2 levels. "It is probably not limited to diesel and not limited to emissions," he added.

The "defeat devices" are thought to work by injecting more urea – an exhaust fluid – into the car when it is being tested. This limits nitrogen oxide emissions. The car detects it is being tested because devices such as the anti-collision systems have to be turned off when it is in the laboratory. The extra urea is not injected into the car when it is on the road because it would quickly run out.

Archer claims European tests are more open to abuse because they are conducted before the car goes into mass production and by companies that have been paid by the carmakers. These testing companies have been verified by regulators in each country, such as the Vehicle Certification Agency, but in the US the tests are conducted by an independent body.

Industry leaders in Britain claimed there was "no evidence" that manufacturers are cheating the system in Europe but admitted it needs to be reformed.

Mike Hawes, chief executive of the Society of Motor Manufacturers and Traders, the industry trade body, said: "The EU operates a fundamentally different system to the US – with all European tests performed in strict conditions as required by EU law and witnessed by a government-appointed independent approval agency. There is no evidence that manufacturers cheat the cycle.

"The industry acknowledges, however, that the current test method is outdated and is seeking agreement from the European Commission for a new emissions test that embraces new testing technologies and is more representative of on-road conditions."

The US allegations involve a series of diesel cars produced by VW and the brands it owns, such as Audi. These include the Audi A3, VW Jetta, Beetle, Golf and Passat models. VW has halted sales of these models.

Jochen Flasbarth, a senior environment official in the German government, accused Volkswagen of "blatant consumer deception" over the scandal. The country's economy minister, Sigmar Gabriel, also warned it could damage the reputation of the country's vital automotive industry.

"That this is a bad case, I think is clear," Gabriel said. "You will understand that we are worried that the justifiably excellent reputation of the German car industry and in particular that of Volkswagen suffers." The German government has launched its own investigation into VW and held talks with executives.

The scandal puts the future of Volkswagen chief Winterkorn in serious doubt. Earlier this year he won an internal power struggle with Ferdinand Piëch, who stepped down as chairman. The board of the company is due to meet on Friday to discuss extending Winterkorn's contract.

Winterkorn has been at the helm of VW since 2007 and has been directly responsible for research and development since then.

Guido Reinking, a German automotive analyst, told German television station n-tv: "It's almost impossible to imagine that he didn't know about this special way of programming the engine."

David Bailey, professor of industrial strategy at Aston University in Birmingham, said: "If it is the case that they have been trying to hoodwink regulators, it's a really dumb thing to do. Regulators will look at this more closely now. There has been growing concern about diesel cars and nitrous oxide emissions. The industry has been trying to make the case that the latest regulations largely deal with that issue but regulators will now look more closely at whether they have."

In the wake of the scandal two senior VW executives cancelled a planned appearance at a media event in New York with rock star Lenny Kravitz scheduled for Monday evening.

Herbert Diess, chairman of the VW brand's management board, and Heinz-Jakob Neusser, VW's board member in charge of technical development, had planned to attend the event to introduce the latest version of the Passat mid-size sedan.
The chief executive of VW's US arm, Michael Horn, was still due to attend the event. He is expected to provide a statement about the situation.

Jalopnik:
http://jalopnik.com/volkswagen-is-now-the-target-of-a-criminal-investigatio-1732130214

Volkswagen Is Now The Target Of A Criminal Investigation: Report
Michael Ballaban

In a move that seemed like an inevitability at this point, the United States Department of Justice is said to have opened a criminal investigation into Volkswagen's admission to cheating on diesel emissions tests, a report from Bloomberg said.

While we had heard rumblings of a possible criminal probe earlier, this news appears to confirm that VW is in fact the subject of an investigation that could lead to prosecutions.

It's way too early to tell whether or not any individuals will personally be held criminally liable for the company's deceptions, but it's not out of the realm of possibility. We haven't seen a case in a long time where a company has admitted intentionally circumventing the law, rather than just a plea of massive institutional incompetence, so it's anyone's guess as to what will happen.

The U.S. Environmental Protection Agency has said that the company can be held responsible for up to $18 billion in fines.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 4:02 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

Business Insider:
http://www.businessinsider.com/the-us-government-is-launching-a-criminal-investigation-into-vws-falsified-emissions-figures-2015-9

The US government is launching a criminal investigation into VW's falsified emissions figures
Benjamin Zhang

The US Department of Justice has launched a criminal probe into Volkswagen's

falsification of emissions data, Bloomberg news is reporting.

Last week, the Environmental Protection Agency accused the automaker of falsifying the data using secret software in nearly 500,000 cars.

According to Bloomberg's Del Quentin Wilber, two government officials close to the situation say the Justice Department is conducting a criminal investigation into the allegations.

Last week, the EPA accused VW of using the hidden software — called a "defeat device" — to dodge clean-air standard during emissions testing.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," assistant administrator for the Office of Enforcement and Compliance Assurance Cynthia Giles said in a statement on Friday.

“Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters.”

The EPA alleges that VW installed software that detects when the car is undergoing emissions testing, at which point the software would turn on all of the car's emissions control systems. But the EPA claims that the software greatly reduces the cars' pollution-control systems during normal driving conditions.

"This results in cars that meet emissions standards in the laboratory or testing station, but during normal operation, emit nitrogen oxides, or NOx, at up to 40 times the standard," the EPA said in a statement.

Across the Atlantic, the German government is also taking a look at Volkswagen's emissions data. A spokesperson for the country's Motor Vehicle Agency told the Wall Street Journal that is has asked automakers to provide accurate emissions information to "determine whether similar instances of manipulation have taken place in Germany or Europe," However, there is no word of any official investigation on the part of the German government.

Over the weekend, VW CEO Martin Winterkorn issued the following statement:

The U.S. Environmental Protection Agency and the California Air Resources Board (EPA and CARB) revealed their findings that while testing diesel cars of the Volkswagen Group they have detected manipulations that violate American environmental standards.

The Board of Management at Volkswagen AG takes these findings very seriously. I personally am deeply sorry that we have broken the trust of our customers and the public. We will cooperate fully with the responsible agencies, with transparency and urgency, to clearly, openly, and completely establish all of the facts of this case. Volkswagen has

ordered an external investigation of this matter.

The recall affects 482,000 diesel-powered cars sold in the US since 2008. They include:

Volkswagen Jetta TDI: 2009-20015
Volkswagen Beetle TDI: 2009-2015
Audi A3 TDI: 2009-2015
Volkswagen Golf TDI: 2009-2015
Volkswagen Passat TDI: 2014-2015
We have reached out to Volkswagen and the DOJ for comment. We will update when when we hear back.

Fortune:
http://fortune.com/2015/09/21/volkswagen-emissions-recall-scandal/

Dear Volkswagen: Exaggeration? Not so bad. Deception? Never okay
by Jennifer Reingold @jennrein SEPTEMBER 21, 2015, 3:44 PM EDT

One wonders what would have happened had Volkswagen opted for exaggerating its results rather than falsifying them.

The business world—and the journalists who cover it—have always rewarded a healthy bit of hype. Best Ever! New and Improved! Now with enhanced whatevers!

Actually, the love of the big claim goes far beyond the business world and is interwoven throughout society. Donald Trump's current popularity is only the latest example of bombast, er, trumping reality.

But we do have limits, as the scandal at Volkswagen shows. So far, the company's stock price has fallen almost 20% since it admitted on September 18 that it had installed software that allowed its cars to fake their performance on emissions testing in order to fool the EPA.

No one knows what will happen to the $221 billion in sales car company—the world's largest—going forward, and whether the deception stretches all the way to the CEO, Martin Winterkorn. But one wonders what would have happened had the company opted for exaggerating its results rather than falsifying them.

Don't get me wrong: I'm not advocating that any performance standards—particularly those that affect safety and health—should ever be presented with anything but the full truth. But this move was so brazen, so breathtakingly full of chutzpah, that it is hard to imagine VW's brand recovering for a very, very long time; nor, one imagines, will its culture.

The plot goes far beyond one or two people hiding out in a cubicle and must have involved hundreds of people building such a system and making sure it was implemented inside of 428,000 cars. One wonders what the company might have been able to accomplish instead

if it put all that brainpower toward meeting emissions requirements rather than circumventing them.

Consider the alternative: VW tried—and failed—to meet the EPA's emissions standards, after saying that they believed they had diesel engines that did the job. The EPA (which, it's worth noting, relies primarily on self-tested data) would have—hopefully—tested its engines, found Volkswagen deficient, and fined the company. It would have been costly, yes, but it wouldn't have been all that surprising. And VW's credibility wouldn't have been destroyed in the process. After all, exaggeration, for better or worse, is just how the game is played.

MarketWatch:
http://www.marketwatch.com/story/white-house-quite-concerned-about-volkswagen-emissions-charges-2015-09-21

White House 'quite concerned' about Volkswagen emissions charges
'Quite concerned': How White House press secretary Josh Earnest characterized Obama administration reaction to the allegations against Volkswagen.
By ROBERT SCHROEDER

The Obama administration is "quite concerned" over allegations that Volkswagen cheated on U.S. emissions tests, a White House spokesman said Monday, but added it is up to the Environmental Protection Agency to investigate the matter.

"I think it's fair to say that we're quite concerned by some of the reports that we've seen about the conduct of this particular company," spokesman Josh Earnest told reporters at a regular briefing.

On Friday, the Environmental Protection Agency and the California Air Resources Board alleged that Volkswagen VLKAY, -17.38% VOW3, -18.19% used software in cars to make diesel-powered engines appear to have lower levels of emissions than they actually did. The company halted U.S. sales of some diesel-powered cars.

Earnest said it is ultimately the responsibility of the EPA to look at the issue, "and that's exactly what they're doing."

Reaction from Congress was minimal — though that could change.

"VW should expect scrutiny from Congress, legal problems, a potential multibillion-dollar fine and a batch of uncomfortable headlines," wrote Forbes contributor Micheline Maynard on Monday.

"If Volkswagen willfully sought to evade the Clean Air Act and fraudulently sold cars to millions of consumers with this technology, EPA should pursue the most severe action possible to deter others from doing the same," Rep. Frank Pallone, a New Jersey Democrat,

said on Friday.

"We must ensure that this does not happen again and that consumers can trust the products that they buy," said Pallone, the top Democrat on the House Energy and Commerce Committee. The panel's oversight and investigations subcommittee held one of the several hearings into the General Motors GM, +0.43% ignition-switch recall in April 2014.

The allegations reportedly include Volkswagen Passats made at the company's Chattanooga, Tenn., facility in 2014 and 2015. A Volkswagen spokesperson did not immediately return a request for comment.

MarketWatch reached out to members of Tennessee's congressional delegation, but none offered any comment.

The 1,400-acre Chattanooga plant has more than 3,200 Volkswagen employees, the company says.

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Sent: Monday, September 21, 2015 3:39 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

Vox:
http://www.vox.com/2015/9/21/9365667/volkswagen-clean-diesel-recall-passenger-cars

Volkswagen's appalling clean diesel scandal, explained
Brad Plumer

It sounds like the sinister plot of some straight-to-DVD movie. Since 2009, Volkswagen had been installing elaborate software in 482,000 "clean diesel" vehicles sold in the US, so that the cars' pollution controls only worked when being tested by regulators. The rest of the time, the vehicles could freely spew hazardous, smog-forming nitrogen oxides.

Suffice to say, regulators were livid once they caught on. On Friday, the Environmental Protection Agency announced that Volkswagen had very flagrantly violated the Clean Air Act. Not only did the EPA order the German company to fix the affected vehicles,** but the agency has the authority to levy fines as high as $37,500 per car, a maximum of $18 billion. (To put that in perspective, the company's pretax net income was about $4.7 billion last year.) The US government is also mulling criminal charges.

Volkswagen, in other words, is in deep shit. The company's CEO, Martin Winterkorn, is now apologizing profusely and pledging an external probe to find out what happened. VW just halted US sales of its 2015 and 2016 clean diesel vehicles, including Passat, Jetta, Golf, and Beetle models. Meanwhile, VW's stock price plummeted on Monday morning, the

company losing nearly one-fifth its market cap in a blink:

This scandal raises a few larger questions, though: Why did Volkswagen cheat in the first place? And why was it so easy for the company to evade regulators for years? To get a better handle on the story, we need to take a brief trip through the tangled history of clean diesel vehicles — the specific cars that VW was selling.

Clean diesel cars were supposed to offer great mileage and low pollution — a tricky task

One basic fact to understand here is that there are two main types of combustion engines widely available today: diesel and gasoline. And there are real trade-offs to each.

Diesel engines have long been popular in Europe, and one of their major advantages is fuel economy. Diesel fuel contains more energy per gallon than gasoline, and the diesel engines themselves are more efficient. Put it together, and the typical diesel car can travel up to 30 percent farther on a gallon of fuel than its gasoline counterpart.

But there's a catch. While diesel cars get better mileage and emit fewer carbon-dioxide emissions, they also emit more nitrogen oxides (NOx), which help form smog, and particulate matter, which can damage lungs. Both types of pollution can have serious health effects.

Historically, Europe has dealt with this trade-off by imposing looser emissions standards on diesel cars in order to pursue higher fuel economy. That's one reason European cities like Athens have a serious smog problem. In the United States, by contrast, we've imposed much stricter rules around smog and other conventional pollutants since the 1970s, one reason diesel cars haven't caught on as widely here. (Heavy trucks favor diesel engines, though.)

In recent years, however, things have shifted. The Obama administration has been ratcheting up fuel-economy standards in the United States, which puts a higher premium on mileage. At the same time, diesel technology has gradually been getting cleaner through a combination of lower-sulfur fuel, advanced engines, and new emission-control technology. So automakers have shown a renewed interest in "clean diesel" cars that, in theory, don't suffer from that trade-off between performance and pollution.

These vehicles have proved popular in the United States. Since 2009, Volkswagen has sold more than 482,000 clean diesel cars containing a four-cylinder turbocharged direct injection engine. This included versions of the Passat, Jetta, Golf, Beetle, and Audi's A3. Drivers liked them.

Except, as it turns out, VW was lying about its clean diesel cars.

Volkswagen couldn't balance performance with low pollution. So it cheated.

Since 2009, we now know, Volkswagen had been inserting intricate code in its vehicle software that tracked steering and pedal movements. When those movements suggested that

the car was being tested by regulators in the laboratory for nitrogen-oxide emissions, the car automatically turned its pollution controls on. The rest of the time, the pollution controls switched off.

Regulators didn't notice this ruse for years. The problem was only uncovered by an independent group, the International Council on Clean Transportation, which wanted to investigate why there was such a discrepancy between laboratory tests and real-road performance for several of VW's diesel cars in Europe. So they worked with researchers at West Virginia University, who stuck a probe up the exhaust pipe of VW's clean diesel cars and drove them from San Diego to Seattle. (These details come from Dana Hull and Jeff Plungis' excellent Bloomberg tick-tock.)

What the researchers found was jaw-dropping. On the road, VW's Jetta was emitting 15 to 35 times as much nitrogen oxide as the allowable standard. The VW Passat was emitting 5 to 20 times as much. These cars were emitting much more pollution than they had in the labs.

Both California's air-pollution regulator and the EPA ordered Volkswagen to investigate and fix the problem in May 2014, and the company said it had worked on a software patch. Once again, the cars performed well in testing. And once again, real-world performance didn't match up. At that point, regulators started grilling Volkswagen's engineers about the discrepancy, and the company eventually cracked, admitting the existence of these defeat devices, which had been carefully hidden in the software code. Hence the scandal.

Volkswagen hasn't explained exactly why it cheated, but outside analysts have a pretty good guess. The NOx emission controls likely degraded the cars' performance when they were switched on — the engines ran hotter, wore out more quickly, and got worse mileage. Some experts have suggested that the emission controls may have affected the cars' torque and acceleration, making them less fun to drive. (Indeed, some individual car owners have been known to disable their cars' emission controls to boost performance, though this is against the law.)

In other words, Volkswagen wasn't able to produce diesel cars that had the ideal mix of performance, fuel economy, and low pollution. (Or, at least, they couldn't do this profitably.) So they "solved" this trade-off by sacrificing cleanliness and loosening the emission controls. And they accomplished this via software designed to deceive regulators. This was wildly illegal, and they got caught.

The VW scandal exposes problems with current emission tests

Volkswagen isn't the first company to cheat on its emission tests. As Frank O'Donnell of Clean Air Watch pointed out to me, the EPA caught a number of truck manufacturers, including Caterpillar and Volvo, doing something similar back in 1998 — programming their diesel trucks to emit fewer pollutants in lab tests than they did on the road. (The trucks would slowly emit more and more NOx as they traveled longer distances at constant speed, something that labs couldn't catch.)

Part of the problem here is that regulators tend to test these vehicles in laboratory conditions, which are fairly predictable and hence easier to game. Combined with the fact that automakers are developing ever-more-elaborate software that can control and fine-tune engines, and there are ample opportunities for fraud.

EUROPEAN REGULATORS WILL SOON START REQUIRING ON-ROAD EMISSIONS TESTING

In theory, there are ways to make cheating harder. Starting with model year 2017 vehicles, European regulators are going to start requiring automakers to test their passenger cars on the road in addition to laboratory testing. That sort of regime would've made it harder for Volkswagen to do what it did. But it's also unlikely that this is the last time we'll see an automaker come up with a fiendishly clever way to cheat.

Meanwhile, the VW scandal raises another issue surrounding car regulations, as Alex Davies explains at Wired. Modern-day cars feature complex computer systems and software. And, right now, this software is protected under the 1998 Digital Millennium Copyright Act — it's illegal to fiddle with it. The ostensible rationale is to make it harder for consumers to tamper with emissions controls. But these protections also make it harder for independent researchers to scrutinize that code and identify problems like VW's little emissions trick. Some experts have proposed DMCA exemptions to allow researchers to test and evaluate these engines, but so far automakers and the EPA have resisted this. Presumably, if those exemptions had existed, Volkswagen might've been caught sooner.

Volkswagen is now facing serious consequences

At this point, Volkswagen has been caught red-handed and has to face the consequences. The company straight-up lied about its cars and exacerbated the country's air-pollution problem. (Getting a precise estimate of the health consequences here could be difficult, since it depends on where the cars were located, how much extra smog actually resulted, and so forth.)

In response, the company has pledged to stop selling 2015 and 2016 Volkswagen and Audi models equipped with clean diesel engines and will likely end up recalling the 482,000 cars now on the road to fix the software.** It's unclear how many customers will want to "fix" the problem, however, since, again, any patch might degrade gas mileage and/or performance.

Meanwhile, Volkswagen could face criminal prosecution — not to mention billions of dollars in fines, potentially. The Clean Air Act allows a fine of $37,500 per noncompliant vehicle. If the EPA really wanted to lower the hammer, that would amount to $18 billion. Again, VW's pretax net income was about $4.7 billion last year, so that would be a crippling hit. Volkswagen is the world's biggest automaker by sales, but it's not quite as profitable as competitors like Toyota and has already struggled to gain a foothold in the US market. This could be a huge deal for the company.

It also raises questions about the future of clean diesel vehicles. Clean diesel appears to be a promising technology — in theory, these vehicles could get both excellent mileage and low emissions. But this scandal raises serious questions about how well automakers can actually achieve both goals in practice.

** For any concerned car owners, the models expected to be recalled include: The 2009-2015 VW Beetle 2.0L TDI; 2009-2015 VW Golf 2.0L TDI; 2009-2015 VW Jetta 2.0L TDI; 2009-2015 Audi A3 2.0L TDI; and 2014-2015 VW Passat 2.0L TDI.

Ledger Gazette:
http://www.ledgergazette.com/epa-accuses-vw-of-cheating-on-emissions-tests/79148/

EPA accuses VW of cheating on emissions tests
BY JORGE WEINER ON SEPTEMBER 21, 2015 BUSINESS

VW halted sales of the models involved on Sunday and said it's cooperating with the probe and ordered its own external investigation into the issue.

"The charges here are truly appalling: that Volkswagen knowingly installed software that produced much higher smog-forming emissions from diesel vehicles in the real world than in pre-sale tests", said Frank O'Donnell, president of Clean Air Watch, a Washington-based advocacy group.

VW is to stop selling four cylinder diesel cars in the USA after the firm was found to have rigged emissions test on up to 500,000 vehicles, it has emerged. The reality is that Volkswagen will face huge fines, rumoured to be as high as 18 billion US dollars.

German competitors BMW AG and Daimler AG said on Monday they aren't aware of a similar USA probe into their cars.

Once on the road, the cars produced nitrogen oxide pollutants at up to 40 times the legal standard.

The EPA and California authorities acted quickly after being told of the violation, German said.

Volkswagen, which recently edged out Japan's Toyota to become the world's top-selling automaker, has had a hard year, its share price having fallen from more than 250 euros amid signs of faltering sales in the US and China. He said he was "deeply sorry" for the violation of United States rules. The models include Jetta, Beetle, Golf, Passat and Audi A3.

Stefan Bratzel, director at the Center for Automotive Management, a research group, said the damage to VW's image would be as great as the financial fines.

"Our climate policy stands for itself and I think it's internationally recognized that Germany is one of the drivers on the way to (the global climate summit in) Paris", he said. The potential wonderful is $37,500 per vehicle and 482,000 autos are a part of the case, yielding a possible superb of greater than $18 billion, Giles stated on a telephone name with reporters Friday.

The EPA in November 2014 hit South Korean auto makers Hyundai Motor Co. and Kia Motors Corp. with a record $100 million penalty for overstating fuel-economy claims and forced the companies to cough up another $200 million in regulatory credits.

The cars allegedly do so with software that detects when the vehicle is undergoing emissions testing, and then turns full emissions controls on only during the test. When vehicles are being driven normally, the computer disables the emissions controls.

According to the The New York Times, this latent software within numerous Volkswagen vehicles switches on emissions control systems only during an inspection. The California Air Resources Board issued a similar letter.

"Our goal is to ensure that the affected cars are brought into compliance, to dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules and to take appropriate further action".

The feature, which the EPA called a "defeat device", masks the true emissions only during testing.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 1:57 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

Washington Post:
http://www.washingtonpost.com/business/economy/vw-shares-plunge-as-epa-accuses-automaker-of-cheating/2015/09/21/3c7b2f2e-607b-11e5-8e9e-dce8a2a2a679_story.html

VW under fire amid EPA accusations it cheated on emissions tests
By Thad Moore

Volkswagen shares plunged Monday after U.S. regulators accused the German automaker of cheating on emissions tests, alleging that nearly 500,000 cars weren't meeting federal standards.

An apology Sunday from VW's chief executive did nothing to temper anxious investors, who wiped out nearly a fifth of the company's value in a single day. VW's stock closed the

day Monday at 132.20 euros, down 19 percent.

The selloff comes on the heels of Environmental Protection Agency allegations that the automaker had designed software to let its diesel cars detect when they were being tested for emissions.

VW, one of the world's largest automakers, has halted sales of some vehicles in the United States and pledged to cooperate with regulators. "We at Volkswagen will do everything that must be done in order to re-establish the trust that so many people have placed in us, and we will do everything necessary in order to reverse the damage this has caused," Martin Winterkorn, VW's chief executive, said in a statement.

In the lab, they met standards. On the road, regulators say, they emitted nitrous oxide at up to 40 times federal standards. The software, known as a "defeat device," was installed in some 482,000 cars, spanning model years 2009 through 2015, regulators say.

The EPA and California regulators began asking questions in May 2014 after West Virginia University researchers published a study that found lab results didn't match up with road tests.

For more than a year, VW told regulators that the difference owed to "various technical issues and unexpected in-use conditions," the EPA said in a letter sent to the automaker Friday. But company officials didn't admit to the practice until earlier this month when regulators threatened not to approve its 2016 line of diesel cars.

The years-long practice could carry a hefty price tag for the automaker. The company could be fined $37,500 for each car it sold with a defeat device installed — a potential fine of $18 billion.

"The company will have to recall nearly 500,000 affected cars, which will cost it millions of dollars, and that's even before the damage to its brand and potential fines," Michael Hewson, chief market analyst at CMC Markets, told the Associated Press.

The revelation also led Consumer Reports[consumerreports.org] to pull its recommendation of VW's Jetta and Passat diesel model. (The magazine said it would reconsider its decision once the automaker introduces a fix to lower emissions.)

For his part, Winterkorn apologized Sunday, saying the company would cooperate "with transparency and urgency."

"I personally am deeply sorry that we have broken the trust of our customers and the public," he said in a statement. "We do not and will not tolerate violations of any kind of our internal rules or of the law."

From: Gong, Kristiene
Sent: Monday, September 21, 2015 11:56 AM

To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert

Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

NY Times:
http://www.nytimes.com/2015/09/22/business/international/volkswagen-shares-recall.html

Volkswagen Denied Deception to E.P.A. for Nearly a Year
By JACK EWING SEPT. 21, 2015

FRANKFURT — For nearly a year, Volkswagen officials told the Environmental Protection Agency that discrepancies between the formal air-quality tests on its diesel cars and the much higher pollution levels out on the road were the result of technical errors, not a deliberate attempt to deceive Washington officials.

But early this month, Volkswagen executives finally made a startling admission: The diesels it sold in the United States had software deliberately designed to cheat on the tests.

The company was evidently concerned that actually meeting the federal emissions standards would degrade the power of the engines, which it marketed as comparable in performance to gasoline engines. Meeting the standard would also undercut the fuel efficiency that is one of the main selling points of diesels.

The admission came only after the E.P.A. threatened to withhold approval for Volkswagen's new 2016 models, according to letters sent to company officials by the E.P.A. and California regulators.

Since news of that mass deception broke on Friday, Volkswagen has scrambled to conduct damage control, with its chief executive issuing an apology and the company saying it would not sell its 2015 and 2016 diesel cars in the United States.

But that did not stop Volkswagen shares from plummeting when trading opened in Europe on Monday. And the apology has not relieved pressure on Martin Winterkorn, the Volkswagen chief executive, whom analysts said would have tough questions to answer, seeking to know when he and other top executives at the company, which is ruled from the top with Germanic precision, were aware of the diesel deception.

Adding to pressure on Volkswagen, the German government said on Monday that it would also begin an inquiry to make sure that Volkswagen and other carmakers are complying with laws on auto emissions.

The E.P.A. disclosed the yearlong series of letters with Volkswagen as part of accusations it made against the company on Friday. The agency will require the company to recall nearly half-a-million vehicles equipped with 2-liter diesel engines dating to the 2009 model year.

Volkswagen also faces fines that could run into the billions of dollars.

Volkswagen shares plunged about 20 percent on Monday, as investors registered alarm at the damage the company could suffer.

Mr. Winterkorn issued an apology on Sunday, saying the company had "broken the trust of our customers and the public."

But the sophistication of the software used to manipulate emissions tests in the United States, and extensive attempts by Volkswagen to deflect official scrutiny before admitting misconduct this month, are sure to raise questions about Mr. Winterkorn's effectiveness only months after he survived an internal power struggle.

"Either he knew, or he didn't know, which is even worse," said Ferdinand Dudenhöffer, a professor at the University of Duisburg-Essen who is a longtime Volkswagen critic. "Any politician in his situation would have to resign."

Volkswagen's supervisory board, which Mr. Winterkorn reports to, will hold a regularly scheduled meeting on Friday, and it is certain to discuss the E.P.A. action.

After being confronted last year with evidence that some diesel models did not comply with pollution standards under certain conditions, Volkswagen executives originally offered technical explanations, according to a letter of complaint sent to the company by the E.P.A. and the California Air Resources Board.

It was only on Sept. 3, according to the letters, that executives at Volkswagen of America, the company's United States unit, admitted that cars equipped with the 2-liter diesel motors contained the software.

The software measured factors such as the position of the steering wheel, the vehicle's speed and even barometric pressure to sense when the car was being subjected to testing, the E.P.A. said. The car then configured itself to reduce emissions of nitrogen oxide, a gas that is a major contributor to smog and is linked to an array of respiratory ailments including asthma, emphysema and bronchitis, the E.P.A. said on Friday.

Volkswagen is known for being a tightly controlled, autocratic organization, raising questions about how such a sophisticated system could have been installed in nearly half a million vehicles without knowledge of top management.

The plunge in Volkswagen shares was a clear indication that investors believe that company profit and sales could suffer because of the E.P.A. accusations. However, Volkswagen is relatively immune to stock market pressure because only 12 percent of its voting shares are traded. Porsche Automobil Holding, controlled by members of the Porsche family, holds a slight majority. The state of Lower Saxony owns 20 percent and the sovereign wealth fund of Qatar owns 17 percent.

Stephan Weil, the prime minister of Lower Saxony, where Volkswagen has its headquarters and major manufacturing operations, said in a statement on Monday, "Manipulation of an emissions test is completely unacceptable and without any justification."

But Mr. Weil said consequences could be discussed only after a thorough investigation of the circumstances.

In Berlin, the government of Chancellor Angela Merkel said it would ask carmakers for information as the first step in an inquiry.

"We expect reliable information from carmakers so that the Federal Office for Vehicles can check whether similar manipulation in the exhaust systems has taken place in Germany or Europe," Andreas Kübler, a spokesman for the Environment Ministry, told reporters in Berlin.

The European Commission has contacted Volkswagen as well as the E.P.A. for details about the accusations, a commission spokeswoman said.

"It is premature to comment on whether any specific immediate surveillance measures are also necessary in Europe and whether vehicles sold by Volkswagen in Europe are also affected," the spokeswoman said in an email. "We are taking the matter very seriously."

South Korea also planned to test Volkswagen cars to make sure they were in compliance with pollution rules, according to news reports.

More than half of all vehicles sold in Europe are diesels, which are popular because they typically offer better fuel economy than gasoline. European Union pollution rules were more favorable to diesels than United States rules, but they have been progressively tightened. The most recent standard, known as Euro 6, took effect for all new cars sold on Sept. 1.

Technology exists to reduce the amount of nitrogen oxides emitted by diesels. But the technology also tends to reduce fuel economy as well as performance. The software installed by Volkswagen on vehicles sold in the United States avoided this trade-off, which could have come as a disappointment to American customers, by scaling back pollution controls when the car was not being tested.

The accusations by the E.P.A. are a blow to Volkswagen's efforts to build up its meager market share in the United States, in part by promoting "clean diesel" technology.

The silver lining for Volkswagen, though, may be that its most profitable vehicles in the United States are Porsche and Audi cars not affected by the E.P.A. action. The cars affected are Volkswagen Golf, Jetta, Beetle and Passat models from 2009 through 2015 that are equipped with 2-liter diesel engines.

Another silver lining for Volkswagen may be that diesel powered cars account for only a

tiny fraction of sales in China, which is the company's largest market.

Among Audi models, only the compact A3 is affected in the United States. The A3 accounted for less than a fifth of the 111,000 vehicles that Audi sold in the United States from January through August, and only a fraction of those A3s would have been equipped with diesels.

The E.P.A. said on Friday that Volkswagen would be required to recall the affected vehicles for repairs to make them compliant with smog regulations. Car owners would not have to pay for the repairs. Many owners may not bother, though, because the changes are likely to reduce fuel consumption and performance.

John Schilling, a Volkswagen spokesman, said on Sunday that the company would stop selling 2015 and 2016 Volkswagen and Audi models equipped with the 2-liter diesel engines, which the company had marketed as "clean diesel." The company will also stop selling used cars that have the engines, Mr. Schilling said.

He said he did not know how many models would be stuck on dealer lots as a result of the decision. This month, Volkswagen had said that 23 percent of new cars sold in August in the United States were diesels, or 7,400 vehicles. Some diesels, such as those used in Volkswagen S.U.V.s, are not affected by the E.P.A. action.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 10:54 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

AP (via US News & World Report)
http://www.usnews.com/news/business/articles/2015/09/21/vw-stock-crashes-after-admitting-it-rigged-us-emission-tests

Faulty Tests Cost VW Billions
By FRANK JORDANS and PAN PYLAS, Associated Press

BERLIN (AP) — Around 15 billion euros ($16.9 billion) was wiped off the market value of Volkswagen AG on Monday following revelations that the German carmaker rigged U.S. emissions tests for about 500,000 diesel cars.

By midday trading in Frankfurt, Volkswagen's share price was 19.3 percent lower at a three-year low of 130.20 euros. Its dramatic fall weighed heavily on Germany's main stock index, the DAX, which underperformed its peers in Europe with a 0.6 percent decline.

Volkswagen's market woes Monday follow a weekend that saw the company's reputation for probity seriously damaged by revelations from the Environmental Protection Agency in

the U.S. that it had skirted clean air rules. All told, the EPA indicated that VW faces fines that could run up to more than $18 billion.

The EPA said VW used a device programmed to detect when the cars are undergoing official emissions testing. The software device then turns off the emissions controls during normal driving situations, allowing the cars to emit more than the legal limit of pollutants.

Volkswagen marketed the diesel-powered cars, which account for about 25 percent of sales, as being better for the environment. The cars, built in the last seven years, include the Audi A3, VW Jetta, Beetle, Golf and Passat models.

"The company will have to recall nearly 500,000 affected cars, which will cost it millions of dollars, and that's even before the damage to its brand and potential fines," said Michael Hewson, chief market analyst at CMC Markets.

The agency has ordered VW to fix the cars at its own expense but said car owners do not need to take any immediate action. The EPA insisted that the violations do not pose any safety hazard and said the cars remain legal to drive and sell while Volkswagen comes up with a plan to recall and repair them. However, it said the cars posed a threat to public health.

The EPA also indicated the scale of the fines that could be imposed on VW. It said the carmaker could be hit up to $37,500 per vehicle for the violations — a total of more than $18 billion. The California Air Resources Board is also investigating.

Volkswagen has had a difficult year, its share price having fallen from over 250 euros amid signs of faltering sales in the U.S. and China.

VW edged out Toyota to become the world's top-selling automaker the first half of 2015. But a hit to its reputation from the emissions revelations could hamper its efforts at a sales rebound in the U.S.

If other regulatory authorities decide VW has a case to answer, then the carmaker faces the potential for even bigger fines.

"The news so far revolves around the U.S. impact, but if European investigators become interested the potential penalties could multiply very quickly," said Chris Beauchamp, senior market analyst at IG.

Washington Examiner:
http://www.washingtonexaminer.com/volkswagen-sorry-promises-probe-on-epa-violations/article/2572497

Volkswagen 'sorry,' promises probe on EPA violations
By DANIEL CHAITIN (@DANIELCHAITIN7) • 9/20/15 3:23 PM

Volkswagen apologized Sunday following allegations by the Environmental Protection Agency and the state of California that hundreds of thousands of diesel cars made by the German automaker are breaking emissions laws in the United States.

"The Board of Management at Volkswagen AG takes these findings very seriously," wrote Martin Winterkorn, CEO of Volkswagen. "I personally am deeply sorry that we have broken the trust of our customers and the public. We will cooperate fully with the responsible agencies, with transparency and urgency, to clearly, openly, and completely establish all of the facts of this case. Volkswagen has ordered an external investigation of this matter."

On Friday, the EPA and California charged Volkswagen with willfully installing software in its 4-cylinder diesel cars that would allow cars to bypass emission standards. The cars cited for violations include signature Volkswagen cars manufactured between 2009 and 2015, including the Jetta, Passat, Beetle and Golf, as well as the A3 from Audi, Volkswagen's luxury line.

All together, about 482,000 diesel passenger cars sold in the United States since 2008 are included in the allegations.

The statement promises that Volkswagen will "re-establish trust" it may have lost and that the company will reverse any damage done.

"We do not and will not tolerate violations of any kind of our internal rules or of the law," Winterkorn added.

The EPA issued a notice of violation to Volkswagen, while the state of California sent an In-Use Compliance letter. Both the EPA and the California Air Resources Board are conducting separate investigations into the alleged misbehavior.

Recalls are likely, and the combined fines could add up to $18 billion if the result of the investigations support the allegations.

The EPA alleges that the Volkswagen cars are fitted with software to trick emission testers, but that under normal operation emit nitrogen oxides at up to 40 times the standard. Under the Clean Air Act, such an instrument is classified as a "defeat device."

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, EPA assistant administrator for the Office of Enforcement and Compliance Assurance. "Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters."

The Epoch Times:

http://www.theepochtimes.com/n3/1755607-volkswagen-circumvents-epa-rule-its-not-the-first-time/

Volkswagen Skirts EPA Rules; It's Not the First Time
By Arleen Richards

Volkswagen Group of America admitted to sidestepping clean air standards after the EPA and California's clean air watchdog confronted the German automaker with evidence of high in-use emissions from light-duty diesels.

On Friday, Sept. 18, the EPA slapped VW with a notice of violation for using sophisticated software to circumvent national emissions standards. The software, which the EPA calls a "defeat device," is designed to implement full emissions control systems when the car is undergoing state emissions testing. During normal driving, the emissions control is turned off, permitting the significantly harmful diesel fumes to be expelled—40 times more than allowed under the Clean Air Act. VW and the California Air Resources Board (CARB) have both initiated investigations.

Volkswagen CEO Dr. Martin Winterkorn, on Sunday, apologized for breaking the public's trust and vowed to cooperate fully with agency investigations.

He ordered an internal investigation, saying in a statement, "We do not and will not tolerate violations of any kind of our internal rules or of the law."

But this episode is not the first time the EPA or CARB has had run-ins with VW. In the past, both agencies charged VW with similar violations, which resulted in penalties.

Defective Oxygen Sensors
VW previously failed to report its discovery of emission defects in at least 329,000 of its 1999, 2000, and 2001 Golf, Jetta, and New Beetle vehicles.

In May 2001, after conducting a random test, the EPA identified a problem with tailpipe emissions in the 1999 model vehicles caused by a failed oxygen sensor. It turns out, VW knew about the problem for a year already—since it had received numerous warranty claims associated with cracked oxygen sensors—but failed to report it. According to the Clean Air Act, any emission-related defect found in 25 vehicles or engines of the same model year has to be reported within 15 days.

VW spent $26 million in January 2002 to recall all the vehicles and replace or repair the part. Another estimated $660,000 was spent on an enhanced defect tracking system.

The EPA finally settled its case with VW in 2005, penalizing the delinquent car maker $1.1 million.

The state of California has been working closely with the EPA in testing VW cars and issued a separate notice of violation to VW in the current case.

California has been a leader in clean energy investments and set the stage in 2006 for transitioning to a sustainable, low-carbon future with the passage of AB 32, a law requiring sharp reduction in greenhouse gases. Since then, several legislative initiatives have been implemented to build the next generation of clean, fuel-efficient cars.

The CARB implements the state's vehicle regulations through a vigorous certification process, as well as compliance and enforcement programs. It regularly tests vehicles to ensure compliance with air quality standards.

In 2004, VW settled a case with CARB for $552,500 for selling cars in California that had not been properly certified. VW admitted to selling 84 new 2002 vehicles from several retail locations throughout the state, attributed to an error in its electronic ordering system.

The EPA is expected to compel VW to issue a recall notice in order to remedy the current emissions problem, which could take up to a year after identifying the appropriate corrective action and a recall plan.

Jalopnik:
http://jalopnik.com/volkswagen-tells-dealers-to-halt-sales-of-new-tdi-cars-1731923302

Volkswagen Tells Dealers To Halt Sales Of New TDI Cars Amid Diesel Cheating Scandal
Alanis King

Following the government investigation of Volkswagen's diesel emissions, The Detroit News reports the automaker ordered its U.S. dealerships to halt sales of new 2016 and remaining 2015 TDI car models with 2.0-liter diesel engines.

According to the Environmental Protection Agency and California Air Resources Board, VW dodged federal emissions requirements for some 482,000 of its diesel cars — including the Passat, Jetta, Golf, Beetle, SportWagens and Audi A3 — manufactured from 2009 to 2015. The models contain a "defeat device" which exists to detect when the car is under testing conditions, allowing for it to activate the full emissions-control systems only in those circumstances.

In other words, environmental officials say that the street cars are emitting between 10 and 40 times the amount of allowable nitrogen oxide pollution, which is not only illegal but harmful to both the environment and public.

The EPA is taking action on 2016 diesel models. Christopher Grundler, director of the EPA Office of Transportation of Air Quality, said that the government will not grant VW a "certificate of conformity" to sell the 2016 models with 2.0-liter diesel engines, meaning they cannot be sold.

VW dealers have been waiting for the 2016 models to replenish showrooms. Most U.S. VW

dealers don't have any remaining 2015 diesel cars to sell.

VW is barred from selling 2016 model vehicles with the 2.0 liter diesel engine until "they get answers to the questions of how these vehicles are being operated. Volkswagen couldn't explain why we're getting these excess emissions," Grundler said.

Meanwhile, whatever 2015 models remain on lots have also been ordered not to be sold. As Automotive News notes, four-cylinder TDI models account for 20 to 25 percent of VW's U.S. sales, so this is going to hurt.

In addition, VW has ordered an outside investigation to find out what happened and "reverse the damage this has caused," CEO Martin Winterkorn said in an apologetic statement.

According to the EPA, the agency is now checking to see if other automakers are bypassing the laws on diesel engines as well.

While no official recall is underway just yet, the News reports:

EPA said VW violated federal law and, in theory, could face fines of up to $18 billion — $37,500 per vehicle — as well as criminal prosecution. Both agencies issued notices of non-compliance to VW Friday, a step necessary before ordering a recall.

The EPA will not take action to stop VW owners from driving their personal cars until a solution is made available, but VW did remove its "clean diesel" advertisements from YouTube and television.

CBC News (Canada):
http://www.cbc.ca/news/business/volkswagen-emissions-rigging-1.3236548

Volkswagen shares plunge on emissions rigging scandal
Consumer Reports suspends 'recommended' rating for Jetta and Passat diesels
CBC News Posted: Sep 21, 2015 9:00 AM ET Last Updated: Sep 21, 2015 9:00 AM ET

Volkswagen's CEO apologized but investors were not in a forgiving mood as the company's stock plunged almost 20 per cent Monday following revelations late last week that the automaker had rigged emissions tests for almost 500,000 diesel cars in the U.S.

"I personally am deeply sorry that we have broken the trust of our customers and the public," Martin Winterkorn said in a weekend statement.

On Friday, the U.S. Environmental Protection Agency (EPA) revealed that half a million diesel-powered VWs had been programmed to bypass emission controls except during emissions tests. The cars include the Audi A3, VW Jetta, Beetle, Golf and Passat models made in the last seven years.

The EPA ordered VW to fix the cars and VW said it would co-operate with regulators. But the damage to the automaker's image is nothing less than catastrophic.

VW had marketed its diesel-powered cars as being better for the environment. The Associated Press reports, citing an anonymous source with knowledge of the matter, that VW has told dealers to stop selling its 2015 diesel cars with 2.0-litre engines.

The EPA said the VW cars under investigation seemed to pass emissions tests, but in the real world, were actually emitting up to 40 times the national standard for nitrogen oxide, which is linked to asthma and lung illnesses.

Consumer Reports announced it would remove its "recommended" rating from the Jetta and Passat diesels until it can retest the vehicles.

VW could face fines of up to $18 billion US, according to the EPA.

Volkswagen shares plunged 19.4 per cent in Monday trading in Germany, chopping $21 billion Cdn from the market value of the company.

"The company will have to recall nearly 500,000 affected cars, which will cost it millions of dollars, and that's even before the damage to its brand and potential fines," said Michael Hewson, chief market analyst at CMC Markets.

Diesel-powered models account for about a quarter of VW's sales.

Impact in Canada unclear

At this point, it isn't clear what the revelations mean for owners of VW diesels in Canada. Volkswagen Canada told CBC News on Friday that it first learned of the EPA action earlier that morning. It said it would co-operate with Environment Canada "to understand the implications for the Canadian market and what actions, if any, may be required in Canada."

Environment Canada, for its part, said it was in talks with the EPA "to further examine this issue and assess potential implications for Canada." Environment Canada also said it collaborates on emissions verification activities with the U.S. EPA "to ensure our common environmental outcomes are achieved," and pointed out that its emissions standards are aligned with U.S. standards.

The EPA and Environment Canada both stressed that the effectiveness of a vehicle's air pollutant control devices is not a safety issue. The cars remain legal to drive.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 10:35 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn,

John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

NY Times:
http://www.nytimes.com/2015/09/21/business/international/volkswagen-chief-apologizes-for-breach-of-trust-after-recall.html?_r=0

Volkswagen to Stop Sales of Diesel Cars Involved in Recall
By JACK EWING and CORAL DAVENPORTSEPT. 20, 2015

FRANKFURT — Volkswagen said on Sunday that it would halt sales of cars in the United States equipped with the kind of diesel motors that had led regulators to accuse the German company of illegally installing software to evade standards for reducing smog.

John Schilling, a Volkswagen spokesman, said that the company would stop selling 2015 and 2016 Volkswagen and Audi models equipped with 4-cylinder turbo diesel engines, which the company has marketed as "clean diesel." The company will also stop selling used cars that have the engines, Mr. Schilling said.

He said he did not know how many models would be stuck on dealer lots as a result of the decision. Earlier this month, Volkswagen had said that 23 percent of new cars sold in August in the United States were diesels, or 7,400 vehicles.

The confirmation of the halt in sales came on the same day that Martin Winterkorn, the chief executive of Volkswagen, apologized for conduct that prompted the Environmental Protection Agency to order Volkswagen to recall nearly half a million vehicles.

An employee on the Audi A3 limousine. The recall involves four-cylinder Volkswagen and Audi vehicles from the model years 2009 to 2015. Credit Szilard Koszticsak/European Pressphoto Agency
Volkswagen could face billions of dollars in fines for what the E.P.A. said was a deliberate attempt to evade rules on emissions. The decision to stop sales was first reported by The Wall Street Journal.

"I personally am deeply sorry that we have broken the trust of our customers and the public," Mr. Winterkorn said in a statement.

He said the company would "cooperate fully" with the authorities and order its own independent investigation into the accusations.

In his statement, Mr. Winterkorn did not contest assertions by the E.P.A. that Volkswagen sold cars equipped with software that could detect when periodic state government emissions testing was taking place.

Only during such tests are the cars' full emissions control systems turned on. During normal

driving situations, the controls were turned off, allowing the cars to spew as much as 40 times the pollution allowed under the Clean Air Act, the E.P.A. said.

Diesel-driven cars have enjoyed something of a renaissance in recent years, shedding much of their old stigma for being dirty, clanky and sluggish to drive, said Karl Brauer, an analyst at Kelley Blue Book. And in the United States, he said, Volkswagen has clearly led the pack — offering diesel vehicles that performed just like their gasoline counterparts.

"Now, we have to wonder if the technology really advanced as far as we thought at VW," Mr. Brauer said. "They must have had a problem making it work in a way that delivered truly clean diesel. At least clean enough to meet the regulations."

Mr. Brauer said the higher nitrous oxide emissions probably allowed better drivability. Fuel economy also improves with more nitrous emissions, and engines can run cooler, and thus wear out more slowly.

"They must have had a mix of performance, economy and durability that they liked, but realized they couldn't achieve that and still get the emissions," he said.

Diesels in particular are known — and marketed — these days as having tremendous torque, or low-end thrust from a stop. If achieving the required emissions affected the torque, making it anemic, then "drivers are going to scratch their heads, thinking, isn't this why I got a diesel?" Mr. Brauer said.

Volkswagen was going through a difficult period even before the accusations became public on Friday. Mr. Winterkorn recently survived a power struggle with the chairman of Volkswagen's supervisory board, Ferdinand Piëch, a scion of the Porsche family who dominated the company for more than two decades before resigning in April.

Following Mr. Piëch's departure, some analysts have raised questions about whether Mr. Winterkorn would be strong enough to hold together the sprawling Volkswagen empire, which also includes Audi and Bentley luxury cars, Porsche and Lamborghini sports cars, Scania and MAN heavy trucks, and Ducati motorcycles.

Although Volkswagen recently surpassed Toyota as the world's biggest automaker measured by the number of cars sold, it is significantly less profitable than its Japanese rival and far weaker in the United States market.

A push by Volkswagen to increase sales in the United States, which included building a factory in Chattanooga, Tenn., to produce Passat sedans, has fallen short.

"For Volkswagen, it's a huge scandal," said Ferdinand Dudenhöffer, a professor at the University of Duisburg-Essen, who follows the automobile industry. "The timing is extremely unfortunate."

Professor Dudenhöffer said the case could damage all German automakers, which have

tried to build acceptance in the United States for diesel engines, a sector in which they believe they have a technological lead.

Until recently, Professor Dudenhöffer said, the United States applied stricter standards to diesel engines than those applied by European regulators. But the European authorities, concerned about the health effects of diesel pollution, have tightened standards, prompting complaints from the auto industry.

Professor Dudenhöffer said that as a result of the E.P.A. action, Mr. Winterkorn could come under pressure to resign.

"Winterkorn was already damaged," Professor Dudenhöffer said. "Now there is an accusation of illegal behavior. This story is not over."

E.P.A. officials issued the car company a notice of violation and said it had admitted to the use of a so-called defeat device.

The recall involves 4-cylinder Volkswagen and Audi vehicles from the model years 2009 to 2015.

The software was designed to conceal the cars' emission of nitrogen oxide, a pollutant that contributes to the creation of ozone and smog, which are linked to a range of health problems, including asthma attacks, other respiratory diseases and premature death.

Disengaging the pollution controls on a diesel-fueled car can yield better performance, including increased torque and acceleration.

California has issued a separate notice of violation to the company. California, the E.P.A. and the Justice Department are working together on an investigation of the allegations.

Over the next year, E.P.A. officials said, owners of the affected vehicles should expect to receive recall notices from Volkswagen, including information about how to get their cars repaired at no cost to them. The recall covers roughly 482,000 diesel passenger cars sold in the United States since 2009.

Affected diesel models include the 2009-15 Volkswagen Jetta, 2009-15 Beetle, 2009-15 Golf, 2014-15 Passat and 2009-15 Audi A3.

The American investigation could ultimately result in fines or penalties for the company. Under the terms of the Clean Air Act, the Justice Department could impose fines of as much as $37,500 for each recalled vehicle, for a possible total penalty of as much as $18 billion.

The notice of violation came days after the company promoted plans at the Frankfurt International Motor Show to introduce 20 plug-in hybrid or all-electric vehicles by 2020 as part of a campaign to reduce vehicle emissions.

Mr. Winterkorn said in his statement on Sunday that Volkswagen would "do everything necessary in order to reverse the damage this has caused."

"This matter has first priority for me, personally," he said, "and for our entire board of management."

Financial Times:
http://www.ft.com/intl/cms/s/0/c4f4745c-5f98-11e5-9846-de406ccb37f2.html#axzz3mNpq5JFM

VW apologises for cheating US car exhaust emissions tests
Andy Sharman in London

The chief executive of Volkswagen has apologised and ordered an external investigation into findings that the carmaker cheated on US emissions tests to make its vehicles appear less polluting.

In a statement on Sunday, Martin Winterkorn, chief executive of the German carmaker, said the board of management took the findings "very seriously".

He added: "I personally am deeply sorry that we have broken the trust of our customers and the public. We will co-operate fully with the responsible agencies, with transparency and urgency, to clearly, openly and completely establish all of the facts of this case."

The Environmental Protection Agency on Friday said diesel variants of several VW and Audi models sold in the US over six years — including the VW Passat, Beetle and Audi A3 — had been fitted with sophisticated algorithms designed to deceive the laboratory testing regime.

The authorities ordered VW to recall 482,000 cars because of the use of so-called defeat devices — which use software to detect when the car is being tested and runs treatments to reduce nitrogen oxides. Once out on the road, the cars were discovered to produce pollutants up to 40 times the legal limits.

The discovery leaves the German carmaker — which has admitted to using the defeat devices — potentially facing billions of dollars in fines and warranty costs, possible criminal charges for executives and class-action lawsuits from US drivers.

Mr Winterkorn did not say who would be carrying out the external investigation, and the company declined to provide further details.

It was Mr Winterkorn's first formal statement on an issue that also threatens to seriously undermine its attempts to turnround its sputtering performance in the US.

Max Warburton, analyst at Bernstein Research, said: "The best case for VW is probably

still a multibillion-dollar fine, pariah status in the US with government — and possibly consumers — [and] damage to its leading position in diesel in the US."

VW now has to initiate a process to fix the cars' emissions systems, though the EPA has said the violations do not present a safety hazard and the vehicles remain legal to drive and resell. Owners of cars of models covering the 2009-2015 period do not need to take any action, the agency said.

I personally am deeply sorry that we have broken the trust of our customers and the public. We will co-operate fully with the responsible agencies, with transparency and urgency, to clearly, openly, and completely establish all of the facts of this case
- Martin Winterkorn, VW chief

In addition to the costs of the recall campaign, VW could theoretically also face fines of up to $37,500 per vehicle — a total of more than $18bn — though analysts have said VW is likely to face a much lower penalty.

The case is a rare but not unique example of this type of manipulation by the motor industry. In 1998, a group of truckmakers including Navistar, Renault and Volvo paid more than $1bn to resolve claims they installed defeat devices on heavy duty diesel engines. These devices allowed an engine to pass the emissions test, but then turn off emission controls when on the road, the EPA said at the time.

The EPA has been active in the past year, securing a record $300m settlement with Hyundai and Kia over claims the Korean affiliates overstated the fuel economy of their cars.

The Guardian:
http://www.theguardian.com/business/2015/sep/20/vw-software-scandal-chief-apologises-for-breaking-public-trust

VW software scandal: chief apologises for breaking public trust
Martin Winterkorn orders external investigation after US regulators found cars gave inaccurate data on toxic emissions

Volkswagen has ordered an external investigation after US regulators found that the carmaker designed software for close to half a million diesel cars that gave false emissions data, its CEO said, adding he was "deeply sorry" for the violation of US rules.

"I personally am deeply sorry that we have broken the trust of our customers and the public," Martin Winterkorn said in a statement published on Sunday by the carmaker on Sunday. "Volkswagen has ordered an external investigation of this matter."

The US Environmental Protection Agency (EPA) said on Friday the software deceived regulators measuring toxic emissions, adding that Volkswagen could face fines of up to $18bn (£11.5bn) as a result. The carmaker could face penalties of $37,500 for each car not

in compliance with clean air rules. The diesel-powered models from 2009-2015 are the VW Jetta, Beetle and Golf, the Passat model from 2014-15, and the Audi A3 from 2009 to 2015.

"We do not and will not tolerate violations of any kind of our internal rules or of the law," said Winterkorn, adding the company was fully co-operating with the relevant agencies. He gave no details on who would carry out the external investigation.

Cynthia Giles, an enforcement officer at the EPA, said on Friday that the cars in question "contained software that turns off emissions controls when driving normally and turns them on when the car is undergoing an emissions test".

"VW was concealing the facts from the EPA, the state of California and from consumers. We expected better from VW," she said. "Using a defeat device in cars to evade clean air standards is illegal and a threat to public health."

The EPA accused Volkswagen of using the device in 482,000 four-cyclinder Volkswagen and Audi diesel cars in the US since 2008. VW must recall all the cars, remove the defeat device and improve the cars' NOx emissions, which creates smog and has been linked to increased asthma attacks and other respiratory illnesses.

The feature, which the EPA called a defeat device, masks the true emissions only during testing and therefore when the cars are on the road they emit as much as 40 times the level of pollutants allowed under clean air rules meant to ensure public health is protected, said Giles.

Volkswagen suspended sales of cars containing the company's four-cylinder turbo direct injection (TDI) engine on Friday in light of the investigation. The "clean diesel" engine is commonly used in models including VW's Beetle, Golf, Jetta, Passat and the A3 luxury compact made by VW-owned Audi.

Richard Corey, executive officer of the California Air Resources Board (Carb), said on Friday: "Our goal now is to ensure that the affected cars are brought into compliance, to dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules, and to take appropriate further action."

The EPA and Carb discovered the defeat device software following independent analysis by researchers at West Virginia University, who were promoted into action by the International Council on Clean Technology, an NGO.

When confronted with the EPA and Carb's evidence, VW admitted that its cars were fitted with the defeat device.

The crackdown on Volkswagen comes as the Obama administration is attempting to cut air pollution from an array of sources, including the vehicle industry, power plants and oil and natural-gas providers. The EPA set new carbon rules for big trucks earlier this year and has told all vehicle makers they must sell light vehicles averaging 54.5 miles a gallon by 2025.

In Europe, new laws have forced manufacturers to test their cars under real world conditions and not in laboratories, helping to reduce unrealistic claims about emissions. By 2017 all new cars will have to be more stringently tested, effectively ending an era when car makers could exaggerate the performance of their machines.

UK car industry group the SMMT claims that, because of European legislation to cut tailpipe pollution, Britain's air quality is better now than it has been for centuries.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 10:26 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

The Hill:
http://thehill.com/policy/energy-environment/254323-volkswagen-head-apologizes-for-epa-accusations

Volkswagen head apologizes after EPA accusations
By Timothy Cama - 09/20/15 01:28 PM EDT

The head of German automaker Volkswagen Group apologized Sunday after allegations surfaced that his company deliberately tried to evade United States air pollution laws.

Martin Winterkorn, the company's chief executive officer, said he was "deeply sorry" for violating the trust of customers and the public, and said that Volkswagen had ordered an external investigation into the matter.

Volkswagen faces up to $18 billion in fines for the violations under the Clean Air Act, under which the Environmental Protection Agency (EPA) sets air pollution rules for motor vehicles.

"We will cooperate fully with the responsible agencies, with transparency and urgency, to clearly, openly, and completely establish all of the facts of this case," Winterkorn said in a Sunday statement

"We do not and will not tolerate violations of any kind of our internal rules or of the law."

Winterkorn stopped short of admitting to the EPA's allegations.

On Friday, the EPA said it had discovered that about 482,000 diesel vehicles sold by VW and its subsidiary Audi in the United States had "defeat devices" that detect when the vehicle is undergoing an EPA emissions test and turn on equipment that controls output of nitrogen oxides to acceptable levels.

At all other times, the EPA said, the vehicles emitted more pollutants, sometimes exceeding allowable volumes by 40 times.

The agency has not yet officially charged Volkswagen with any civil or criminal penalties, nor did it order any recalls of the affected vehicles. California, which has its own emissions regulations, is also accusing the company of violating air rules.

"We at Volkswagen will do everything that must be done in order to re-establish the trust that so many people have placed in us, and we will do everything necessary in order to reverse the damage this has caused," Winterkorn said, adding that the issue is the top priority for him and the entire management team.

Reuters:
http://www.reuters.com/article/2015/09/21/usa-volkswagen-idUSL1N11R0L020150921

Volkswagen could face $18 billion penalties from EPA
WASHINGTON | BY TIMOTHY GARDNER

Volkswagen AG could face penalties up to $18 billion after being accused of designing software for diesel cars that deceives regulators measuring toxic emissions, the U.S. Environmental Protection Agency said on Friday.

"Put simply, these cars contained software that turns off emissions controls when driving normally and turns them on when the car is undergoing an emissions test," Cynthia Giles, an enforcement officer at the EPA, told reporters in a teleconference.

Volkswagen can face civil penalties of $37,500 for each vehicle not in compliance with federal clean air rules. There are 482,000 four-cylinder VW and Audi diesel cars sold since 2008 involved in the allegations. If each car involved is found to be in noncompliance, the penalty could be $18 billion, an EPA official confirmed on the teleconference.

A U.S. Volkswagen spokesman said the company "is cooperating with the investigation; we are unable to comment further at this time."

The feature in question, which the EPA called a "defeat device," masks the true emissions only during testing and therefore when the cars are on the road they emit as much as 40 times the level of pollutants allowed under clean air rules meant to ensure public health is protected, Giles said.

The EPA accused Volkswagen of using software in four-cylinder Volkswagen and Audi diesel cars from model years 2009 to 2015 made to circumvent emissions testing of certain air pollutants.

The cars are not facing recall at this time, the EPA said.

The diesel-powered vehicles involved from the 2009 to 2015 model years are the VW Jetta, VW Beetle, VW Golf and the Audi A3, as well as the VW Passat from model years 2014 and 2015.

Christian Post:
http://www.christianpost.com/news/volkswagen-to-recall-almost-500000-cars-in-the-us-over-epa-violation-145778/

Volkswagen to recall almost 500,000 cars in the US over EPA violation
BY LORRAINE CABALLERO , CHRISTIAN POST CONTRIBUTOR

Volkswagen will recall almost 500,000 vehicles released from 2009 to 2015 in the United States after the carmaker allegedly violated the law by using illegal software, which helped it go past environmental restrictions.

The Environmental Protection Agency (EPA) said Volkswagen broke the law by installing a "defeat device" in Volkswagen and Audi units with four-cylinder turbo diesel engines released from the year 2009 to 2015. Under normal driving conditions, the emission control devices installed in the said cars worked with reduced efficacy, according to the Dispatch Times.

In the wake of the violation, Volkswagen chief executive Martin Winterkorn delivered a statement apologizing to their customers and vowing to cooperate with EPA's investigation. However, he did not deny the allegations regarding the illegal software, the International Business Times reports.

"I personally am deeply sorry that we have broken the trust of our customers and the public," said Winterkorn in his statement.

Because of the notice of violation from the EPA, Volkswagen is now facing penalties amounting to more than $18 billion, or around $37,500 per unit, based on the U.S.A. federal Clean Air Act. EPA and CARB discovered the illegal software after researchers at the West Virginia University conducted an independent study in cooperation with the global Council on Clean Transportation, the report adds.

Volkswagen has been struggling to sell cars in the United States because of the rising cases of asthma and other respiratory illnesses caused by air pollutants. The diesel vehicles affected by the recall were being counted on to pull up the company's sales in the United States.

Based on the findings of the EPA, Volkswagen had included a certain algorithm in the cars' emissions software that could detect when an emission test is being conducted.

Owners of the diesel cars affected by the recall will be notified by Volkswagen by next

year, EPA said. Until Consumer Reports can "retest" the said cars, the recommended rating for the Passat, Jetta, Golf, Beetle, and Audi A3 luxury compact will remain on hold, the report relays.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 10:14 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

AP (via Boston Globe):
https://www.bostonglobe.com/business/2015/09/20/chief-sorry-after-epa-says-firm-skirted-clean-air-law/3NNTCf2cVxUI1qYNBfMe7L/story.html

Volkswagen chief apologizes for rigging tests of emissions
By Paul Wiseman and Tom Krisher ASSOCIATED PRESS SEPTEMBER 21, 2015

WASHINGTON — The chief executive of Volkswagen apologized Sunday and VW customers said they felt duped after the Environmental Protection Agency revealed that the German automaker had skirted clean air rules by rigging emissions tests for about 500,000 diesel cars.

''I personally am deeply sorry that we have broken the trust of our customers and the public,'' Volkswagen chief Martin Winterkorn said in a statement. He said VW has ordered an investigation and promised that the company would cooperate with regulators.

On Friday, the EPA said VW used software that allowed its diesel cars to release fewer smog-causing pollutants during tests than in real-world driving conditions.

The cars, built in the last seven years, include the Audi A3, VW Jetta, Beetle, Golf, and Passat models. The agency ordered VW to fix the cars at its own expense. VW also faces fines that could add up to billions of dollars.

VW edged out Toyota to become the world's top-selling automaker in the first half of 2015. But a hit to its reputation from the emissions revelations could hamper its efforts at a sales rebound in the United States. Between 2013 and 2014, VW sales plummeted 10 percent, even as overall industry sales rose 6 percent. US buyers want SUVs, and Volkswagen doesn't have competitive vehicles to offer them.

The magazine Consumer Reports almost immediately suspended its ''recommended'' rating on the Jetta and Passat diesels until it can get recall repairs and retest the cars.

Volkswagen marketed the diesel-powered cars, which account for about 25 percent of its sales, as being better for the environment. After the EPA acted, VW withdrew ads for its

diesel cars from Youtube.com and asked dealers to stop selling 2015 diesel cars with 2.0-liter engines, according to a person familiar with the matter.

Some VW customers were furious.

Zeeshan Shah, 39, of Fulton, Md., said that he bought a Volkswagen Diesel Passat 2015 in July after he totaled his Jetta two years ago.

''The selling point" for the Diesel Passat was that the technology was so good, he said. Now, Shah plans to return the car back to the dealer to have it examined and doesn't want to buy another Volkswagen. ''Once they cheat you on this issue, what other issues can they cheat you on?'' he said. ''You don't trust them.''

John German, senior fellow at the International Council on Clean Transportation, the group that blew the whistle on VW, said it didn't expect to find any violators when it contracted with West Virginia University to test cars with diesel engines.

The council, a research group that helps governments write regulations, did the US tests in an effort to show that automakers were complying with US nitrogen oxide emissions standards, which are stricter than in other countries, he said.

The EPA said VW faces fines of up to $37,500 per vehicle for the violations, a total of more than $18 billion.

WSJ:
http://www.wsj.com/articles/volkswagen-ceo-apologizes-after-epa-accusations-1442754877

Volkswagen Halts U.S. Sales of Certain Diesel Cars
Auto maker also begins external probe after EPA accuses company of dodging emissions rules
By WILLIAM BOSTON, AMY HARDER and MIKE SPECTOR
Updated Sept. 20, 2015 8:57 p.m. ET

Volkswagen AG's crisis over allegedly cheating on U.S. emissions tests deepened, with the German auto maker halting American sales of popular diesel-powered cars and issuing a sweeping apology for violating customers' trust.

It also launched an external investigation. Shares in the company slumped more than 20% in early trading Monday in response to the crisis.

The company could face billions of dollars in fines and the crisis could further weaken Volkswagen Chief Executive Martin Winterkorn's position. He narrowly survived efforts by a major shareholder to oust him earlier this year and was passed over for the chairman's job, the company's top post, this month.

"I personally am deeply sorry that we have broken the trust of our customers and the public," Mr. Winterkorn said in a statement issued by the company on Sunday, adding that VW is cooperating with authorities and has commissioned an external probe.

The U.S. is crucial in Volkswagen's efforts to become the world's leading auto maker by sales. The German company has built its campaign to grow in the U.S. market on a promise that its clean-diesel engines deliver better performance and low emissions. It is neck-and-neck with reigning sales leader Toyota Motor Corp. and overtook the Japanese car maker during the first half of this year. But the emissions test probes could stall its progress.

Even prior to the emissions issue, the auto maker's namesake Volkswagen brand has been battling declining sales in the U.S. market. And Audi AG, its luxury car maker, is finding it hard to catch up in the U.S. with rivals BMW AG and Daimler AG, which makes Mercedes-Benz vehicles.

On Friday, the U.S. Environmental Protection Agency and the California Air Resources Board alleged that Volkswagen used software, dubbed a "defeat device," in the cars to make diesel-powered engines appear to have lower levels of emissions than they actually did.

About 482,000 Volkswagen diesel-powered cars were affected.

The EPA probe could force Volkswagen and its Audi unit to recall thousands of vehicles that contain the company's "clean diesel" engines. The four-cylinder 2.0-liter turbo direct injection, or TDI, engine is commonly found in Volkswagen's Passat, Jetta, Golf, Beetle and in Audi's A3 luxury compact model.

A Volkswagen spokesman on Sunday said the auto maker halted the sale of all 2015 and 2016 models containing the four-cylinder 2.0 liter TDI engine. The EPA investigation affects cars sold since 2008. The company hasn't issued a recall, the spokesman said.

Realization that Volkswagen may have cheated to get better emissions results could undermine its U.S. recovery and further weaken its shares, which are down 37% from their peak on March 16, said analysts.

"There is no way to put an optimistic spin on this—this is really serious," said Max Warburton, an analyst with Bernstein Research. "The best case for VW is probably still a multi-billion dollar fine."

Consumer Reports, an influential magazine when it comes to car reviews, last week suspended "recommended" ratings on the auto maker's Jetta and Passat diesel-engine models after the EPA disclosed its allegations. Consumer Reports said the recommendations would be suspended until it can retest the vehicles once they are repaired. The magazine said it would then assess whether the cars' fuel economy worsened.

A production line at a Volkswagen plant in Wolfsburg, Germany. ENLARGE

A production line at a Volkswagen plant in Wolfsburg, Germany. PHOTO: REUTERS
Laurie Cleveland, a 54-year-old English teacher from Lowville, N.Y., said she bought a new 2015 VW Passat TDI over the Labor Day weekend. She isn't sure what to do now. She said it is her fourth Volkswagen diesel car since 2006.

"I feel like I've been deceived," she said. "I'm a person who likes to be environmentally friendly," she added.

Mr. Winterkorn on Sunday vowed to do "everything necessary" to regain public trust in the company.

"We do not and will not tolerate violation of any kind of our internal rules or of the law," he said. "This matter has first priority for me."

U.S. officials said Volkswagen violated two parts of the federal Clean Air Act and could face fines of as much as $37,500 per car, or more than $18 billion. It remained unclear whether the government would seek such an onerous penalty.

The EPA in November 2014 hit South Korean auto makers Hyundai Motor Co. and Kia Motors Corp. with a record $100 million penalty for overstating fuel-economy claims and forced the companies to cough up another $200 million in regulatory credits.

The EPA has said the vehicles remain safe and legal to drive. The agency is working with the Justice Department and an investigation is continuing.

Officials alleged that Volkswagen used software that activates full emissions controls only during testing but then reduces their effectiveness during normal driving. The result is that cars can emit nitrogen oxides at up to 40 times the allowable standard, the agency said. Diesel-powered cars are a small part of overall U.S. car and light-truck sales.

Experts say that the software enables cars to get better fuel economy at the expense of higher nitrogen-oxide emissions, which was likely one reason VW was using them, according to Margo Oge, who recently retired as director of the EPA's Office of Transportation and Air Quality after more than 30 years at the agency.

Volkswagen's apparent motivations on the emissions tests were unclear. An EPA spokeswoman has said it would be "premature to speculate on why VW did this."

A Volkswagen spokesman in Wolfsburg, Germany, on Sunday said, "We are now in the investigation phase and have no comment beyond what is in the statement that we published today."

California is separately investigating the auto maker.

The International Council on Clean Transportation, a nonprofit research organization that works with governments to cut air pollution from mobile sources, and West Virginia

University researchers uncovered Volkswagen's alleged use of defeat devices in research and testing over the last couple of years.

Reuters:
http://www.reuters.com/article/2015/09/20/us-usa-volkswagen-ceo-idUSKCN0RK0IK20150920

Volkswagen to halt U.S. sales of some 2015 diesel cars
FRANKFURT/HAMBURG | BY CHRISTOPH STEITZ AND JAN SCHWARTZ

Volkswagen (VOWG_p.DE) told U.S. dealers to halt sales of some 2015 diesel cars after regulators found software it designed for the affected vehicles gave false emissions data, the company said Sunday, announcing it had launched an investigation.

In a statement published by the carmaker on Sunday, Chief Executive Officer Martin Winterkorn said, "I personally am deeply sorry that we have broken the trust of our customers.

"Volkswagen has ordered an external investigation of this matter," he said.

The U.S. Environmental Protection Agency (EPA) said on Friday the software deceived regulators measuring toxic emissions, adding that Volkswagen could face fines of up to $18 billion as a result.

The Detroit News reported late Friday that VW dealers still had some 2015 diesel Jetta, Passat and Beetle cars for sale.

A VW representative on Sunday confirmed the partial halt of sales of the affected vehicles but did not give any numbers.

Winterkorn said, "We do not and will not tolerate violations of any kind of our internal rules or of the law," adding that the company was fully cooperating with the relevant agencies.

He gave no details on who would carry out the external investigation.

"This is not your usual recall issue, an error in calibration or even a serious safety flaw," Bernstein analysts wrote in a note on Sunday. "There is no way to put an optimistic spin on this - this is really serious."

Cynthia Giles, an enforcement officer at the EPA, said on Friday the cars in question "contained software that turns off emissions controls when driving normally and turns them on when the car is undergoing an emissions test".

The feature, which the EPA called a "defeat device," masks the true emissions only during

testing. When the cars are on the road, they emit as much as 40 times the level of pollutants allowed under clean air rules meant to ensure public health is protected, Giles said.

"We have admitted to it to the regulator. It is true. We are actively cooperating with the regulator," a Volkswagen spokesman said on Sunday.

Volkswagen could face civil penalties of $37,500 for each vehicle not in compliance with federal clean air rules. Some 482,000 four-cylinder VW and Audi diesel cars sold since 2008 are involved in the allegations.

If each car involved is found to be in noncompliance, the penalty could be $18 billion, an EPA official confirmed during the telephone conference on Friday.

Volkswagen peer Daimler, meanwhile, signaled it may not be subject to the same violation.

"I have a rough idea of what is happening and that it does not apply to us," Daimler Chief Executive Dieter Zetsche said on Sunday at an event in Hamburg.

"But it is much too early to make a final statement on this," he added.

USA Today:
http://www.usatoday.com/story/money/cars/2015/09/20/volkswagen-ceo-martin-winterkorn-apologizes-epa-clean-air-act-emissions-violations/72519678/

Volkswagen issues sales halt; CEO apologizes on emissions cheating
Nathan Bomey, USA TODAY 8:02 a.m. EDT September 21, 2015

Volkswagen has admitted cheating U.S. diesel emissions tests, sending company shares plunging as much as 23 percent in Frankfurt and potentially leaving the company open to billions of dollars in fines. Bloomberg

Martin Winterkorn ordered an external investigation after the EPA disclosed the violations.

Volkswagen's CEO said he is "deeply sorry" for violating U.S. emissions standards and ordered an external investigation Sunday, two days after the Environmental Protection Agency (EPA) accused the automaker of purposefully manipulating emissions tests for almost 500,000 vehicles.

The German automaker ordered its U.S. dealerships to stop selling cars impacted by the probe until its engineers can deliver a fix.

The EPA accused Volkswagen of installing software on 482,000 diesel cars in the USA that allowed it to cheat emissions tests, potentially exposing people to harmful pollutants at levels of 40 times the acceptable standard and respiratory conditions such as asthma.

"I personally am deeply sorry that we have broken the trust of our customers and the public," Martin Winterkorn, Volkswagen's CEO, said in a statement. "We will cooperate fully with the responsible agencies, with transparency and urgency, to clearly, openly and completely establish all of the facts of this case." Winterkorn pledged to regain the public's trust.

The violations could expose Volkswagen — the world's largest vehicle manufacturer through the first six months of 2015 — to up to $18 billion in federal fines if the EPA assesses the maximum possible penalty of $37,500 per vehicle.

The violations could invite charges of false marketing by regulators, a vehicle recall and payment to car owners, either voluntarily or through lawsuits. Volkswagen advertised the cars under the "Clean Diesel" moniker.

The state of California is investigating the emissions violations.

"We do not and will not tolerate violations of any kind of our internal rules or of the law," Winterkorn said. The company's board takes the allegations "very seriously," he said.

The EPA accused the German automaker of adopting what it called a "defeat device" to trick U.S. regulators into believing its cars met Clean Air Act standards for nitrogen oxides. Volkswagen admitted to investigators it had installed the defeat device, the EPA said.

The EPA said impacted cars include the 2009 to 2014 Volkswagen Jetta, Beetle and Golf, the 2014 and 2015 Volkswagen Passat and the 2009 to 2015 Audi A3.

Volkswagen told dealers they cannot sell the 4-cylinder diesel versions of those cars until a fix is available, Volkswagen spokesman Mario Guerreiro said Sunday.

The sales halt could put a significant dent in the company's September sales performance. About 20% of Volkswagen's vehicle sales are diesel engines, said AutoPacific analyst Dave Sullivan.

"It totally goes against all of the marketing they have had of a clean diesel," Sullivan said of the violations. "That's one of the biggest selling points for Volkswagen."

"The trust of our customers and the public is and continues to be our most important asset," Winterkorn said Sunday. "We at Volkswagen will do everything that must be done in order to re-establish the trust that so many people have placed in us, and we will do everything necessary in order to reverse the damage this has caused. This matter has first priority for me, personally, and for our entire Board of Management."

From: Gong, Kristiene
Sent: Friday, September 18, 2015 3:22 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert

Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Sacramento Bee:
http://www.sacbee.com/news/business/article35709432.html

Regulators order Volkswagen recalls over device used to trick smog tests
BY DALE KASLER

In a joint probe with California air regulators, the federal government Friday told Volkswagen to recall 480,000 diesel-fuel cars, charging the automaker with equipping the cars with software designed to circumvent pollution limits.

The U.S. Environmental Protection Agency and California Air Resources Board sent notices to the German automaker over its alleged use of something called a "defeat device," a piece of software that controls emissions during smog tests but not when the vehicles are actually on the road.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, assistant EPA administrator, in a prepared statement. "Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules."

The EPA sent Volkswagen a "notice of violation" and told car owners they can expect a recall notice. The agency said all repairs will be done at Volkswagen's expense. It added that the cars are safe to drive. The EPA has the authority to order automotive recalls.

Stanley Young, a spokesman for the ARB, said the federal and state agencies were first notified of the problem by independent researchers at West Virginia University and the International Council on Clean Transportation. Months of followup testing, including tests at an ARB lab in El Monte, confirmed the analyses.

Volkswagen officials in early September "admitted to CARB and EPA staff that these vehicles were designed and manufactured with a defeat device," according to an enforcement letter the California agency sent Friday to Volkswagen officials.

Young said "our major goal is to ensure that these cars come into compliance, that they're the same in the real world as they are on the test bench." The automaker eventually could face fines or other enforcement actions, he said.

The agencies plan to "dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules, and to take appropriate further action," said Richard Corey, executive officer of ARB, in a prepared statement.

The EPA said the recall affects VW Jettas, Beetles, Golfs and Audi A3s made in the 2009 to 2015 model years. It also covers VW Passats made in the 2014 and 2015 model years. Only

diesel cars are affected. Young said ARB believes there are as many as 50,000 affected vehicles on the road in California.

Under the federal Clean Air Act, California has the authority to set its own regulatory standards for car emissions.

Volkswagen of America spokesman Darryll Harrison Jr. said the company is cooperating with the federal and state agencies but had no further comment.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 3:10 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

The Atlantic:
http://www.theatlantic.com/technology/archive/2015/09/volkswagens-game-of-make-belief/406159/

Volkswagen's Game of Make-Believe
The company inserted a device into almost 500,000 cars meant to trick emissions testing, the EPA says.
ROBINSON MEYER

One of the great lessons of the pioneering computer scientist Alan Turing is this: Computers are only pretending machines. Software is always just imitating something else.

Volkswagen seems to have taken this maxim to new heights. The Environmental Protection Agency alleges that the company installed "defeat devices" in its four-cylinder Volkswagen and Audi-brand diesel cars from 2009 to 2015.

These devices, essentially, let the cars pretend to not break the law. The software could sense when the car was undergoing emissions testing and activate its pollution-control systems accordingly. When the car was being driven during normal use, these systems largely did not activate—making the car a much heavier polluter in real-life than it looked on paper.

With those systems deactivated, the car's emissions violated the Clean Air Act and California's state pollution-control regulation.

"Using a defeat device in cars to evade clean-air standards is illegal and a threat to public health," said Cynthia Giles, assistant administrator for the EPA's Office of Enforcement and Compliance Assurance, in a statement.

There are almost 500,000 vehicles on American roads with the devices installed, according

to the EPA. Volkswagen must now pay to repair the emissions systems in affected cars. The government may also fine the company as much as $18 billion.

The device was discovered by researchers at West Virginia University, who notified the EPA and California state authorities. The two authorities investigated further, and after demanding "an explanation for the identified emission problems, Volkswagen admitted that the cars contained defeat devices," said a statement from the agency.

I reached out to Volkswagen for comment and haven't heard back yet. The Times reports that the company is complying with investigations.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 2:58 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Mashable:
http://mashable.com/2015/09/18/volkswagen-recall-emissions/#uL1ctrM4JZkb

Volkswagen urged to recall cars for allegedly cheating emissions test
BY CHRIS PERKINS

Automakers are under intense pressure to meet emissions regulations put in place by the world's governments. Volkswagen allegedly had a slightly different solution.

The U.S. Environmental Protection Agency (EPA) ordered a recall of almost 500,000 Volkswagen and Audi vehicles equipped with four-cylinder diesel engines, for software designed to sidestep emissions regulations, reports the New York Times.

In total, 482,000 vehicles are being implicated, including the 2009-2015 Volkswagen Golf, Beetle, Jetta and Beetle, the 2014-2015 Volkswagen Passat and the 2009-2015 Audi A3. The cars were possibly installed with a "defeat device," a piece of software designed to detect when the car is undergoing emissions testing and turn on all of the car's emissions control systems then. In normal driving, the systems would turn off, causing 40 times larger nitrogen oxide emissions, according to the E.P.A.

Nitrogen oxide is a major contributor to smog, which can lead to increased respiratory problems and premature death.

The installation of this software is in violation of the Clean Air Act, and as such, the E.P.A, the State of California and the Department of Justice will launch an investigation. The installation of this software is in violation of the Clean Air Act, and as such, the E.P.A, the State of California and the Department of Justice will launch an investigation.

U.S. regulators hope that this recall will send a message to automakers to not develop software to skirt regulations. Last November, Hyundai and Kia were fined $100 million for violating the Clean Air Act. The two companies inflated their fuel economy figures for their 2012 vehicles.

The likely reason why Volkswagen could go the trouble to develop and use software like this is to boost performance; emissions control equipment tends to suck power out of an engine.

Researchers from West Virginia University, working with the International Council on Clean Transportation, discovered the software, according to the EPA's press release.

"Volkswagen Group of America, Inc., Volkswagen AG and Audi AG received today notice from the US Environmental Protection Agency, US Department of Justice and the California Air Resources Board of an investigation related to certain emissions compliance matters. VW is cooperating with the investigation; we are unable to comment further at this time," said a representative for Volkswagen.

A representative for the EPA wasn't immediately available for comment.

It's unclear if this issue only pertains to U.S. model Volkswagens and Audis equipped with four-cylinder diesels, or their world-market counterparts as well.

A report from Jalopnik notes that all of Volkswagen's ads for its diesel models have been deleted from YouTube, apparently at the company's request.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 2:51 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Christian Science Monitor:
http://www.csmonitor.com/Business/In-Gear/2015/0918/Why-the-EPA-is-forcing-Volkswagen-to-recall-nearly-500-000-cars

Why the EPA is forcing Volkswagen to recall nearly 500,000 cars
Volkswagen AG, the German car manufacturer, is under investigation by California and US emissions regulators for allegedly circumventing emission tests with a new device.
By Corey Fedde, Staff SEPTEMBER 18, 2015

Volkswagen AG is under investigation for circumventing clean air rules.

German automotive company Volkswagen AG is under investigation by California and US

environmental regulators. The US Environmental Protection Agency told Reuters Volkswagen allegedly used software to circumvent emissions testing of specific air pollutants.

"Put simply, these cars contained software that turns off emissions controls when driving normally and turns them on when the car is undergoing an emissions test," Cynthia Giles, an EPA enforcement officer, told Reuters via teleconference.

The feature, known as a "defeat device," is allegedly present in 4 cylinder Volkswagen and Audi vehicles from 2009-2015, which total nearly 500,000 vehicles. The device is programmed to detect when the car is undergoing an emissions test and turn on the full emissions controls. The device then turns the emission controls off during normal driving. The result being far more pollution than the company reported, the EPA told The New York Times.

The pollutant the "defeat device" is designed to conceal, nitrogen oxide, has been linked by public health officials to variety of health problems, including asthma.

The 500,000 diesel vehicle models affected include 2009-2015 Volkswagen Jettas, Beetles, Golfs, Passats, and Audi A3s.

The violation and investigation belie a growing trend in more aggressive environmental enforcement from federal regulators. In November 2014, the administration announced its largest ever penalty for a violation of the Clean Air Act on Korean automakers Hyundai Motor and Kia Motors. The fine involved a $300 million settlement for overstating vehicle fuel-economy standards on more than 1 million cars.

According to The New York Times, analysts say the crackdown is meant to send a clear message to automakers that circumventing federal rules will not be tolerated.

California, the EPA, and the Justice Department are working together on the investigation.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health. Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. E.P.A. will continue to investigate these very serious violations," Ms. Giles told the Times.

This report includes material from Reuters.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 2:27 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Reuters:
http://www.reuters.com/article/2015/09/18/us-usa-volkswagen-idUSKCN0RI1VK20150918

Volkswagen could face $18 billion penalties from EPA
WASHINGTON | BY TIMOTHY GARDNER

Volkswagen AG (VOWG_p.DE) could face penalties up to $18 billion after being accused of designing software for diesel cars that deceives regulators measuring toxic emissions, the U.S. Environmental Protection Agency said on Friday.

"Put simply, these cars contained software that turns off emissions controls when driving normally and turns them on when the car is undergoing an emissions test," Cynthia Giles, an enforcement officer at the EPA, told reporters in a teleconference.

Volkswagen can face civil penalties of $37,500 for each vehicle not in compliance with federal clean air rules. There are 482,000 four-cylinder VW and Audi diesel cars sold since 2008 involved in the allegations. If each car involved is found to be in noncompliance, the penalty could be $18 billion, an EPA official confirmed on the teleconference.

A U.S. Volkswagen spokesman said the company "is cooperating with the investigation; we are unable to comment further at this time."

The feature in question, which the EPA called a "defeat device," masks the true emissions only during testing and therefore when the cars are on the road they emit as much as 40 times the level of pollutants allowed under clean air rules meant to ensure public health is protected, Giles said.

The EPA accused Volkswagen of using software in four-cylinder Volkswagen and Audi diesel cars from model years 2009 to 2015 made to circumvent emissions testing of certain air pollutants.

The cars are not facing recall at this time, the EPA said.

The diesel-powered vehicles involved from the 2009 to 2015 model years are the VW Jetta, VW Beetle, VW Golf and the Audi A3, as well as the VW Passat from model years 2014 and 2015.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 1:40 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

The Hill:

http://thehill.com/policy/energy-environment/254188-epa-accuses-vw-of-going-around-federal-emissions-standards

Feds accuse VW of going around federal emissions standards
By Devin Henry - 09/18/15 12:50 PM EDT

The Environmental Protection Agency (EPA) is accusing Volkswagen of looking to circumvent federal air pollutant emission standards for the last six years.

EPA officials alleged Friday that about 482,000 VW vehicles sold since 2008 violate the Clean Air Act due to software installed on the vehicles that turns off required air pollution protections.

Janet McCabe, an acting assistant administrator, said the EPA "intends to hold VW responsible to recall the vehicles" and fix the emissions problem. The company could face up to an $18 billion fine for the violations.

The EPA issued VW a Clean Air Act violation notice Friday, alleging it used a software algorithm on certain vehicles that would turn on emission controls only when they undergo official emissions testing.

This "defeat device," the EPA said, would switch off those controls during normal operation, which means the vehicles could emit up to 40 times the amount of nitrogen oxide allowed under federal air pollution standards.

"These violations are very serious … not only because they result in excess emissions, but also because VW was concealing the fact from EPA, the state of California and from consumers," Assistant Administrator Cynthia Giles said. "We expected better from VW."

Federal law requires manufacturers to certify to the EPA that their cars meet emissions standards before selling their vehicles in the U.S. Cars with defeat devices cannot be certified, the EPA said.

A VW statement said only that the company had received the violation notice and is cooperating with the investigation.

The EPA and the California Air Resources Board discovered the defeat device during an analysis at West Virginia State University, the EPA said. Officials said their investigation into the incident is ongoing and wouldn't give many more details about how it developed or what the outcome might be.

The agency is not ordering a recall or announcing penalties at the moment, and officials said the cars are safe and legal to drive. The Friday announcement, Giles said, was meant to "inform the public right away and to put VW on notice of our continuing investigation."

The EPA said the announcement covers VW Jettas, Beetles, Golfs and Audi A3s with

model years between 2009 and 2015, as well as the VW Passat with model years 2014 and 2015.

Fortune:
http://fortune.com/2015/09/18/volkswagen-recall-epa-smog/

Volkswagen ordered to recall almost a half-million cars over emissions trick
by Benjamin Snyder

The Environmental Protection Agency is ordering Volkswagen to recall nearly a half-million cars after the company allegedly used a computer software trick to make the cars seem more environmentally friendly during state emissions tests.

The VW models involved include the diesel versions of the following models: The 2009-15 Volkswagen Jetta, the 2009–15 Beetle, the 2009–15 Golf, the 2014-15 Passat and the 2009-15 Audi A3. The recall affects 482,000 vehicles in total.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, Assistant Administrator for the Office of Enforcement and Compliance Assurance, in a statement. "Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters."

"Volkswagen Group of America, Inc., Volkswagen AG and Audi AG received today notice from the US Environmental Protection Agency, US Department of Justice and the California Air Resources Board of an investigation related to certain emissions compliance matters," Volkswagen says. "VW is cooperating with the investigation; we are unable to comment further at this time."

Auto Guide:
http://www.autoguide.com/auto-news/2015/09/volkswagen-used-illegal-software-to-cheat-emissions-tests-epa.html

Volkswagen Used Illegal Software to Cheat Emissions Tests: EPA
By Stephen Elmer Sep 18, 2015

Volkswagen may be forced to recall almost 500,000 diesel passenger cars after an investigation revealed illegal software was allowing the vehicles to pass government emissions standards.

A software algorithm, known as a defeat device, used on roughly 482,000 Volkswagen vehicles with four-cylinder diesel engines is able to detect when the car is undergoing official emissions testing, and will activate full emissions controls only during the test.

The EPA says that this results in cars that meet emissions standards while being tested, but emit 40 percent more nitrogen oxides while driving.

Independent analysis at West Virginia University uncovered the defeat devices. After being questioned by the EPA and CARB, Volkswagen admitted that its cars did contain defeat devices.

The EPA says "it is incumbent" on Volkswagen to initiate a recall fix for all the affected cars, although they note that these vehicles are still safe to drive and do not present a safety hazard at this time.

Volkswagen may be liable for civil penalties over the findings, which could total up to $18 billion if the EPA leverages its maximum find of $37,500 per vehicles.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, Assistant Administrator for the Office of Enforcement and Compliance Assurance. "Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters."

Models affected by the issue include the 2009-2015 Volkswagen Jetta, Beetle and Gold. The 2009-2015 Audi A3 is also affected, along with the 2014-2015 Passat.

Volkswagen acknowledged that it has received notice of the investigation. "VW is cooperating with the investigation; we are unable to comment further at this time," said the brand.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 1:36 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Washington Post:
http://www.washingtonpost.com/news/energy-environment/wp/2015/09/18/epa-volkswagen-used-defeat-device-to-circumvent-air-pollution-controls/

EPA: Volkswagen used 'defeat device' to circumvent air pollution controls
By Joby Warrick September 18 at 1:04 PM

The Environmental Protection Agency on Friday accused Volkswagen of installing a software "defeat device" that circumvented pollution controls on nearly a half-million Volkswagens and Audis.

The regulatory agency filed a notice of violation against the German automaker, saying the

company deliberately cheated on clean-air rules by installing the software of five of its models since 2008. An EPA statement warned of possible civil penalties and hinted of a future possible recall, saying it was "incumbent on Volkswagen to initiate the process" to fix the affected cars' emissions systems.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, the EPA's assistant administrator for EPA's Office of Enforcement and Compliance Assurance.

EPA officials, in a joint probe with California's regulatory agency, determined that Volkswagen had inserted a sophisticated algorithm in the cars' emissions software that could detect when a vehicle was undergoing emissions testing. The software, which the EPA called a "defeat device," would turn on full emissions controls during testing, and switch them off again under normal driving conditions.

As a result, the cars emitted far more pollution–up to 40 times the federal standard for the pollutant known as NOx, a component in urban smog, the EPA said.

The software was installed in Volkwagen's Golfs, Jettas and Beetles and Audi A3s beginning in the model year 2009, and in Volkswagen's Passat models beginning in 2014. EPA officials said no action was required by owners of the car, but they suggested that Volkswagen would be compelled to address the problem.

"Our goal now is to ensure that the affected cars are brought into compliance, said Richard Corey, the executive officer for California's Air Resources Board." He said federal and state agencies intended to "dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules, and to take appropriate further action."

From: Gong, Kristiene
Sent: Friday, September 18, 2015 1:31 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Wall Street Journal:
http://www.wsj.com/articles/epa-accuses-volkswagen-of-dodging-emissions-rules-1442595129

EPA Accuses Volkswagen of Dodging Emissions Rules
Agency says German auto maker circumvented air-pollution standards with software
By AMY HARDER

WASHINGTON—The U.S. Environmental Protection Agency issued a notice on Friday alleging that Volkswagen AG circumvented air-pollution standards with software installed on nearly a half million cars sold in the U.S. since 2008.

Officials said Volkswagen could face penalties of up to $37,500 per vehicle, or a total of more than $18 billion, though it remained unclear whether the government would eventually levy such a large penalty. Officials said the German auto maker violated the federal Clean Air Act.

The agency said that owners of these cars don't need to take any action right now and that while the cars have emissions exceeding federal standards, "these violations do not present a safety hazard and the cars remain legal to drive," according to the EPA.

Officials said a recall hasn't been announced and an investigation continues. They plan to at some point order Volkswagen to fix the vehicles, officials said.

Top EPA officials made the announcement alongside the California Air Resources Board, which is separately investigating the alleged use of the software, which EPA describes as a "defeat device." The software reduces the effectiveness of a car's emission control system during normal driving conditions and enables the car to emit nitrogen oxides at up to 40 times the allowable standard, according to the EPA.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, Assistant Administrator for the Office of Enforcement and Compliance at the EPA.

"Volkswagen Group of America Inc., Volkswagen AG and Audi AG received today notice from the U.S. Environmental Protection Agency, U.S. Department of Justice and the California Air Resources Board of an investigation related to certain emissions compliance matters," Volkswagen said in a statement. "VW is cooperating with the investigation; we are unable to comment further at this time."

EPA said that its allegations cover roughly 482,000 diesel passenger cars with model years between 2009 and 2015 and sold in the U.S. since 2008. They include the following models: the Jetta, Beetle, Audi A3, Golf and Passat.

The Clean Air Act requires vehicle manufacturers to certify to EPA that their products meet federal air-pollution standards. EPA said Friday that by making and selling vehicles with the "defeat device" software, Volkswagen was violating two parts of the Clean Air Act.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 1:19 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

NPR:
http://www.npr.org/sections/thetwo-way/2015/09/18/441467960/volkswagen-used-defeat-

device-to-skirt-emissions-rules-epa-says

Volkswagen Used 'Defeat Device' To Skirt Emissions Rules, EPA Says
BILL CHAPPELL

Saying Volkswagen violated the Clean Air Act, the Environmental Protection Agency says the company's diesel-powered cars have sophisticated software that detects emissions testing – and "turns full emissions controls on only during the test."

Installed on four-cylinder cars, the software, which the EPA calls a "defeat device" that's meant to trick official tests, allowed diesel Jettas, Beetles, and other cars to "emit up to 40 times more pollution" than allowed under U.S. emission standards.

The agency says that after the carmaker was confronted with emission test results this month, it admitted that the cars contain defeat devices.

Volkswagen must now fix the cars' emissions control systems, the agency says, adding that Volkswagen could be liable for civil penalties and other punishment. The cars in question are popular Volkswagen and Audi models that were made from 2009 to this year.

The affected diesel cars include:

- Jetta (Model Years 2009 – 2015)
- Beetle (Model Years 2009 – 2015)
- Audi A3 (Model Years 2009 – 2015)
- Golf (Model Years 2009 – 2015)
- Passat (Model Years 2014-2015)

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, assistant administrator for the Office of Enforcement and Compliance Assurance.

The Verge:
http://www.theverge.com/2015/9/18/9352757/epa-volkswagen-recall-emissions

Volkswagen ordered to recall 500,000 cars for gaming emissions testing
By Colin Lecher

The federal government has ordered Volkswagen to recall almost 500,000 vehicles, saying the company unlawfully used special software to get around missions regulations.

VOLKSWAGEN ALLEGEDLY USED A "DEFEAT DEVICE."

Volkswagen allegedly used a so-called "defeat device" on certain models made in the past six years. The device works by only turning on emissions control when undergoing

emissions testing, but not when the car is actually being driven normally and pollution is at its peak. "This results in cars that meet emissions standards in the laboratory or testing station, but during normal operation, emit nitrogen oxides, or NOx, at up to 40 times the standard," the EPA said in a statement.

Using such a device is a violation of the Clean Air Act, which, as The New York Times points out, the EPA has been increasingly cracking down on. In November, the agency hit Hyundai and Kia with a record $100 million fine for violations under the act.

The cars affected by the recall include the 2009 to 2015 Jetta, Beetle, Golf, and Audi A3. The 2014 and 2015 Passat is also included. According to the EPA, that adds up to 482,000 cars.

Jalopnik:
http://jalopnik.com/epa-orders-volkswagen-to-recall-482-000-diesel-cars-for-1731665972

EPA Orders Volkswagen To Recall 482,000 Diesel Cars For Cheating On Emissions
Patrick George

The New York Times reports Volkswagen has been ordered by the Environmental Protection Agency to recall 482,000 diesel cars in the U.S. over software they say was intentionally designed to circumvent smog regulations.

The cars, all diesels from 2009 to 2015, have a “defeat device” programmed to detect when the car is undergoing official emissions testing that only then turns on the full emissions control systems, the Times reports.

These controls are turned off in other situations, leading to far greater emissions than VW let on — which is against the law. The devices were designed to conceal nitrogen oxide emissions.

It’s not immediately clear why VW had such a system on these cars, how the system detected official testing versus normal driving, or if the cars operated differently in normal driving when the defeat device was off. What effect did reducing NOx emissions have on fuel economy or performance?

“Using a defeat device in cars to evade clean air standards is illegal and a threat to public health,” said Cynthia Giles, the E.P.A.’s assistant administrator for the Office of Enforcement and Compliance. “Working closely with the California Air Resources Board, E.P.A. is committed to making sure that all automakers play by the same rules. E.P.A. will continue to investigate these very serious violations.”
The state of California and the Justice Department are also investigating the violation, the paper reports.

The vehicles affected are the 2009-2015 diesel Jetta, Beetle, Golf, Passat and Audi A3.

More on this as we get it.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 1:10 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Detroit Free Press:
http://www.freep.com/story/money/cars/2015/09/18/epa-volkswagen-used-software-skirt-emissions-rules/72399372/

EPA: Volkswagen used software to skirt emissions rules
By Greg Gardner

The U.S. Environmental Protection Agency and California are accusing Volkswagen of violating the Clean Air Act by using software that allows hundred of thousands of VW and Audi diesel-powered cars to get around emission standards.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, EPA assistant administrator for enforcement and compliance assurance. "Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters."

The agency's notice of violation covers about 482,000 diesel cars sold between 2009 and 2015 model years.

Affected diesel models include:

Jetta (model years 2009 – 2015)
Beetle (model years 2009 – 2015)
Audi A3 (model years 2009 – 2015)
Golf (model years 2009 – 2015)
Passat (model years 2014-2015)

California is separately issuing an In-Use Compliance letter to Volkswagen, and EPA and the California Air Resources Board (CARB) have both initiated investigations based on Volkswagen's alleged actions.

"Working with U.S. EPA we are taking this important step to protect public health thanks to the dogged investigations by our laboratory scientists and staff," said CARB executive officer Richard Corey. "Our goal is to ensure that the affected cars are brought into compliance, to dig more deeply into the extent and implications of Volkswagen's efforts to

cheat on clean air rules, and to take appropriate further action."

The federal and California regulators say Volkswagen used a sophisticated software algorithm on certain Volkswagen vehicles that detects when the car is undergoing official emissions testing and turns full emissions controls on only during the test. The effectiveness of these vehicles' pollution emissions control devices is greatly reduced during all normal driving situations.

As a result the cars met emissions standards in the laboratory or testing station, but during normal operation, emit nitrogen oxides, or NOx, at up to 40 times the permissible standard. The software produced by Volkswagen is a "defeat device," as defined by the Clean Air Act.

Corey said testing groups in Europe found information that indicated Volkswagen may have manipulated its emission tests and told California regulators about their suspicions.

NOx pollution contributes to nitrogen dioxide, ground-level ozone and fine particulate matter. Exposure to these pollutants has been linked with a range of serious health effects, including increased asthma attacks and other respiratory illnesses that can be serious enough to send people to the hospital. Exposure to ozone and particulate matter have also been associated with premature death due to respiratory-related or cardiovascular-related effects. Children, elderly people and those with pre-existing respiratory disease are particularly at risk for health effects of these pollutants.

The Clean Air Act requires vehicle manufacturers to certify to EPA that their products will meet applicable federal emission standards to control air pollution, and every vehicle sold in the U.S. must be covered by an EPA-issued certificate of conformity. Motor vehicles equipped with defeat devices, which reduce the effectiveness of the emission control system during normal driving conditions, cannot be certified. By making and selling vehicles with defeat devices that allowed for higher levels of air emissions than were certified to EPA, Volkswagen violated two important provisions of the Clean Air Act.

EPA and CARB uncovered the defeat device software after independent analysis by researchers at West Virginia University, working with the International Council on Clean Transportation, a non-governmental organization. The researchers raised questions about emissions levels, and the agencies began further investigations into the issue. In September, after EPA and CARB demanded an explanation for the emission problems, Volkswagen admitted that the cars contained defeat devices.

VW may be liable for civil penalties of up to $37,500 per vehicle found to be violating the standard, or potentially more than $18 billion.

It is incumbent upon Volkswagen to initiate the process that will fix the cars' emissions systems. Car owners should know that although these vehicles have emissions exceeding standards, these violations do not present a safety hazard and the cars remain legal to drive and resell. Owners of cars of these models and years do not need to take any action at this

time.

Wired:
http://www.wired.com/2015/09/epa-accuses-volkswagen-cheating-emissions-testing-482000-cars/

EPA ACCUSES VOLKSWAGEN OF CHEATING EMISSIONS TESTING ON 482,000 CARS
Alex Davies

THE EPA IS accusing Volkswagen of illegally using software to cheat emissions standards, allowing the German automaker to sell half a million cars that produce smog at 40 times the legal limit.

In a notice of violation of the Clean Air Act sent to Volkswagen AG, Audi AG, and Volkswagen Group of America, Inc today, the EPA said diesel-powered VW cars used a "defeat device," a kind of "a sophisticated software algorithm [that] detects when the car is undergoing official emissions testing, and turns full emissions controls on only during the test. The effectiveness of these vehicles' pollution emissions control devices is greatly reduced during all normal driving situations."

The accusation applies to 482,000 diesel-powered, four-cyclinder Jetta, Beetle, Audi A3, Golf, and Passat cars sold between 2008 and 2015 in the US. The news comes as the Frankfurt motor show, one of the biggest events of the year for the automaker, opens to the press. VW will be required to fix the problem, at no cost to car owners.

The Week:
http://www.theweek.com/speedreads/578080/epa-catches-volkswagen-blatantly-cheating-smog-tests

EPA catches Volkswagen blatantly cheating on smog tests
Jeva Lange

Almost half a million Volkswagen cars, including recent diesel models of Jettas, Beetles, Audi A3s, Golfs, and Passats, may be recalled in an enormous crackdown on the German carmaker's alleged blatant circumvention of smog standards, The New York Times reports.

The Environmental Protection Agency has demanded that the cars be recalled, and specifically accused Volkswagen of installing software, called a "defeat device," in their cars that basically just lies about what a car's emissions are during tests:

The device is programmed to detect when the car is undergoing official emissions testing, and to only turn on full emissions control systems during that testing. Those controls are turned off during normal driving situations, when the vehicles pollute far more heavily than

reported by the manufacturer, the E.P.A. said. [The New York Times]

Car emissions contain nitrogen oxide, which creates smog, as well as pollutants that cause asthma.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 12:56 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

LA Times:
http://www.latimes.com/business/autos/la-fi-hy-volkswagen-probe-20150918-story.html

Volkswagen is accused of sidestepping emissions rules, 'cheating' pollution tests
By JERRY HIRSCH

Federal and California environmental regulators accused Volkswagen of using software that "cheats" pollution testing in nearly 500,000 recent model VWs and Audis by circumventing emission standards in its diesel cars.

The German automaker will eventually have to recall all of the vehicles and change the emissions systems at its own expense, regulators said. Additionally it could face a fine of about $18 billion, or $35,500 per car, federal environmental officials said.

The Environmental Protection Agency on Friday issued the German automaker a "notice of violation" of the Clean Air Act for both VW models and the company's Audi luxury brand. It covers models equipped with four-cylinder diesel engines. The California Air Resources Board issued a similar letter.

Volkswagen and Audi vehicles from model years 2009-2015 have the software, which uses an algorithm that detects when the vehicle is undergoing pollution tests and changes the way it performs from when it is being driven on the open road.

It "is illegal and a threat to public health," said Cynthia Giles, assistant administrator for the Office of Enforcement and Compliance Assurance. "EPA is committed to making sure that all automakers play by the same rules."

"We expected better from VW," Giles said.

Air Resources Board Executive Officer Richard Corey said the California agency wants to bring the cars "into compliance, to dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules, and to take appropriate further action."

Volkswagen said it is cooperating with the investigation.

"We are unable to comment further at this time," the company said in a statement.

The affected diesel models include: Jetta (model years 2009 – 2015,) Beetle (model years 2009 – 2015,) Audi A3 (model years 2009 – 2015,) Golf (model years 2009 – 2015) and Passat (model years 2014-2015.)

International Business Times:
http://www.ibtimes.com/volkswagen-audi-recall-500000-cars-broke-environmental-rules-white-house-says-2104099

Volkswagen And Audi Recall: 500,000 Cars Broke Environmental Rules, White House Says
By Christopher Harress

The Obama administration Friday forced car manufacturer Volkswagen to recall nearly 500,000 cars after it was discovered the German automaker had fitted its vehicles with special technology that can beat environmental tests for reducing smog, according to a new report.

The recall, which was imposed after an investigation by the Environmental Protection Agency, is expected to affect four-cylinder Volkswagen and Audi cars that were manufactured between 2009 and 2015.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," Cynthia Giles, the E.P.A.'s assistant administrator for the Office of Enforcement and Compliance, told the New York Times.

"Working closely with the California Air Resources Board, E.P.A. is committed to making sure that all automakers play by the same rules. E.P.A. will continue to investigate these very serious violations."

From: Gong, Kristiene
Sent: Friday, September 18, 2015 12:52 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Detroit News:
http://www.detroitnews.com/story/business/autos/foreign/2015/09/18/epa-vw-diesel-vehicles-violated-emissions-rules/72401296/

EPA: 482K VW diesel vehicles violated emissions rules
David Shepardson

Washington — The Environmental Protection Agency and the state of California said Volkswagen AG violated federal law by allowing 482,000 diesel VW and Audi cars sold since 2009 to evade emissions requirements using sophisticated software.

The announcement is a big setback to the German automaker that has made diesel vehicles a big part of its U.S. strategy. VW could face fines or criminal prosecution and must immediately prevent those vehicles from being able to defeat emissions rules.

VW concealed facts but has now admitted wrongdoing, said Cynthia Giles, assistant administrator for the Office of Enforcement and Compliance Assurance. "We expected better from VW," she said.

The agencies allege that four-cylinder Volkswagen and Audi diesel cars from model years 2009-2015 include software that circumvents EPA emissions standards for certain air pollutants. California is separately issuing an In-Use Compliance letter to Volkswagen, and EPA and the California Air Resources Board have initiated investigations based on Volkswagen's alleged actions.

EPA said the vehicles software "detects when the car is undergoing official emissions testing, and turns full emissions controls on only during the test." The vehicles include diesel Golf, Jetta, Sportwagen, Beetle and Audi A3 vehicles built from 2009-2015.

EPA said "the effectiveness of these vehicles' pollution emissions control devices is greatly reduced during all normal driving situations. This results in cars that meet emissions standards in the laboratory or testing station, but during normal operation, emit nitrogen oxides, or NOx, at up to 40 times the standard. The software produced by Volkswagen is a 'defeat device,' as defined by the Clean Air Act."

NOx pollution contributes to nitrogen dioxide, ground-level ozone, and fine particulate matter. EPA said exposure has been linked to serious health issues, including increased asthma attacks and other respiratory illnesses that can be serious enough to send people to the hospital. "Exposure to ozone and particulate matter have also been associated with premature death due to respiratory-related or cardiovascular-related effects. Children, the elderly, and people with pre-existing respiratory disease are particularly at risk for health effects of these pollutants," EPA said.

This is the latest example of automakers not following the miles per gallon and emissions rules.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Giles. "Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters."

The Clean Air Act requires vehicle manufacturers to certify to EPA that their products will

meet applicable federal emission standards to control air pollution, and every vehicle sold in the U.S. must be covered by an EPA-issued certificate of conformity. Motor vehicles equipped with defeat devices, which reduce the effectiveness of the emission control system during normal driving conditions, cannot be certified.

"Working with U.S. EPA we are taking this important step to protect public health thanks to the dogged investigations by our laboratory scientists and staff," said Air Resources Board Executive Officer Richard Corey. "Our goal now is to ensure that the affected cars are brought into compliance, to dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules, and to take appropriate further action."

The issue first came to the attention of the agencies in 2014 after independent analysis by researchers at West Virginia University, working with the International Council on Clean Transportation, a non-governmental organization, raised questions about emissions levels, and the agencies began further investigations into the issue.

In September, after EPA and CARB demanded an explanation for the identified emission problems, Volkswagen admitted that the cars contained defeat devices, the agencies said.

EPA said VW must recall the vehicles. EPA said "owners should know that although these vehicles have emissions exceeding standards, these violations do not present a safety hazard and the cars remain legal to drive and resell. Owners of cars of these models and years do not need to take any action at this time."

AP (via ABC News):
http://abcnews.go.com/Politics/trump-candidates-criticize-donald-muslim-comments/story?id=33858500

EPA Says VW Intentionally Violates Clean Air Standards
By MATTHEW DALY, ASSOCIATED PRESS WASHINGTON — Sep 18, 2015, 12:42 PM ET

The Environmental Protection Agency says nearly 500,000 Volkswagen and Audi diesel cars built in the past seven year are intentionally violating clean air standards by using software that evades EPA emissions standards.

The EPA says the cars include a device programmed to detect when the car is undergoing official emissions testing. The cars only turn on full emissions control systems during that testing. The EPA says the controls are turned off during normal driving situations.

The EPA called the company's use of the device illegal and a threat to public health.

The EPA called on VW to fix the cars' emissions systems, but said car owners do not need to take any immediate action.

VW said in a statement it is cooperating with the investigation.

Bloomberg:
http://www.bloomberg.com/news/articles/2015-09-18/epa-says-volkswagon-software-circumvented-car-emissions-testing

EPA Says Volkswagen Circumvented Car Emissions Tests
Jeff Plungis

Volkswagen AG sold diesel cars with software that circumvented U.S. emissions standards for air pollution, the Environmental Protection Agency said.

The company sold Volkswagen and Audi brand cars from model years 2009-2015 that contained a "sophisticated software algorithm" that detects when the car is undergoing official emissions testing, and turns on full emissions control, the agency said. During normal driving times, the systems don't operate fully, regulators said.

The potential fine is $37,500 per vehicle and 482,000 autos are part of the case, yielding a potential fine of more than $18 billion, Cynthia Giles, EPA assistant administrator for enforcement and compliance, said on a phone call with reporters Friday.

California is also investigating the claims.

Volkswagen said in a statement it is cooperating with the investigation and unable to comment further.

Business Insider:
http://www.businessinsider.com/vw-told-to-recall-500000-cars-after-us-government-accuses-it-of-dodging-clean-air-standards-2015-9

VW told to recall 500,000 cars after US government accuses it of dodging clean air standards
Benjamin Zhang

The Environmental Protection Agency has ordered the recall of 500,000 Volkswagen cars.

According to Coral Davenport of the New York Times, the EPA accused VW of using hidden software — called a "defeat device" — to dodge clean air standard during emissions testing.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," assistant administrator for the Office of Enforcement and Compliance Assurance said Cynthia Giles said in a statement.

"Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters."

In response to the recall, Volkswagen issued the following statement to Business Insider.

"Volkswagen Group of America, Inc., Volkswagen AG and Audi AG received today notice from the US Environmental Protection Agency, US Department of Justice and the California Air Resources Board of an investigation related to certain emissions compliance matters. VW is cooperating with the investigation; we are unable to comment further at this time."

The recall affects 482,000 diesel powered cars sold in the US since 2008. They include:

Volkswagen Jetta TDI: 2009-20015
Volkswagen Beetle TDI: 2009-2015
Audi A3 TDI: 2009-2015
Volkswagen Golf TDI: 2009-2015
Volkswagen Passat TDI: 2014-2015

This story is developing. We will update when more information is available.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 12:42 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Washington Examiner:
http://www.washingtonexaminer.com/epa-says-audi-vw-cheating-on-emissions/article/2572404

EPA says Audi, VW cheating on emissions
By JOHN SICILIANO

The Environmental Protection Agency and California regulators charged automakers Volkswagen and Audi on Friday with purposefully violating emission standards in their line of diesel cars.

EPA accused the automakers of using a device in their vehicles to get around the pollution rules. According to EPA, the device regulates emissions, but only turns on and works while emissions are being tested.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, EPA assistant administrator for the agency's enforcement office.

"Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters."

Giles said VW was "concealing facts" about the devices. The vehicle models involved include the popular Jetta, Audi A-3, Passat and the iconic Beetle, and in model years 2009-2015. The violations cover 482,000 diesel passenger cars.

The EPA's announcement isn't a final decision, but is a clear sign that the EPA believes it has a case against the automakers, one that could lead to fines as large as $37,000 per vehicle. All together, the combined fines could pile up to $18 billion.

An EPA statement said "California is separately issuing an In-Use Compliance letter to Volkswagen, and EPA and the California Air Resources Board ... have both initiated investigations based on Volkswagen's alleged actions."

"Working with US EPA we are taking this important step to protect public health thanks to the dogged investigations by our laboratory scientists and staff," the California board's CEO Richard Corey said. "Our goal now is to ensure that the affected cars are brought into compliance, to dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules, and to take appropriate further action."

WPTZ:
http://www.wptz.com/money/epa-accuses-vw-of-cheating-on-emission-rules/35352250

EPA accuses VW of cheating on emission rules
Published 12:29 PM EDT Sep 18, 2015

NEW YORK (CNNMoney) —Diesel cars from Volkswagen and Audi cheated on clean air rules by including software that made the cars look cleaner than they actually were, according to federal and California regulators.

The regulators say that the software on the cars turned up the emission controls only when it could tell that the car was being tested.

"The effectiveness of these vehicles' pollution emissions control devices is greatly reduced during all normal driving situations," said the Environmental Protection Agency's notice to the company. "This results in cars that meet emissions standards in the laboratory or testing station, but during normal operation, emit nitrogen oxides at up to 40 times the standard."

There are nearly 500,000 of the diesel cars on U.S. roads. The models include the VW Jetta, the Beetle and the Golf from model years 2009 through 2015, the Passat from 2014-2015 as well as the Audi A3, model years 2009-2015. The luxury brand is owned by Volkswagen.

Owners of the affected cars do not face health risks according to the EPA and can to

continue to drive or sell the cars. But the EPA says that VW will be responsible for fixing the problem.

Volkwagen did not immediately respond to a request for comment.

City AM:
http://www.cityam.com/224676/volkswagen-told-recall-500000-vehicles-over-emissions

Volkswagen told to recall 500,000 vehicles over emissions
by Catherine Neilan

Volkswagen has been ordered to recall nearly half a million cars in the US by the Obama administration, which claims the German car group used software that was purposely designed to dodge environmental standards for reducing smog.

The US government's Environmental Protection Agency issued the company a notice of violation this afternoon, accusing Volkswagen of having installing a "defeat device" into its four-cylinder Volkswagen and Audi vehicles between 2009 and 2015, according to the New York Times.

The device is programmed to detect when the car is undergoing emissions test, during which time it will turn on its full emissions control systems. These controls are reportedly then turned off when the car is driving in "normal" situations, when the cars pollute more heavily than reported by Volkswagen, the EPA claims.

The government agency estimates that 482,000 diesel passenger vehicles are affected.

Volkswagen could not be contacted at the time of publication.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 12:33 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Washington Times:
http://www.washingtontimes.com/news/2015/sep/18/epa-volkswagen-used-software-cheat-emissions-tests/

EPA: Volkswagen used ‘sophisticated software’ to cheat emissions tests
By Ben Wolfgang - The Washington Times - Friday, September 18, 2015

The Obama administration on Friday accused Volkswagen of using a “sophisticated software algorithm” to cheat on emissions testing and mask the fact that some models emit

too much harmful pollution.

Some Volkswagen cars from model years 2009 to 2015, the Environmental Protection Agency said, include software that can detect when they're undergoing emissions testing. Full emissions controls were activated only during testing and then automatically shut down during normal operation, the agency charged.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, assistant administrator for the EPA's Office of Enforcement and Compliance Assurance. "Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters."

During normal operation, the "defeat device" allowed Volkswagen cars to emit nitrogen oxides at up to 40 times the federal threshold as laid out in the Clean Air Act.

The EPA has issued "a notice of violation" to the automaker, and the state of California has launched its own investigation into the matter. Volkswagen could face civil penalties for the violations, the agency said.

The allegations apply to about 482,000 diesel passenger cars sold since 2008, including Jettas, Beetles, Audi A3s, Golfs and other models.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 12:26 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

USA Today:
http://www.usatoday.com/story/money/cars/2015/09/18/epa-accuses-volkswagen-audi-evading-emission-laws/72400018/

EPA accuses Volkswagen, Audi of evading emission laws
Nathan Bomey, USA TODAY 12:12 p.m. EDT September 18, 2015

The German automaker adopted a "defeat device" to trick regulators, the EPA said.

The Environmental Protection Agency on Friday accused Volkswagen of installing software on certain cars in the U.S. to evade federal emission regulations, potentially exposing people to harmful pollutants.

The German automaker adopted what the EPA called a "defeat device" to trick U.S. regulators into believing that its cars met Clean Air Act standards, the federal agency said in a statement.

The agency said 482,000 cars violated federal standards, including four-cylinder Volkswagen cars from 2009-15 and Audi diesel cars from the same period. They included the Volkswagen Jetta, Beetle, Golf and Passat, and the Audi A3.

Volkswagen, whose brands include the luxury Audi lineup, may face fines or other penalties, the EPA said.

The cars are still safe to drive, the EPA said, and owners do not need to take immediate action. But the agency will require Volkswagen to fix the cars for free.

Newsweek:
http://www.newsweek.com/epa-volkswagen-software-cheat-clean-air-rules-373869

EPA: Volkswagen Used Software in Cars to Cheat on Clean Air Rules
BY ZOË SCHLANGER 9/18/15 AT 12:14 PM

A U.S. Environmental Protection Agency investigation has concluded that for years Volkswagen has been installing software in its vehicles that circumvents federal emissions standards for air pollution, the agency announced Friday.

EPA alleges that Volkswagen installed a "sophisticated software algorithm on certain Volkswagen vehicles" that could detect when the car was being tested for emissions. The software would turn full emissions controls on only during the official test. "This results in cars that meet emissions standards in the laboratory or testing station, but during normal operation, emit nitrogen oxides, or NOx, at up to 40 times the standard," EPA said in a press release. They called the software a "defeat device," deliberately installed to evade the Clean Air Act standards.

This "defeat device" was found in several car models, from 2009 models up to 2015 models, according to EPA:

Jetta (Model Years 2009 – 2015)
Beetle (Model Years 2009 – 2015)
Audi A3 (Model Years 2009 – 2015)
Golf (Model Years 2009 – 2015)
Passat (Model Years 2014-2015)
In total, this includes about 482,000 passenger cars.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," Cynthia Giles, EPA's Assistant Administrator for the Office of Enforcement and Compliance Assurance, said in a statement emailed Friday. The agency worked with California regulators to investigate the automobile manufacturer and issue a notice of violation.

"Our goal now is to ensure that the affected cars are brought into compliance, to dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules, and to take appropriate further action," California Air Resources Board Executive Officer Richard Corey said in the statement.

Volkswagen has yet to respond publicly to the EPA allegations. Newsweek has reached out to the company for comment, and we will update if they respond.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 12:20 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: Volkswagen Clips 9/18/2015

NY Times:
http://www.nytimes.com/2015/09/19/business/volkswagen-is-ordered-to-recall-nearly-500000-vehicles-over-emissions-software.html?_r=0

Volkswagen Is Ordered to Recall Nearly 500,000 Vehicles Over Emissions Software
By CORAL DAVENPORT SEPT. 18, 2015

WASHINGTON — The Obama administration on Friday ordered Volkswagen to recall nearly a half million cars from the road, saying the German automaker used software intentionally designed to circumvent environmental standards for reducing smog.

The Environmental Protection Agency issued the company a notice of violation and accused the company of breaking the law by installing software known as a "defeat device" in 4-cylinder Volkswagen and Audi vehicles from model years 2009-15. The device is programmed to detect when the car is undergoing official emissions testing, and to only turn on full emissions control systems during that testing. Those controls are turned off during normal driving situations, when the vehicles pollute far more heavily than reported by the manufacturer, the E.P.A. said.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, the E.P.A.'s assistant administrator for the Office of Enforcement and Compliance. "Working closely with the California Air Resources Board, E.P.A. is committed to making sure that all automakers play by the same rules. E.P.A. will continue to investigate these very serious violations."

The software was designed to conceal the cars' emissions of the pollutant nitrogen oxide, which contributes to the creation of ozone and smog. The pollutants are linked to a range of health problems, including asthma attacks and other respiratory diseases.

The state of California has issued a separate notice of violation to the company. California,

the E.P.A. and the Justice Department are working together on an investigation of the allegations.

The allegations cover roughly 482,000 diesel passenger cars sold in the United States since 2009.

Affected diesel models include the Volkswagen Jetta (model years 2009-15), Volkswagen Beetle (model years 2009–15), Audi A3 (model years 2009–15), Volkswagen Golf (model years 2009–15) and Volkswagen Passat (model years 2014-15).

The notice of violation is part of a broader, more aggressive enforcement effort by federal environmental regulators on the auto industry. Analysts said it was meant to send a clear message to automakers that they will be harshly treated for compromising federal rules.

It follows a November 2014 announcement of the administration's largest-ever penalty for a violation of the Clean Air Act, in which the government fined the Korean automakers Hyundai Motor and Kia Motors a combined $300 million as part of a settlement for overstating vehicle fuel-economy standards on 1.2 million cars.

"They want to make it clear that they're going to crack down on cheaters," said Frank O'Donnell, president of the environmental advocacy group Clean Air Watch. "They're cheating not only car buyers but the breathing public. They want to lay down the law, enforce the law, and show they're not going to tolerate cheaters. The laws and regulation are only as good as the enforcement."

The software was designed to conceal the cars' emissions of the pollutant nitrogen oxide, which contributes to the creation of ozone and smog. The pollutants are linked to a range of health problems, including asthma attacks and other respiratory diseases.

The state of California has issued a separate notice of violation to the company. California, the E.P.A. and the Justice Department are working together on an investigation of the allegations.

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To: Grundler, Christopher[grundler.christopher@epa.gov]
From: bcasper@gatewayenergy.net
Sent: Tue 9/29/2015 3:16:48 PM
Subject: Potential remedy for VW Emission

Dear Mr. Grundler,

I read an article in the Los Angeles Times that quoted you concerning the Volkswagen Emission Issue.

We believe we have the alternative remedy for the emission issue EPA is working with Volkswagen to solve. If given the opportunity we could discuss how our ECO Fuel Catalyst will resolve this issue at an inexpensive cost.

We have lab testing documentation, as well as, thousands of road tested diesel vehicles operating under normal driving condition with our ECO units installed.

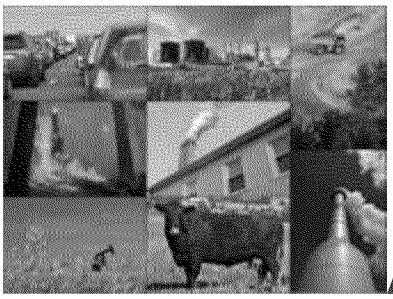
We are sure you are receiving many inquiries, but we know our product can solve the VW issue. Please take a few minutes to look at our website and replay back (http://www.gatewayenergy.net/). We can meet right away with you and your associates.

Best regards,

Robert Casper
Gateway Energy Solutions
843.232.7073
bcasper@gatewayenergy.net
www.gatewayenergy.net

To: Allnutt, David[Allnutt.David@epa.gov]; Anderson, Lea[anderson.lea@epa.gov]; Anderson, Steve[Anderson.Steve@epa.gov]; Aranda, Amber[aranda.amber@epa.gov]; Averback, Jonathan[Averback.Jonathan@epa.gov]; Belser, Evan[Belser.Evan@epa.gov]; Bianco, Karen[Bianco.Karen@epa.gov]; Bogoshian, Matthew[Bogoshian.Matt@epa.gov]; Branning, Amy[Branning.Amy@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Chapman, Apple[Chapman.Apple@epa.gov]; Choi, Jake[Choi.Jake@epa.gov]; Cozad, David[Cozad.David@epa.gov]; Crum, Lynda[Crum.Lynda@epa.gov]; Crystal, Roy[crystal.roy@epa.gov]; Davis, Julian[davis.julian@epa.gov]; Dickinson, David[Dickinson.David@epa.gov]; Dierker, Carl[Dierker.Carl@epa.gov]; Dolph, Becky[Dolph.Becky@epa.gov]; Doster, Brian[Doster.Brian@epa.gov]; Dubey, Susmita[dubey.susmita@epa.gov]; Dubois, Roland[Dubois.Roland@epa.gov]; Frey, Bert[frey.bertram@epa.gov]; Froikin, Sara[Froikin.Sara@epa.gov]; Giles-AA, Cynthia[Giles-AA.Cynthia@epa.gov]; Graham, Cheryl[Graham.Cheryl@epa.gov]; Harrison, Ben[Harrison.Ben@epa.gov]; Hoffman, Howard[hoffman.howard@epa.gov]; Hogan, Stephanie[Hogan.Stephanie@epa.gov]; Holmes, Carol[Holmes.Carol@epa.gov]; Igoe, Sheila[Igoe.Sheila@epa.gov]; Jordan, Scott[Jordan.Scott@epa.gov]; Kaplan, Robert[kaplan.robert@epa.gov]; Kataoka, Mark[Kataoka.Mark@epa.gov]; Klepp, Robert[Klepp.Robert@epa.gov]; Knapp, Kristien[Knapp.Kristien@epa.gov]; Lee, Michael[lee.michaelg@epa.gov]; Lovett, Lauren[Lovett.Lauren@epa.gov]; Mackey, Cyndy[Mackey.Cyndy@epa.gov]; Manners, Mary[manners.mary@epa.gov]; Marks, Matthew[Marks.Matthew@epa.gov]; Matthews, Julie[Matthews.Juliane@epa.gov]; McConkey, Diane[Mcconkey.Diane@epa.gov]; Mclean, Kevin[Mclean.Kevin@epa.gov]; Moore, Bruce[Moore.Bruce@epa.gov]; Morgan, Jeanette[Morgan.Jeanette@epa.gov]; Moyer, Robert[Moyer.Robert@epa.gov]; Muller, Sheldon[Muller.Sheldon@epa.gov]; Niebling, William[Niebling.William@epa.gov]; Nguyen, Quoc[Nguyen.Quoc@epa.gov]; Adair, Jocelyn[Adair.Jocelyn@epa.gov]; Odendahl, Steve[Odendahl.Steve@epa.gov]; Okoye, Winifred[Okoye.Winifred@epa.gov]; Orlin, David[Orlin.David@epa.gov]; Pastorkovich, Anne-Marie[Pastorkovich.Anne-Marie@epa.gov]; Roberts, Martha[Roberts.Martha@epa.gov]; Rodman, Sonja[Rodman.Sonja@epa.gov]; Rowland, John[Rowland.John@epa.gov]; Schaaf, Eric[Schaaf.Eric@epa.gov]; Schmidt, Lorie[Schmidt.Lorie@epa.gov]; Senn, John[Senn.John@epa.gov]; Shenkman, Ethan[Shenkman.Ethan@epa.gov]; Silverman, Steven[silverman.steven@epa.gov]; Smith, Kristi[Smith.Kristi@epa.gov]; Snyder, Doug[Snyder.Doug@epa.gov]; Srinivasan, Gautam[Srinivasan.Gautam@epa.gov]; Stahle, Susan[Stahle.Susan@epa.gov]; Starfield, Lawrence[Starfield.Lawrence@epa.gov]; Stern, Allyn[Stern.Allyn@epa.gov]; Tate, Ragan[Tate.Ragan@epa.gov]; Thrift, Mike[thrift.mike@epa.gov]; Tierney, Jan[tierney.jan@epa.gov]; Ting, Kaytrue[Ting.Kaytrue@epa.gov]; Tsirigotis, Peter[Tsirigotis.Peter@epa.gov]; Versace, Paul[Versace.Paul@epa.gov]; Vetter, Rick[Vetter.Rick@epa.gov]; Walker, Mike[Walker.Mike@epa.gov]; Ward, W. Robert[Ward.Robert@epa.gov]; Werner, Jacqueline[Werner.Jacqueline@epa.gov]; Wilcox, Geoffrey[wilcox.geoffrey@epa.gov]; Williams, Brent[Williams.Brent@epa.gov]; Williams, Melina[Williams.Melina@epa.gov]; Williamson, Timothy[Williamson.Tim@epa.gov]; Zenick, Elliott[Zenick.Elliott@epa.gov]; Wills, Jennifer[Wills.Jennifer@epa.gov]; Conger, Nick[Conger.Nick@epa.gov]; Blake, Wendy[Blake.Wendy@epa.gov]; Schramm, Daniel[Schramm.Daniel@epa.gov]; Vergeront, Julie[Vergeront.Julie@epa.gov]; Tozzi, Lauren[Tozzi.Lauren@epa.gov]; Coursen, David[Coursen.David@epa.gov]; Pilchen, Zach[Pilchen.Zach@epa.gov]; Skinner-Thompson, Jonathan[Skinner-Thompson.Jonathan@epa.gov]; Vijayan, Abi[Vijayan.Abi@epa.gov]; Roder, Aileen[Roder.Aileen@epa.gov]; Walker, Denise[Walker.Denise@epa.gov]; Caballero, Kathryn[Caballero.Kathryn@epa.gov]; Thompson, Christopher[Thompson.Christopher@epa.gov]; Williams, Christopher[Williams.Christopher@epa.gov]; Matthew, Dayna[Matthew.Dayna@epa.gov]; Reid, Lauren[Reid.Lauren@epa.gov]; Sweet, Andrew[Sweet.Andrew@epa.gov]; Hammons, Jeffrey[Hammons.Jeffrey@epa.gov]; Morris, Rachel[Morris.Rachel@epa.gov]; Nguyen, DucH[Nguyen.DucH@epa.gov]; Jordan, Deborah[Jordan.Deborah@epa.gov]; Charlton, Tom[Charlton.Tom@epa.gov]; Kulschinsky, Edward[Kulschinsky.Edward@epa.gov]; Portmess, Jessica[Portmess.Jessica@epa.gov]; kaminer, joan[Kaminer.Joan@epa.gov]; Kryman, Matthew[Kryman.Matthew@epa.gov]
From: Turley, Jennifer
Sent: Tue 9/29/2015 3:17:01 PM

Subject: Air & Radiation Law News for September 29, 2015



Air & Radiation Law News

for September 29, 2015

Bloomberg BNA Daily Environment Report™

Air Pollution

China Pushes Ahead With Electric Vehicles

China will forge ahead with promoting electric vehicles as part of its energy policy to reduce dependence on fossil fuels, and regulators are increasing scrutiny of diesel-fueled vehicles following Volkswagen AG's admission to cheating...

Air Pollution

EPA to Offer $7 Million for Cleaner Bus Fleets

The Environmental Protection Agency has made available up to $7 million in funds to replace or retrofit public and private school bus fleets in hopes of improving air quality and reducing greenhouse gas emissions. "Significantly improving...

Air Pollution

Former Volkswagen CEO to Oversee Automaker's Image Fix

As new Volkswagen AG Chief Executive Officer Matthias Mueller seeks to repair the automaker's image, his moves will be overseen by none other than his scandal-scarred predecessor, Martin Winterkorn....

Air Pollution

German Prosecutor Opens Probe Into Former VW Chief

Prosecutors in Germany have opened a criminal probe into former Volkswagen AG Chief Executive Officer Martin Winterkorn after the manufacturer admitted it cheated emissions tests in some of its diesel cars....

Air Pollution

Senators Want Criminal Investigation of VW Officials

The Justice Department should conduct a "thorough but expeditious" criminal investigation into Volkswagen AG after revelations that the company installed "defeat devices" in about 482,000 cars sold in the U.S., according...

Climate Change

Climate Deal Gains With Brazil's Pollution Plan, Pledges

Brazil said it will seek to cut its global warming pollution by 37 percent while France and the U.K. pledged billions of dollars more in aid to poorer countries as world leaders try to build support for an international agreement to tackle climate...

Climate Change

Environmental Groups Laud Brazil's Climate Pledge

Environmental groups are generally applauding Brazil's pledge to reduce its greenhouse gas emissions, with one network of nongovernmental organizations classifying it as the "most ambitious yet" among the world's top...

Emissions Trading

China's Cap-and-Trade Vow to Help Drive Accounting Effort

The recent pledge by China to conduct a more robust cap-and-trade emissions trading program is expected to spur interest in restarting an effort to write accounting standards on emissions trading and other "pollutant pricing mechanisms,"...

Energy

NRC Announces New Regulatory Director

The Nuclear Regulatory Commission announced it has hired Mike Weber to serve as director of the Office of Regulatory Research. As part of downsizing efforts at the NRC, Weber's current position as the deputy executive director of the Office...

Hazmat Transport

Manufacturer Sues PHMSA Over Exploding Cans' Design

The Transportation Department has left the public vulnerable to explosions by improperly finding that an aerosol product's packaging is in compliance with federal rules, a manufacturing company recently told a federal court (IQ Products...

International Climate

Corker Presses Kerry for Details on Paris Climate Plans

Sen. Bob Corker (R-Tenn.), chairman of the Senate Foreign Relations Committee, asked Secretary of State John Kerry for details on how the U.S. intends to approach international negotiations on climate change later this year in Paris and whether...

International Climate

India Minister Says Climate Pledge Coming Oct. 1

India plans to submit its pledge to an international climate agreement on Oct. 1, stressing its commitment to both addressing climate change and the need to do so while eradicating poverty, its environment minister said Sept. 28. ...

International Climate

Six of Largest U.S. Banks Support Paris Agreement

Six of the nation's biggest banks are throwing their weight behind an international agreement to fight climate change that governments are looking to sign in Paris at year's end....

International Climate

U.K. Pledges $8.8 Billion in Climate Aid Over Five Years

U.K. Prime Minister David Cameron pledged to increase climate aid by a half in a bid to break the deadlock on one of the thorniest issues dividing developed and developing nations as they seek to broker a new deal to rein in global warming....

Motor Vehicles

China Moves to Add E-Charging Stations for Electric Cars

China will require new residential complexes to include charging stations for electric cars, and mandate that more public parking spaces be reserved for plug-in and hybrid motor vehicles, the government announced Sept. 25. ...

Oil & Gas

Industrial Commission Delays North Dakota Flaring Goals

The North Dakota Industrial Commission Sept. 24 voted to delay the state's natural gas flaring reduction goals by 10 months after being told by oil producers that permitting and right-of-way delays were hampering their ability to meet...

Renewable Energy

Nidera Says 'Rogue Trader' Caused Biofuels Loss

Nidera BV, the Dutch grain trader controlled by a Chinese state-owned company, suffered a loss in biofuels because of the actions of what its chief executive officer described as a "rogue trader."...

Renewable Energy

Virginia OKs Permit for Region's Largest Solar Plant

Virginia Gov. Terry McAuliffe announced Sept. 28 that the state issued a permit to allow the construction of what will be the largest solar power station in the mid-Atlantic states....

Renewable Energy

White House Promotes Offshore Wind Development

The White House is providing funding and promoting interagency collaboration with the goal of spurring the development of offshore wind facilities. ...

Superfund

EPA Adds Five Hazardous Waste Sites to NPL

The Environmental Protection Agency announced Sept. 28 it has added five sites to the Superfund National Priorities List of most hazardous waste sites and is proposing to add seven more sites to the list....

Sustainability

Facebook, Others Get Down to Business on UN Agenda

Facebook and 35 other companies from around the world are getting down to business to help carry out the United Nations' sweeping new sustainable development agenda....

Sustainability

New York City to Offer Advice for Building Retrofits

New York City will provide free technical assistance and advisory services for building owners to help them carry out energy efficiency and water conservation retrofits under the city's Green Buildings program, Mayor Bill de Blasio...

Vehicle Fuels

Challenge of Oregon Clean Fuels Law Dismissed

A federal judge has dismissed a lawsuit by three trade associations against Oregon's clean fuels program, saying the plaintiffs failed to prove the state program discriminates against out-of-state commerce in violation of the Commerce...

Climate Pledges Still Lead to Temperature Overshoot, Study Says

Pledges from China to the U.S. to reduce greenhouse gases as part of a new United Nations agreement to fight climate change still aren't up to the job of keeping global warming to safe levels....

Inside EPA's **Risk Policy Report**, 09/29/2015

http://insideepa.com/newsletters/risk-policy-report

Latest News

Environmentalists Likely To Sue EPA Over Potential 70 ppb Ozone NAAQS

Environmentalists will likely sue EPA if it sets a revised ozone national ambient air quality standard (NAAQS) at 70 parts per billion (ppb), says an environmental attorney who says such a limit -- weaker than the 60 ppb limit advocates favor -- would fall short of a Clean Air Act mandate that NAAQS be adequately protective of public health.

EPA To Model Trading Program In ESPS FIP On State Compliance Plans

NEW YORK -- EPA plans to shape the federal implementation plan (FIP) for its final power plant greenhouse gas rule on stakeholder discussions in states as they develop plans to comply with the underlying rule, a top agency official says, with the aim of creating an emissions trading system that is compatible with most state plans.

News Briefs

EPA Launching Online Green Infrastructure Tool

EPA is launching a new online tool to aid local officials in developing green infrastructure in their communities, part of the agency's focus on making water infrastructure more resilient in the face of a changing climate.

Environmentalists Defend EPA 'Emission Factors' Suit

Environmentalists are urging a federal appeals court against scrapping their lawsuit seeking to force EPA to modify its "emission factors" used to estimate air pollution from industrial facilities, saying the fact they missed a deadline for filing a statement of issues to be raised in the litigation does not warrant dismissing the entire suit.

Greenwire

FEDERAL AGENCIES:

Shutdown plans would send thousands home with no pay

Kevin Bogardus, E&E reporter

Published: Monday, September 28, 2015

Federal agencies' contingency plans in the event of a government shutdown would send thousands of federal employees home with no pay.

On Friday, every federal government entity, big or small, released its latest shutdown plans.

The documents outline which vital government functions would be kept up and running as well as which services would fall by the wayside during a lapse of appropriations. In addition, many of the plans flesh out who would be furloughed and who would have to work during a government shutdown.

Agencies have been scrambling to update the plans as Congress has struggled to overcome the latest budget impasse, with government money set to run out Wednesday night.

Lawmakers have not yet approved funding due to debate over whether to provide federal funds to reproductive health provider Planned Parenthood. Nevertheless, it appears the shutdown crisis has been averted, at least for a few months, as Capitol Hill looks set to pass a stopgap spending measure this week after Speaker John Boehner's (R-Ohio) shock decision to resign from office (*E&E Daily*, Sept. 28).

U.S. EPA, for example, now has its shutdown plan in place in case Congress fails to pass new funding by Oct. 1. According to the plan, only 4.97 percent, or 740 of its 14,887 employees, would be required to show up for work.

In addition, the agency would keep only a few functions up and running during a shutdown.

Personnel would make sure to keep EPA's laboratories functioning so lab animals and plants wouldn't be destroyed. The agency's emergency response readiness teams, which help stop and clean up toxic spills, would be at the ready. In addition, EPA attorneys would be made available for legal support if called upon.

But payments for rent and phone service would have to wait until the shutdown ends, the agency would not enter into new contracts, staff travel would be suspended, EPA wouldn't hire any new personnel, and its information technology systems would be scaled back.

The Department of Energy would have similar restrictions on its spending, according to its contingency plan.

DOE wouldn't hold meetings, conferences or seminars. Training at the department would stop. Employees wouldn't be allowed to use their government-issued equipment, such as BlackBerrys. Also, management couldn't authorize any overtime for employees, whether they are furloughed or not.

The Department of the Interior has posted myriad shutdown plans for its various bureaus and offices.

Many of Interior's employees would have to go home if a shutdown happens.

In Interior's Office of the Secretary, 2,267 of its 2,739 employees -- or 83 percent of its staff -- would go on a furlough, according to its contingency plan. The employees still working would be needed for law enforcement, security and other support functions for the department.

Interior's Office of Inspector General would place all 263 of its employees on furlough under the office's plan, and its offices across the country would be closed. Nevertheless, 80 of the IG's employees would be "on call" if an emergency arises.

A lapse in funding would also shutter 408 units of the national park system -- locking Americans out of more than 84 million acres of public land spread across all 50 states.

The National Park Service plan calls for closing the agency and the parks it manages down in two phases over the course of four days.

The first phase would focus on notifying the public of the closure, securing government records and property, and winding down operations. It would begin at 12:01 a.m. Oct. 1 and would conclude by noon.

Over the next 3 ½ days, the agency would shut down all concession facilities and visitor services. Overnight visitors would have two days to make alternative arrangements and leave the parks.

Only 3,322 of the Park Service's 24,681 employees would avoid being furloughed.

The shutdown would also close off access to the Fish and Wildlife Service's more than 560 national wildlife refuges and bring the endangered species listing and recovery programs to a halt. The agency plans to complete most of its shutdown activities within half a day.

A government shutdown would lead to some serious disruption for government employees.

Forty percent of the entire federal workforce, or 850,000 employees, were furloughed during the October 2013 shutdown -- resulting in $2 billion in back pay, or $2.5 billion if including their benefits. Financial research firm Moody's Analytics estimated the total cost of the last shutdown at around $20 billion.

Other agencies ready for shutdown

Others have planned to send many of their employees home, as well.

Furloughs would send home about 36 percent of the Department of Transportation's almost 55,000 employees, but the impact would vary dramatically across DOT's different branches.

While air traffic controllers at the Federal Aviation Administration would keep working, almost 17,000 other FAA staffers would be idled. Virtually all of the Federal Transit Administration's 540-strong

workforce would be furloughed, along with more than two-thirds of the 455 employees at the Pipeline and Hazardous Materials Safety Administration and close to half of the Federal Railroad Administration's staff of 864.

But all of the approximately 3,900 employees at the Federal Highway Administration and the Federal Motor Carrier Safety Administration would keep working, DOT's plan indicates. Their jobs are paid for out of the Highway Trust Fund, which would continue operations during a shutdown, the plan says.

When it comes to the country's mine oversight agencies, the Office of Surface Mining Reclamation and Enforcement and the Mine Safety and Health Administration would keep a skeleton staff to address safety and government property issues.

MSHA would keep 821 of more than 2,000 workers currently on board, according to Department of Labor plans. DOL as a whole would keep roughly 2,700 of more than 15,000 workers.

MSHA said it would "continue key functions which directly involve protecting against imminent threats to human life in the Nation's mines, and which are necessary for the protection of government property." Such functions include targeted inspections of mines, accident investigations, mine plan change approvals, emergency readiness and managerial supervision of federal workers operating through a shutdown.

OSMRE, which in many cases oversees state strip mine regulatory programs, would allow certain workers to stay on board to wind down operations. It would keep seven of more than 400 workers through the shutdown, with 22 on call.

More than 5,300 employees would work during a shutdown at the National Oceanic and Atmospheric Administration. That's about 40 percent of its workforce and a reflection of the "essential" functions it carries out, such as weather forecasting.

According to NOAA's shutdown plan, more than 3,600 employees who stay on would be from the National Weather Service. They would include meteorologists, hydrologists, IT specialists and other employees who work around the clock to provide weather forecasts and perform other critical functions.

Another 469 employees would continue working in NOAA's National Marine Fisheries Service to ensure that fishermen don't overfish and to continue seafood inspections. Independent observers would still board fishing boats, and law enforcement officers would continue to address "critical issues."

Other employees throughout NOAA would also be exempted in a shutdown for various responsibilities, such as ensuring that certain facilities are secure, maintaining labs and providing real-time data for ship navigation.

But many other activities at NOAA would come to a standstill. Most research vessels would return to port within a few days. Research activities -- except those deemed essential -- would stop. Long-term law enforcement investigations would be put on hold. Meetings would be canceled and grant support unavailable.

The Federal Energy Regulatory Commission explained in its plan that 48 of its 1,492 full-time employees and 18 contractors would stay during a shutdown to conduct activities critical to protecting life and property, including monitoring electric reliability, the markets, enforcement matters and infrastructure. Contracts are critical to securing FERC's buildings and operations, according to the document.

Notably, FERC's five, presidentially appointed commissioners are exempted from furlough.

The Nuclear Regulatory Commission, which also laid out safety-related activities that would continue during a government shutdown, has about $13 million in carryover funds -- enough to continue operating for up to four days, said NRC spokesman Eliot Brenner. If the government shuts down, the agency would continue to respond to emergencies, resident inspectors who are the agency's "eyes and ears" would continue working, and any concerns they detect would be communicated to the NRC's four regional offices or headquarters.

One of the government's smallest agencies, the Chemical Safety Board, would cease most operations if the federal government stopped operating, according to its shutdown plan.

The agency would keep its general counsel and an information technology specialist on hand and furlough 36 other employees. The agency, however, would be unable to deploy investigators to chemical incident sites until the government reopened. The CSB's Senate-confirmed officials could continue working but "should avoid speeches, public appearances, or other activities that might convey the impression that the agency is operating normally," the plan said.

Reporters Corbin Hiar, Hannah Northey, Sam Pearson, Manuel Quiñones, Sean Reilly and Emily Yehle contributed.

CAMPAIGN 2016:

Trump eyes 'corporate loopholes,' repatriation to pay for tax plan

Geof Koss, E&E reporter

Published: Monday, September 28, 2015

GOP presidential front-runner Donald Trump today outlined a tax reform plan that would lower overall corporate rates by going after foreign profits and eliminating unspecified "special interest loopholes."

During this morning's event at Trump Tower in Manhattan, the candidate offered one of the most specific policy proposals of his campaign.

"It will be simple, it will be easy, it will be fair," Trump said of his plan to streamline the tax code.

The Trump proposal includes elements that have bipartisan support on Capitol Hill, with a major focus on ending corporate inversions and encouraging the repatriation of foreign profits.

"No business of any size, from a Fortune 500 to a mom-and-pop shop to a freelancer living job to job, will pay more than 15 percent of their business income in taxes," states a summary of the plan. "This lower rate makes corporate inversions unnecessary by making America's tax rate one of the best in the world."

Trump emphasized that the plan would be fully offset. "All of this does not add to our debt or deficit," he said.

Lower corporate tax rates would be paid for in part by a one-time deemed repatriation of corporate profits held overseas at a "significantly discounted 10 percent" rate, as well as an end to deferral of taxes on corporate income earned abroad, states the summary.

There's bipartisan interest on both sides of the Capitol in using repatriated foreign profits to pay for highway construction, an issue that is likely to resurface in the weeks ahead as Congress faces yet another expiration of federal transportation programs (*E&E Daily*, July 14).

Trump acknowledged the appetite for repatriation during the event. "Everyone agrees it should come back," he said.

To lower corporate rates, Trump's proposal also calls for "reducing or eliminating corporate loopholes that cater to special interests, as well as deductions made unnecessary or redundant by the new lower tax rate on corporations and business income," he said. "We will also phase in a reasonable cap on the deductibility of business interest expenses."

While the four-page summary doesn't specify which loopholes would get the ax, Democrats for years have called for the cancellation of tax breaks for the fossil fuel industry -- a position that was reiterated in Senate Democrats' comprehensive energy package last week (*E&ENews PM*, Sept. 22).

While the oil and gas industry opposes the Democrats' plan, it has said in the past it would be willing to give up some of its tax breaks in exchange for lower corporate rates as part of a broader tax overhaul.

Trump's plan also would exempt taxpayers with income of less than $25,000 -- or less than $50,000 for joint filers -- from owing any income tax at all. The campaign said it would free 75 million households from tax liability.

Under the plan, those who qualify for the exemption would send the IRS a one-page form that says "I win."

Trump said his plan would consolidate the current seven individual tax brackets into four, while eliminating the alternative minimum tax, the marriage penalty and the "death tax."

While Trump has been criticized for making lofty campaign promises with little detail on how he would accomplish his policy goals, the billionaire appeared comfortable wading into tax policy.

"The economy is what I do well," he said.

CLIMATE:

Obama vows cooperation at U.N. to 'decisively' attack warming

Jean Chemnick, E&E reporter

Published: Monday, September 28, 2015

Climate change featured briefly in President Obama's address this morning to the United Nations General Assembly's final leadership summit ahead of this year's high-stakes round of climate negotiations in December.

The president reserved one paragraph late in his speech for a call to action on warming, telling heads of state from around the world that the United States would cooperate with any nation "that is willing to do its part so that we can come together in Paris to decisively confront this challenge."

He told the gathering of leaders from 193 countries that addressing warming would also help eradicate global poverty and create new industries.

"We can roll back the pollution that we put in our skies, and help economies lift people out of poverty

without condemning our children to the ravages of an ever-warming climate," the president said. "The same ingenuity that produced the industrial age and the computer age allows us to harness the potential of clean energy."

Obama has made it a personal priority to help broker a deal on emissions and finance this December, raising climate issues in meetings with leaders from a variety of key countries. That produced a major agreement last week with China in which the world's highest-emitting nation agreed to introduce a cap-and-trade system to contain emissions beginning in 2017. And Obama meets today with Indian Prime Minister Narendra Modi on the sidelines of the General Assembly meeting to discuss India's emissions commitments ahead of Paris.

But Obama devoted relatively little time in today's address to warming, spending the bulk of his hourlong speech on issues including Islamic extremism and the normalization of relations with Cuba.

Pope Francis in his own address to the U.N. gathering Friday argued that environmental destruction would lead to human suffering (*Greenwire*, Sept. 25).

"Any harm done to the environment, therefore, is harm done to humanity," the pontiff said, sounding a theme he also raised in speeches at the White House and on Capitol Hill.

SECURITY:

China, U.S. lay cyber 'rules of the road'

Blake Sobczak, E&E reporter

Published: Monday, September 28, 2015

President Obama and Chinese President Xi Jinping have agreed to a limited set of rules in cyberspace, including an end to government spying for economic gain.

In a news conference Friday afternoon, Obama said the two countries "have reached a common understanding on the way forward" by agreeing not to "knowingly" support online theft of intellectual property from private companies.

"In addition, we'll work together, and with other nations, to promote international rules of the road for appropriate conduct in cyberspace," Obama said, adding, "so this is progress."

The U.S. government long has voiced concerns over cases of state-sponsored cyberespionage aimed at siphoning technology to Chinese state-owned companies. Beijing has denied stealing secrets from U.S. energy firms, computer chip manufacturers and other major companies for commercial gain. Last week's agreement follows repeated pledges by Xi to uphold international law in cyberspace during his first visit to the United States as China's head of state.

Security experts have already expressed doubts about whether China will stick to its side of the deal, but some business leaders and politicians say it's still a step in the right direction.

"The commitment to not engage in cyber theft of intellectual property and jointly fight cybercrime is a positive development that now needs to be followed with tangible progress," said John Frisbie, president of the U.S.-China Business Council, in a statement after the agreement was announced.

Sen. Tom Carper (D-Del.), ranking member of the Homeland Security and Government Affairs

Committee, pointed out in a statement Friday that "some of my colleagues will say that this agreement doesn't do enough."

"But we must start somewhere and this is more than a good start," he said.

Carper added that the United States "can't just believe what China says" and would need to keep a close eye on Beijing's behavior in cyberspace.

Senior administration officials already have indicated they will keep monitoring Chinese hackers and are prepared to bring new economic sanctions against any miscreants.

Jason Healey, director of the Cyber Statecraft Initiative at the Atlantic Council, said on Twitter that such "naming & shaming has new importance" now that Xi has "personally committed" to stop cyberespionage for commercial gain.

In 2014, the U.S. Justice Department unsealed indictments against five Chinese military officers accused of stealing information from U.S. companies, in a move seen as aimed at shaming Beijing.

Healey's thinking is that Xi's latest promises to behave in cyberspace could come back to bite him if the United States brings new criminal charges or financial penalties against Chinese hackers suspected of stealing trade secrets.

"Both governments will not be engaged in or knowingly support online theft of intellectual properties," Xi said through an interpreter Friday, later adding that "during my current visit, I think it's fair to say that the two sides, concerning combating cyber-crimes, have reached a lot of consensus."

"Going forward, we need to, at an early date, reach further agreement on them and further put them on the ground," Xi said of the cyber rules.

AIR POLLUTION:

Ex-Volkswagen CEO facing criminal probe

Sean Reilly, E&E reporter

Published: Monday, September 28, 2015

German prosecutors have opened a preliminary investigation into any role that Martin Winterkorn, former chief executive officer of Volkswagen AG, may have had in an emissions cheating scheme affecting millions of diesel-powered vehicles.

The inquiry will focus on who bears responsibility for rigging the cars to evade testing requirements, according to a news release today from the prosecutor's office in the central German city of Braunschweig, not far from Volkswagen AG's corporate headquarters in Wolfsburg.

While VW's board had said last week that it was voluntarily requesting an investigation, Julia Meyer, a spokeswoman for the prosecutor's office, told the Associated Press that about a dozen complaints had been received in all. She would not predict how long the probe might last.

Winterkorn resigned Wednesday, five days after U.S. EPA and California state regulators accused the automaker of installing software on almost a half-million VW and Audi cars that applied full emissions controls when the vehicles were being tested but otherwise left them free to spew nitrogen oxides at up to

40 times the allowable levels.

In his resignation statement, Winterkorn, who had headed the Volkswagen Group since 2007, said he knew of no wrongdoing on his part but accepted responsibility for the "irregularities" (*Greenwire*, Sept. 23).

The company, which on Friday named Matthias Mueller, chairman of its Porsche unit, as Winterkorn's replacement, had no immediate comment today on the news of the investigation.

Worldwide, the scam affects some 11 million vehicles, the company has said. In the United States alone, VW could face up to $18 billion in fines. In a sign that the fallout is spreading throughout the industry, EPA managers Friday warned all automakers that their cars could be tested under real-world driving conditions for the "defeat devices" (*Greenwire*, Sept. 25).

But the episode is also giving fresh wind to EPA critics who see the existing testing framework as overly deferential to car and truck manufactures. Volkswagen's deception, which has been going on for years, was uncovered by West Virginia University researchers working for the International Council on Clean Transportation, an independent nonprofit.

In a news release today, Public Employees for Environmental Responsibility (PEER), a watchdog organization, accused EPA of failing to use actual "on the road" emissions data collected from diesel vehicles to monitor either emissions or fuel efficiency.

Currently, testing is conducted "by putting the vehicle on a dynamometer -- essentially a big treadmill," PEER said in the release. When heavy-duty diesel engine manufacturers in the late 1990s were found to have resorted to the same type of manipulation used by Volkswagen, they instead agreed to "in-use" testing to show compliance, the group said.

But EPA has refused to make the data from that testing program public on the grounds that it is "confidential business information," the group said, and has also invested $50 million in a new chassis dynamometer for light-duty vehicles to be rolled out next month.

The Volkswagen scandal shows that dynamometer technology "is a dinosaur, yet EPA [keeps] pouring money into it," Jeff Ruch, PEER's executive director, said in the release. "The fact that the VW cheating was revealed by outsiders indicates the clubby and closed manner in which this arm of EPA operates."

In an emailed response, EPA spokesman Nick Conger called many of PEER's points "simply wrong." The agency uses a wide range of tools besides dynamometers "that are all critical to the ... overall compliance program," Conger said. They include on-road testing, audits of industry emissions testing labs and "selective enforcement" reviews where vehicles and engines are pulled at random from an assembly line and tested. EPA also "continually updates its oversight strategies, and adapts when we learn of ways that manufacturers can game the system," Conger said. "That is part of any oversight effort."

ENERGY POLICY:

Tribes seek federal jump-start for reservation projects

Dylan Brown, E&E reporter

Published: Monday, September 28, 2015

Tribal leaders have drawn a map that they hope will help close the gap between lagging reservation

energy development and booming renewable and traditional power sectors.

The recommendations for more grants, loans and technical assistance flowed from the National Tribal Energy Summit in Washington, D.C., last week, where the Obama administration made clear the need to boost Indian Country projects (*E&ENews PM*, Sept. 24).

Among the recommendations from working groups: a big jump in loan guarantees available to tribes.

Jana Ganion, energy director for the Blue Lake Rancheria in California, said a "high priority" should be placed on $100 million in appropriations for the Department of Energy's Office of Indian Energy Policy and Programs. That would be enough funding for at least 25 staffers for field offices nationwide.

"The Office of Indian Energy supports efforts at every single tribe and Alaska Native community ... and we need it to continue," Ganion said.

In its fiscal 2017 budget proposal, the Obama administration asked for $20 million for the young program, a 25 percent jump from this year, but the increase awaits congressional approval. Meanwhile, appropriators have failed to include $11 million for additional DOE tribal loan guarantees in any budget markup.

Frequently operating on a small scale, tribes are often cut off from funding, an issue raised repeatedly at the summit.

Tribes took advantage of less than a tenth of 1 percent of tax-exempt bonds issued between 1987 to 2010, according to the Treasury Department.

More grants in lieu of tax credits, Ganion said, could give tribal governments more access to direct renewable energy incentives, but many tribal corporations and consortia, particularly in Alaska Native communities, don't qualify.

Ganion said federal agencies need to ensure "eligibility criteria fits tribal structures as they need them to fit."

While fossil fuels were part of the discussion -- many tribes looking to reduce poverty and high unemployment rely on fossil energy -- tribal leaders at the summit declared their focus on aligning with the administration's goal of developing a "clean energy economy."

But leaders said they need help navigating financing options, asking for more programs like U.S. EPA's Indian Environmental General Assistance Program, which helps tribes comply with environmental regulations and clean up pollution.

Deputy Energy Secretary Elizabeth Sherwood-Randall said the administration is heeding that message.

"Institutionalization will lead to results -- that is what you've done with us at this summit this week," she said. "Because we want this work to endure far beyond this administration."

'We will be your partner'

Energy efficiency is also part of the equation on reservations, but John McCoy, a Washington state senator and Tulalip tribal member, said the Department of Housing and Urban Development's policy is "stuck in the '40s" in the face of small-scale solar and wind energy proposals.

"We need to get them to rethink what they allow and don't allow because we need to put these technologies on our low-income housing for our citizens," said McCoy, who heads the National Caucus of Native American State Legislators' energy committee.

Indian leaders acknowledged the need for tribes to do more themselves to develop energy resources, including convincing constituents that major projects are worth the time and money.

"The [return on investment] is taking care of your people," he said.

Education is integral to "capacity building," McCoy said, which requires emphasis on science and technical education.

"You have to have a champion on staff that knows these complex issues," he said.

Gary Davis, CEO of the National Center for American Indian Enterprise Development, a co-host of the summit with the Department of Energy, said Indian Country will have to spur its own success.

"Nobody can do anything without capital ... but no businessperson will tell you that capital will solve all your problems if you don't have a plan, if you don't know how to run a business," Davis said.

Sherwood-Randall said the administration is committed to self-determination for Indian Country, asking tribal leaders to continue using energy development to build economies that will fundamentally improve quality of life.

"We will be your partner in walking that walk," she said.

SOLAR:

Industry, customers wary of move to hike Calif. net-metering fees

Published: Monday, September 28, 2015

A proposal to charge solar customers more for their connection to the electric grid has companies and users concerned that many of the benefits of the technology will be reduced.

Under the proposal, existing rooftop solar customers would be exempted from some of the net-metering charges for 20 years from the date their solar systems were installed, but other regulatory changes could raise their costs by charging customers higher rates for small purchases of electricity.

SolarCity CEO Lyndon Rive said the results will be "catastrophic" if the California Public Utilities Commission approves the proposals at hearings in October.

Utilities say they need to credit solar users who sell electricity back to the grid at a rate about half of what they would pay for the electricity. They also want to charge monthly fees based on the size of the solar system.

"All customers who use the grid should help pay to operate and upgrade the grid," said Caroline Choi, Southern California Edison's vice president of energy and environmental policy.

Critics say the move is a ploy to make solar power unaffordable and keep customers from abandoning traditional utilities.

Inglewood, Calif., resident Miguel Espinoza, who recently signed an agreement with SolarCity to cut his electric bill to $130 per month, said changing how the state treats his solar installation would defeat the purpose of buying it.

"This thing would be worthless to me," Espinoza said (Ivan Penn, *Los Angeles Times*, Sept. 26). **-- SP**

NATURAL GAS:

Energy Transfer, Williams Cos. to merge in $32.6B deal

Published: Monday, September 28, 2015

Energy Transfer Equity LP will buy Williams Cos. for about $32.6 billion in a deal that will combine rival natural gas pipeline operators.

Dallas-based Energy Transfer had sought to buy Williams for six months and saw an unsolicited offer to buy the company rejected in June.

Williams Chairman Frank MacInnis said today that the company's board decided the deal with Energy Transfer was the best option for shareholders.

Analysts said federal regulators were unlikely to block the merger, which would make one of the five largest energy companies in the world, because the companies' existing businesses largely do not overlap.

Both companies have seen their stock prices decline more than 25 percent in the past three months, one reason companies have eyed rivals for potential acquisitions (Tess Stynes, *Wall Street Journal*, Sept. 28). **-- SP**

CALIFORNIA:

State bills aim for environmental justice

Published: Monday, September 28, 2015

A bill awaiting California Gov. Jerry Brown's (D) signature would launch the most ambitious program in the country to help grow the use of alternative energy in low-income, minority communities.

The Multi-Family Affordable Housing Solar Roofs Program would provide up to $100 million per year in funding for 10 years to install solar panels at 210,000 affordable housing units, which advocates see as a key environmental justice initiative.

If approved, the program could save tenants more than $38 million per year in utility bills and $19 million each year in solar tax credits and other savings.

"It's a huge deal," said Parin Shah, a senior strategist for the Asian Pacific Environmental Network. "There isn't anybody else putting resources where their rhetoric is."

A.B. 693, by Assemblymember Susan Eggman (D), would fund the solar panels using money from the state's carbon cap-and-trade program (*ClimateWire*, Sept. 14).

The Legislature also approved three other bills this year -- A.B. 1071, to create a policy to return part of pollution fines to local communities; A.B. 1288, to add two representatives who work with low-income communities to the Air Resources Board; and S.B. 673, to implement a more rigorous permitting process for hazardous waste facilities in poor neighborhoods (Haya El Nasser, Al Jazeera America, Sept. 25). **-- SP**

POWER PLAN HUB:

States cue up initial talks on EPA rule options

Emily Holden and Rod Kuckro, E&E reporters

Published: Monday, September 28, 2015

States around the country are buckling down to explore Clean Power Plan compliance options, even while some of them plan lawsuits against U.S. EPA.

This week will feature public meetings in California, Georgia and Virginia. In the last several weeks, agencies and stakeholders also met in Colorado, Minnesota, Missouri, Montana and Pennsylvania. (Visit our Power Plan Hub state pages for those stories and stay tuned for more from those states in *ClimateWire* this week.)

Most states are starting to gather input from residents and special interests while exploring decisions they will have to make in writing plans (or requesting two-year extensions) by September 2016.

States must decide whether to pursue rate-based or mass-based standards -- to either reduce the level of power plant emissions or cap the total carbon output of the electricity sector. They are weighing various policies to cut emissions and considering whether to include compliance-credit trading options to work with other states to achieve carbon goals.

To gain an extension, states must at least describe options they are considering, justify their need for more time and describe their public outreach efforts.

Advertisement

Many states must also consider what roles state agencies and legislatures will play.

Scoping out state events

In Georgia today, the Georgia Institute of Technology's School of Public Policy and Emory University's Climate@Emory will host a town hall on options for complying with the Clean Power Plan.

Speakers include Karen Hays, chief of Georgia's Environmental Protection Division Air Protection Branch, and Chuck Eaton, chairman of Georgia's Public Service Commission, as well as representatives from Georgia's Department of Economic Development, U.S. EPA, Emory and Georgia Tech.

E&E reporter Kristi E. Swartz will attend.

In Colorado on Wednesday, the Colorado State University Energy Institute, the Center for the New Energy Economy and the School of Global Environmental Sustainability will co-host an informational overview of EPA's Clean Power Plan, featuring former Colorado Gov. Bill Ritter (D) and CNEE senior policy advisers. CNEE has been organizing Western states considering compliance paths for the rule.

In California on Friday, the Air Resources Board will hold an all-day public workshop on the state's cap-and-trade program and plan for complying with the Clean Power Plan. The portion from 3 to 5 p.m. PDT will focus on the U.S. EPA rule. E&E's Debra Kahn will report on the event.

Virginia has also been holding informal listening sessions around the state.

Around Capitol Hill

At 1 p.m. tomorrow, the Environmental and Energy Study Institute will host a briefing about the best compliance strategies for the Clean Power Plan. EESI's lineup includes EPA Office of Air and Radiation senior counsel Joe Goffman and the executive directors of the organizations that represent state air administrators, electric regulators and energy officials.

Bill Becker will speak for the National Association of Clean Air Agencies, Charles Gray will represent the National Association of Regulatory Utility Commissioners, and David Terry will appear for the National Association of State Energy Officials.

Republicans in Congress will renew their attacks on the Obama's administration's air rules with a Senate Energy and Public Works Committee hearing, also at 10 a.m. tomorrow.

The EPW Committee hearing will explore the "economy-wide implications of President Obama's air agenda," and will focus on the ozone rule. EPA air chief Janet McCabe will testify.

Related events

In West Virginia through tomorrow, the Southern States Energy Board meets to consider the transformation of the electricity industry and impacts to coal suppliers. A panel today will explore nuclear power's role in the Clean Power Plan. McCabe will speak about the federal role in fostering innovation and clean energy technologies.

In Austin on Wednesday and Thursday, E&E reporter Edward Klump will be following the Gulf Coast Power Association's fall conference, which includes a keynote address by Federal Energy Regulatory Commission member Colette Honorable and a session on the challenges and opportunities of regulations like the Clean Power Plan to the power business.

The latest CPP news

In case you missed it:

- Top officials in North Carolina say nuclear power may be the best compliance option for the Clean Power Plan (*ClimateWire*, Sept. 28).

- The Colorado Department of Public Health and Environment sketched out questions for the public to consider as the agency works on a compliance plan with electric regulators and the state Energy Office (*ClimateWire*, Sept. 28).

- While opponents of the Clean Power Plan await its publication in the *Federal Register* before they can move forward with attacks, E&E reporter Rod Kuckro looked into why the process takes so long (*EnergyWire*, Sept. 25).

- North Dakota Gov. Jack Dalrymple will meet with EPA officials to protest his state's vastly tougher goals under the final rule. A number of Western governors are visiting Washington, D.C., this week to attend congressional hearings. E&ETV's Monica Trauzzi will sit down with several of them (*EnergyWire*, Sept. 25).

- Montana is grudgingly preparing options for Clean Power Plan compliance, while weighing whether to sue (*ClimateWire*, Sept. 24).

- The Southwest Power Pool says multi-state coordination to cut CO2 is the smartest option (*ClimateWire*, Sept. 24).

- *ClimateWire* explored an emerging political narrative about whether the Clean Power Plan creates "winners" and "losers" among the states (*ClimateWire*, Sept. 21).

- A white paper from a former Wisconsin electricity regulator and onetime adviser to Energy Secretary Steven Chu says complaints that the rule will harm electric reliability are all political (*EnergyWire*, Sept. 21).

AN E&E PUBLISHING SERVICE

CLIMATEWIRE — Tue., September 29, 2015

READ FULL EDITION

1.STATES:

Under Clean Power Plan, Pa. confronts its deep ties to coal

WASHINGTON, Pa. -- Pennsylvania's status as a nationwide energy giant is evident in the rural outskirts of this community in the state's southeast. A nearby church is dwarfed by the silos of Consol Energy Inc.'s Bailey Preparation Plant. Conveyor belts for carrying coal from nearby mines weave between the hills surrounding the operation. And in nearby Ryerson Station State Park, an empty field that was once a favorite swimming spot has driven years of litigation and activism after land movement blamed on underground longwall mining caused the lake to completely drain in 2005. The area is also home to staunch coal defenders. But now that the Obama administration has released the final Clean Power Plan, aimed at reducing greenhouse gas emissions from power plants, Pennsylvania is taking a hard look at its relationship with the black rock.

2.NEGOTIATIONS:

France, U.K. increase their payments to climate aid

UNITED NATIONS -- French President François Hollande announced yesterday that his government will increase climate change finance from €3 billion to €5 billion annually by 2020, boosting chances of an accord in Paris in December but putting the United States in an awkward position.

TODAY'S STORIES

3.BUSINESS:

China's cheap manufacturing comes with high 'carbon penalty,' study finds

4.POLICY:

U.K. begins to cut subsidies for renewable energy sources

5.RENEWABLE ENERGY:

DOE tries to jump-start lagging U.S. offshore wind development

6.FINANCE:

Company offers new option to invest in energy efficiency

7.POLITICS:

Jeb Bush slams Clean Power Plan in new energy proposal

8.SCIENCE:

Researchers pinpoint driver of key carbon sink in Southern Ocean

9.REGULATION:

Minn. utilities dislike Clean Power Plan but still request carbon trading

10.TRANSPORTATION:

Pedestrians take over diesel-dependent Paris during car-free day

11.FORESTS:

Peru looks to halt deforestation in Amazon

12.PUBLIC OPINION:

Survey finds 92% of biophysical scientists believe in man-made warming

13.EDUCATION:

Conservatives propose bills that paint climate change as a controversial topic

E&ETV'S ONPOINT

14.INTERNATIONAL:

Maldives' foreign secretary discusses outlook for island nations ahead of Paris meeting

AN E&E PUBLISHING SERVICE

ENERGYWIRE — Tue., September 29, 2015

READ FULL EDITION

1.TECHNOLOGY:

DOE seeks to focus national lab research on top cyber, grid priorities

A unique collaboration among the Energy Department's national laboratories is seeking to close high-priority technology gaps facing the U.S. power grid, as it deals with disruptive operating changes and cybersecurity threats.

2.ARCTIC:

Shell departure 'a punch in the gut' for Alaska

Alaskans are struggling to understand the full impact of Royal Dutch Shell PLC's Sunday announcement that it is abandoning its Chukchi Sea leases because it found too little oil and gas to warrant further exploration.

TOP STORIES

3.OIL:

U.S. spill count rose 20% in 2014

4.CLEAN POWER PLAN:

Ga. wants extension for its EPA proposal

5.REGULATION:

Republican N.C. county rejects drilling, despite state-level welcome

OIL AND GAS

6.EARTHQUAKES:

Report says states should lead fight against man-made quakes but doesn't say how

7.OFFSHORE DRILLING:

Freeport-McMoRan hits new oil in deepwater Gulf

8.UTILITIES:

Low oil prices hurt even energy markets not burning it

9.WORK FORCE:

Oil and gas layoffs top 200,000

10.BUSINESS:

Four oil field companies file for bankruptcy in Texas

ELECTRICITY

11.GRID:

Better batteries have potential to boost renewables

E&ETV'S ONPOINT

12.INTERNATIONAL:

Maldives' foreign secretary discusses outlook for island nations ahead of Paris meeting

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turley.jennifer@epa.gov

To: Ex. 7 Bunker, Byron[bunker.byron@epa.gov];
Ex. 7
From: Grundler, Christopher
Sent: Tue 9/29/2015 4:22:46 PM
Subject: Fwd: Potential remedy for VW Emission

Non-Responsive

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

Begin forwarded message:

From: <bcasper@gatewayenergy.net>
Date: September 29, 2015 at 11:16:48 AM EDT
To: <grundler.christopher@epa.gov>
Subject: Potential remedy for VW Emission

Dear Mr. Grundler,

I read an article in the Los Angeles Times that quoted you concerning the Volkswagen Emission Issue.

We believe we have the alternative remedy for the emission issue EPA is working with Volkswagen to solve. If given the opportunity we could discuss how our ECO Fuel Catalyst will resolve this issue at an inexpensive cost.

We have lab testing documentation, as well as, thousands of road tested diesel vehicles operating under normal driving condition with our ECO units installed.

We are sure you are receiving many inquiries, but we know our product can solve the VW issue. Please take a few minutes to look at our website and replay back (http://www.gatewayenergy.net/). We can meet right away with you and your associates.

Best regards,

Robert Casper
Gateway Energy Solutions
843.232.7073
bcasper@gatewayenergy.net
www.gatewayenergy.net

Liberté • Égalité • Fraternité
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MINISTÈRE DE L'ÉCOLOGIE, DU DÉVELOPPEMENT DURABLE
ET DE L'ÉNERGIE

La ministre

Paris, le 22 septembre 2015

Madame l'Administratrice,

Le 18 septembre 2015, l'agence fédérale américaine de protection de l'environnement (US Environmental protection agency - EPA) a publié un avis d'infraction à la réglementation américaine en matière d'émission (Clean Air Act) par le groupe Volkswagen pour la production et la vente de voitures équipées de moteur 2L diesel émettant jusqu'à 40 fois plus que la limite d'émission autorisée des oxydes d'azote (NOx).

L'EPA considère que le groupe a introduit sur le marché américain, entre 2009 et 2015, des véhicules équipés d'un dispositif d'invalidation au sens de la réglementation en vigueur. VW aurait installé, sur les véhicules incriminés, un logiciel détectant que le véhicule subit un contrôle de conformité aux émissions polluantes et permettant d'activer des dispositifs antipollution de traitement des NOx lors du contrôle, alors que ces dispositifs antipollution sont inactifs en situation de conduite réelle. En Europe, le règlement (CE) n°715/2007, fixant notamment les limites réglementaires des polluants des normes Euro 5 et 6, interdit dans son article 5 l'usage de *dispositifs d'invalidation qui réduisent l'efficacité des systèmes de contrôle des émissions.*

Les éléments mis en avant par l'EPA sont préoccupants. Compte-tenu de leur ampleur, j'ai le devoir, en tant qu'autorité chargée du contrôle des normes antipollution, de m'assurer que de telles pratiques n'ont pas eu cours sur le territoire français. Il convient de s'assurer que les véhicules homologués en France respectent la réglementation en vigueur. Aussi, je souhaite qu'un retour d'expérience puisse être tiré au plus vite des investigations menées aux Etats-Unis, afin que les contrôles réalisés sur les émissions de polluants des véhicules mis en circulation soient parfaitement fiables.

Madame Gina McCarthy
Administratrice de l'US EPA
1200 Pennsylvania Avenue, N.W.
Washington,DC 20460
ETATS-UNIS

VW FOIA, EPA 06/20/2017 2017-FFP_027803

J'ai donc demandé à l'organisme certificateur français, UTAC-CERAM, de se rapprocher de vos services pour bénéficier de leur expertise. Sur la base des renseignements que vous voudrez bien leur communiquer, j'étudierai avec la plus grande attention la possibilité de mettre en place en France un protocole d'investigations qu'il conviendra de conduire pour identifier de telles fraudes.

En vous remerciant par avance, je vous prie d'agréer, Madame l'Administratrice, l'assurance de mes sentiments les meilleurs.

Bien attentif

Ségolène ROYAL

Paris, September 22, 2015

Dear Ms. McCarthy,

On September 18, 2015, the U.S. Environmental Protection Agency (EPA) published a notice of violation of the Clean Air Act by the Volkswagen Group for the production and sale of vehicles equipped with 2-liter diesel engines emitting up to 40 times the permitted emission limits for nitrogen oxides (NOx).

The EPA believes that between 2009 and 2015 the group introduced into the American market vehicles equipped with a defeat device to circumvent current regulations. VW reportedly installed in the implicated vehicles software that detected that the vehicle was being tested for compliance with harmful emissions standards and made it possible to activate NOx emission control devices during the inspection, while these emission control devices are inactive during normal driving situations. In Europe, regulation (EC) No 715/2007, which notably sets the regulatory limits for pollutant emissions in line with Euro 5 and 6 standards, prohibits in article 5 the use of defeat devices that reduce the effectiveness of emission control systems.

The information released by the EPA is troubling. Given the magnitude of the problem, it is my duty as the authority tasked with monitoring antipollution standards to ensure that such practices are not occurring on French soil. We must make sure that vehicles approved in France abide by current regulations. I would therefore like to obtain feedback from the U.S. investigations as quickly as possible to ensure the absolute reliability of emissions inspections for vehicles on the road.

I have therefore asked the French certification body, UTAC-CERAM, to contact your agency, in order to benefit from its expertise. Based on the information you kindly could provide to us, I will closely study the possibility of establishing a protocol, in France, for the appropriate investigations to be conducted to identify such fraudulent practices.

Thanking you in advance, I remain yours sincerely,

Ségolène Royal

To: Grundler, Christopher[grundler.christopher@epa.gov]; Blubaugh, Jim[Blubaugh.Jim@epa.gov]
Cc: Nishida, Jane[Nishida.Jane@epa.gov]; Dieu, Martin[Dieu.Martin@epa.gov]; Kasman, Mark[Kasman.Mark@epa.gov]; Almodovar, Lisa[Almodovar.Lisa@epa.gov]; Niebling, William[Niebling.William@epa.gov]; LeFranc, Maurice[LeFranc.Maurice@epa.gov]
From: Phillips, Anna
Sent: Tue 9/29/2015 5:05:49 PM
Subject: FW: Volkswagen issue : a letter from French Minister Royal to Administrator Mc Carthy
Lettre Mme Royal à Mme McCarthy-1.pdf
09.22.2015 S. Royal to Adm Mc Carthy.DOCX

Chris and Jim,

Please see the attached letter from French Minister of Ecology Royal to the Administrator (with whom she met in June) and advise on OTAQ's recommend response. Note that this message also may have been received in the Administrator's Office as it was addressed to McCarthy.Gina@epa.gov.

Many thanks…
Anna

~~~~~~

Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

Office of International & Tribal Affairs

Washington, D.C. 20460

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427
E-mail: phillips.anna@epa.gov

http://www2.epa.gov/international-cooperation

~~~~~~

Please consider the environment before printing this message.

From: FULDA Bruno [mailto:Bruno.FULDA@dgtresor.gouv.fr]
Sent: Tuesday, September 29, 2015 12:27 PM
To: Mccarthy, Gina
Cc: Nishida, Jane; Phillips, Anna; DELPORTE Vincent
Subject: Volkswagen issue : a letter from Minister Royal to Administrator Mc Carthy

Dear Administrator Mc Carthy,

Please find herewith a letter from Minister Royal, asking for cooperation in emissions inspections.

A courtesy translation is also attached.

We thank you very much for your assistance in this case which might well go beyond the territory of the USA, and remain at your disposal for any further enquiry on your side.

Yours truly,

Bruno Fulda

Counselor for Ecology, Sustainable Development, Energy and Transport
French embassy in the USA
Tel. : 1.202.944 6095 Cell : 1.202.374 6095

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Washington,DC 20460
ETATS-UNIS

VW FOIA, EPA 06/20/2017 2017-FFP_027808

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En vous remerciant par avance, je vous prie d'agréer, Madame l'Administratrice, l'assurance de mes sentiments les meilleurs.

Bien attentif

Ségolène ROYAL

Paris, September 22, 2015

Dear Ms. McCarthy,

On September 18, 2015, the U.S. Environmental Protection Agency (EPA) published a notice of violation of the Clean Air Act by the Volkswagen Group for the production and sale of vehicles equipped with 2-liter diesel engines emitting up to 40 times the permitted emission limits for nitrogen oxides (NOx).

The EPA believes that between 2009 and 2015 the group introduced into the American market vehicles equipped with a defeat device to circumvent current regulations. VW reportedly installed in the implicated vehicles software that detected that the vehicle was being tested for compliance with harmful emissions standards and made it possible to activate NOx emission control devices during the inspection, while these emission control devices are inactive during normal driving situations. In Europe, regulation (EC) No 715/2007, which notably sets the regulatory limits for pollutant emissions in line with Euro 5 and 6 standards, prohibits in article 5 the use of defeat devices that reduce the effectiveness of emission control systems.

The information released by the EPA is troubling. Given the magnitude of the problem, it is my duty as the authority tasked with monitoring antipollution standards to ensure that such practices are not occurring on French soil. We must make sure that vehicles approved in France abide by current regulations. I would therefore like to obtain feedback from the U.S. investigations as quickly as possible to ensure the absolute reliability of emissions inspections for vehicles on the road.

I have therefore asked the French certification body, UTAC-CERAM, to contact your agency, in order to benefit from its expertise. Based on the information you kindly could provide to us, I will closely study the possibility of establishing a protocol, in France, for the appropriate investigations to be conducted to identify such fraudulent practices.

Thanking you in advance, I remain yours sincerely,

Ségolène Royal

To: Kaul, Meetu[Kaul.Meetu@epa.gov]
From: E&E Publishing
Sent: Tue 9/29/2015 5:31:11 PM
Subject: September 29 -- Greenwire is ready

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GREENWIRE — Tue., September 29, 2015

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Glass company to spend $70M on upgrades under EPA settlement
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22.BIOFUELS:
Jury mulls fate of fake pastor accused of bilking investors
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Minn. tests drones to inspect bridges
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To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Shepardson, David
Sent: Tue 9/29/2015 6:54:53 PM
Subject: Fw: Morgan Stanley Research/Autos & Shared Mobility: VW Emissions: Raises Questions Over Internal Combustion Sustainability
AUTOS_20150929_0000.pdf

Hey even Wall Street is reading us

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Detroit News Washington Bureau Chief
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Washington, DC 20045
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(202) 365-8210 (mobile)
twitter.com/davidshepardson

From: Burden, Melissa
Sent: Tuesday, September 29, 2015 2:51 PM
To: Shepardson, David
Subject: FW: Morgan Stanley Research/Autos & Shared Mobility: VW Emissions: Raises Questions Over Internal Combustion Sustainability

DNews shout out below!

From: Kreloff, Samantha [mailto:Samantha.Kreloff@morganstanley.com]
Sent: Tuesday, September 29, 2015 10:21 AM
Cc: Bellmare, Lauren <Lauren.Bellmare@MorganStanley.com>
Subject: Morgan Stanley Research/Autos & Shared Mobility: VW Emissions: Raises Questions Over Internal Combustion Sustainability

29 Sep 2015 | Jonas CFA, Adam | Jain CFA, Paresh | Mehta, Neel | Hendrikse, Harald C

Autos & Shared Mobility: VW Emissions: Raises Questions Over Internal Combustion Sustainability

The VW emissions news could raise the cost of doing business for all participants in the internal combustion engine business, accelerating a potential move to EVs that is just taking root.

The VW situation is negative for the broader auto industry (not just VW) on many levels. Just yesterday, we met with the CEOs of two Detroit-area auto firms. Each described how the regulatory response to the situation is likely to lead to significantly higher levels of scrutiny, technical challenge and cost increase. If this happens, either the car companies pay or the consumers pay. Given the highly competitive nature of the auto industry, we strongly suspect the consumer will get the better end of the deal. With respect to emissions, the Morgan Stanley Global Auto team believes the industry may run the risk of moving towards a 'guilty until proven innocent' posture with regulatory authorities.

OK – so the cost of doing business in autos may have gone up. But how much could this really cost the industry? The potential scale could take some investors by surprise. Aside from the questions about company practices and regulatory impact, it has long been known that real-world fuel-economy and emissions of vehicles in the fleet do not achieve the same levels of performance as tested in a controlled environment for regulatory/certification purposes. It seems logical to us that the severity of the response following VW's actions could result in a narrowing of the gap between lab tested emissions and real world emissions, at a materially higher cost to auto manufacturers. **It appears the stock market is also looking beyond the immediate arena of VW and diesel engines. In the past week, publicly traded global auto companies (OEMs and suppliers) have shed approximately $200bn of market capitalization, an amount equal to the market cap of Toyota - the world's most valuable car company.**

Not just diesel. The EPA appears to be enhancing oversight on emissions across all engines - not limited to diesel. According to the Detroit News (citing the EPA's National Vehicle and Fuel Emissions lab in Ann Arbor, Michigan, the California Air Resources Board and Environment Canada), the EPA is 'upping its game' and will initiate new emissions testing protocol for greater numbers of vehicles powered by both diesel and gasoline engines already on the road. These procedures can include spot-checks of privately owned cars, rental cars and even vehicles sourced directly from the assembly line.

At this early stage, it is impossible to estimate with any precision just how great the economic impact of VW's actions could be for the broader industry. We have analyzed data on CO2 emissions targets vs. additional technology/manufacturing costs to achieve historical and projected emission standards to get a sense of the additional costs per gram of CO2. There are substantial amounts of data from automotive suppliers, OEMs and regulatory agencies alike on this topic. Depending on the starting point, technology and regulatory target, the cost per gram of CO2 reduction can range form $6/gram to over $100/gram. In Europe, relative to today's 130 g/CO2 baseline, the average car would require EUR 1,000 added manufacturing costs per unit to achieve 95g/CO2, or roughly $32/g. For sensitivity sake, real-world emissions would only need to be off by 2% or 3% to account for a potential increase of $100/cost per car. Our sensitivity analysis below is net of any offsetting efforts by manufacturers to compensate for rising costs through tertiary cost cutting actions (pressure on the supply chain) or attempts to pass on higher costs to the consumer (which could result in lower volume).**We believe it is worth it for investors to think about the sensitivities of unit economics of cost inflation at least at a high level:**

- The industry produces roughly 80 million units annually.

- Every $100 cost increase per car represents $8bn of pretax profit, or a bit more than $5bn after tax.

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Consider further….

- What if cost inflation is higher than $100/unit? What if it's hundreds of dollars per unit?

- The regulatory telemetry/compliance expectation curve steepens significantly through 2020 and 2025.

- All major auto companies are increasingly allocating substantial financial and technological resources towards sustainable propulsion systems. So while they're facing increased regulatory scrutiny to commercialize technology that may have a limited long-term future in the marketplace. On top of this, they have the burden of developing alternative powertrains at the same time.

- EV manufacturers such as Tesla Motors not only don't spend any money on vehicle emissions regulations… they get paid for selling ZEV credits and receive other benefits to encourage the development of EV technology.

These developments are particularly impactful given VW's reputation as one of the strongest players in the industry. VW is one of the world's largest, most profitable, technologically advanced auto manufacturers in existence today, enjoying a reputation for high quality products and delivering high value to consumers.

But what does this event say, at a high level, about the prospects of the long-term viability of engines that are based on a technology that, at its core, has not changed fundamentally in over 100 years?

The VW situation may help to call into question more than a century of ICE powertrain dominance. The timing of the news breaking in the same week that stories are percolating about Apple preparing to ship an Electric Car by 2019 is symbolic. We are not at all suggesting that internal combustion engine technology will disappear in 10 or 15 years. Given any number of capacity, technological, consumer and political factors, the potential substitution would take far longer to run its course. But the timing of the initial change and steepness of the telemetry may take the market by surprise over the next 3 to 5 years. Driving all of this at the heart is the constantly improving economic gap between EV and ICE. Consider the following:

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September 29, 2015

Autos & Shared Mobility

VW Emissions: Raises Questions Over Internal Combustion Sustainability

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Adam Jonas, CFA

MORGAN STANLEY & CO. INTERNATIONAL PLC+
Harald C Hendrikse

MORGAN STANLEY & CO. LLC
Paresh Jain, CFA

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Autos & Shared Mobility

North America

Industry View **Cautious**

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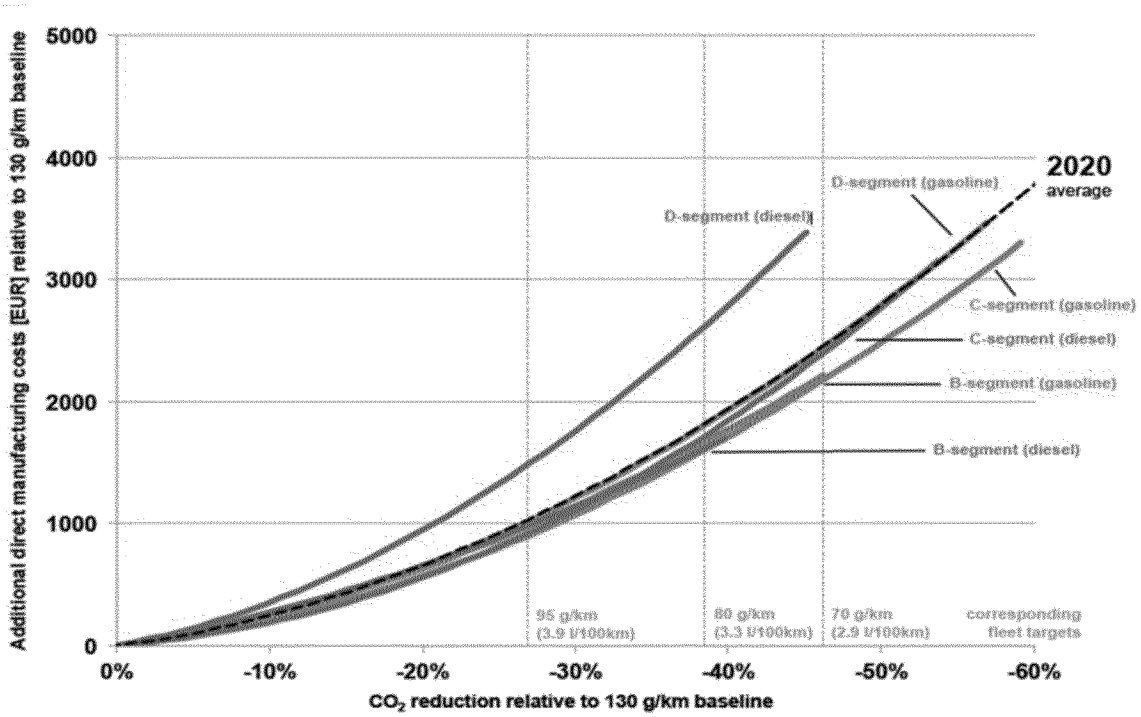
Exhibit Gallery

Exhibit 1: Additional Direct Manufacturing Costs (EUR) Relative to 130 g/km baseline - Cost Curves across B, C & D segments



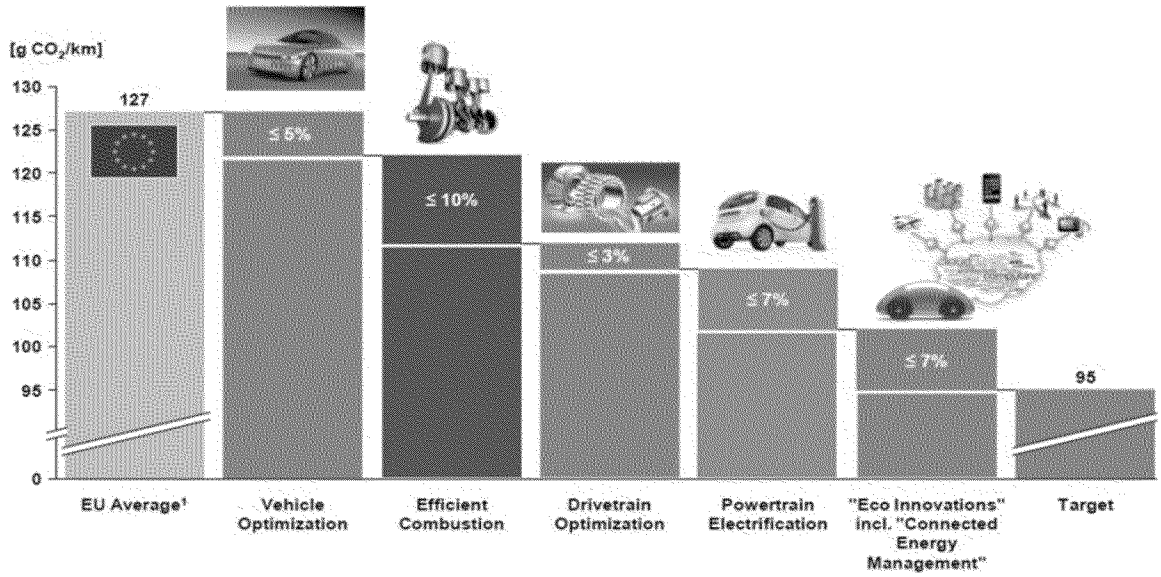
Source: International Council on Clean Transportation (ICCT)

Exhibit 2: Incremental Costs for LDVs Meeting European Standards (2010 dollars)

ENGINE TYPE	VEHICLE CLASS	EURO 1 (BASELINE)	EURO 1 TO EURO 2	EURO 2 TO EURO 3	EURO 3 TO EURO 4	EURO 4 TO EURO 5	EURO 5 TO EURO 6	NO CONTROL TO EURO 6
Gasoline	4 cylinders Vd= 1.5 L	$142	$63	$122	$25	$10	--	$362
Gasoline	4 cylinders Vd = 2.5 L	$232	$3	$137	$15	$30	--	$417
Diesel	4 cylinders Vd = 1.5 L	$56	$84	$337	$145	$306	$471	$1,399
Diesel	4 cylinders Vd = 2.5 L	$56	$89	$419	$164	$508	$626	$1,862

Source: International Council on Clean Transportation (ICCT)

Exhibit 3: How to Reach CO2 Target of 95g/km (Continental)



¹ EU Market Average in 2013.
Source: European Environment Agency: Monitoring CO² emissions from new passenger cars in the EU: Summary of data for 2013 (April 2014).

Source: Continental, European Environment Agency

Tesla – Valuation & Risks

Valuation Methodology: Our PT of $465 represents the midpoint of our base and bull case valuation ($319 and $611, respectively) and incorporates our view that while a mobility app is likely to be announced within 12-18 months, there is a degree of uncertainty as to if, when and how this product unfolds.

Bull Case - $611

Base case valuation of $280 for core business and $244 for Tesla Mobility. We value Tesla Mobility at $65-$615 using a 15-year DCF assuming 30% tax rate, 11% discount rate, and terminal cash flow perpetual growth rate of 3% (implying an exit NOPAT multiple of 12.5x). To derive our bull case valuation for Tesla, we add to our $280 valuation for Tesla Motors: 1) $244 for Tesla Mobility which assumes 1% of global miles traveled and 9.3% pretax margins by 2029, and 2) $87 for Tesla Energy (top end of $39-$87 valuation) which assumes that 30% of Gigafactory output is sold to the power sector at a 30% margin.

Base Case - $319

We believe Tesla Motors cannot be valued on near-term metrics on multiples like traditional auto companies. We have thus chosen a 15-year time horizon for our DCF which captures the full maturation of the Model S, Model X (and top-hat derivatives), and also the ramp-up of its mass market electric vehicle (the Gen 3). We have applied an 11% WACC with a range of 9% to 13%. The terminal value, calculated on a midpoint of 10x EV/EBITDA, accounts for roughly 50% of the total DCF value across the range of methodologies we have applied to arrive at our valuation of $280 for the core business. Our base case assumes the successful commercialization of Model S, X and Gen 3 with combined volumes surpassing 800k units by 2029 with OP margins normalizing at ~14.5%. Separately, we value Tesla Energy at the bottom of our $39-$87 valuation range. We assume that 20% of Gigafactory output is sold to the power sector at a 20% margin. Our base case valuation for Tesla thus incorporates $280 for the core Tesla Motors business and $39 for Tesla Energy. No value ascribed for Tesla Mobility.

Bear Case - $100

Tesla is limited to niche premium brand status. A thriving, but small company with OP margins normalizing at 10%. Launch of Model X faced with significant execution issues. Model S and X combined volume of over 70k units by 2020. Gen 3 volume reaching 100k units by 2020 and 300k by 2029. Valuation excludes any further benefits from the sale of ZEV credits. No value ascribed to Tesla Energy or Tesla Mobility.

Key Risks:

Tesla may never make the leap to a shared mobility model, limiting itself to a niche premium brand with low volumes.

Investors should allow a reasonable level of execution risk on the many unprecedented innovations brought to market on the Model X including never-been-done-before attributes like the double-ringed doors.

Tesla is guaranteeing the value of its Model S in a lease-finance transaction, exposing the company to residual value risks 39 months out.

Volatility in commodity prices such as oil materially change the economic benefits of electric vehicles, particularly when commercialized at lower price points and higher volumes.

Expansion into non-auto business like grid/solar energy storage exposes Tesla's operations to untested cost, competitive and regulatory forces.

US dealer franchise laws that may prevent TSLA from operating its own stores.

VW FOIA, EPA 06/20/2017 2017-FFP_027828

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	COVERAGE UNIVERSE		INVESTMENT BANKING CLIENTS (IBC)		
STOCK RATING CATEGORY	COUNT	% OF TOTAL	COUNT	% OF TOTAL IBC	% OF RATING CATEGORY
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Not-Rated/Hold	**94**	**3%**	**11**	**1%**	**12%**
Underweight/Sell	**601**	**18%**	**83**	**10%**	**14%**
TOTAL	**3,347**		**802**		

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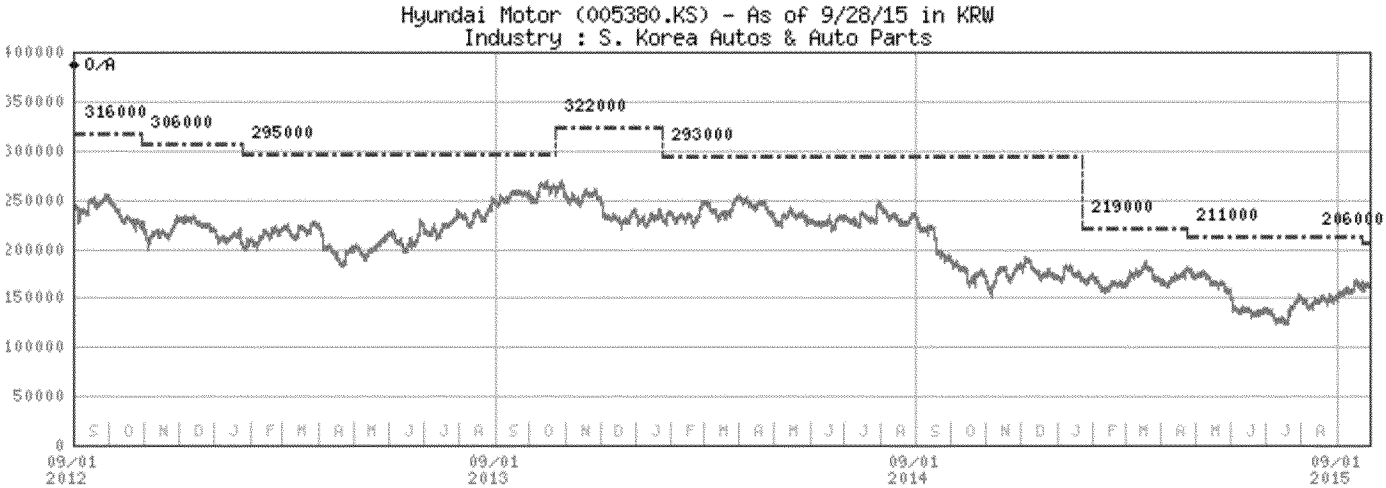
Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 9/1/12 : O/A

Price Target History: 7/25/12 : 316000; 10/29/12 : 306000; 1/25/13 : 295000; 10/23/13 : 322000; 1/24/14 : 293000; 1/23/15 : 219000; 4/24/15 : 211000; 9/22/15 : 206000

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -•- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) —— Stock Price (Covered by Current Analyst) ■■■
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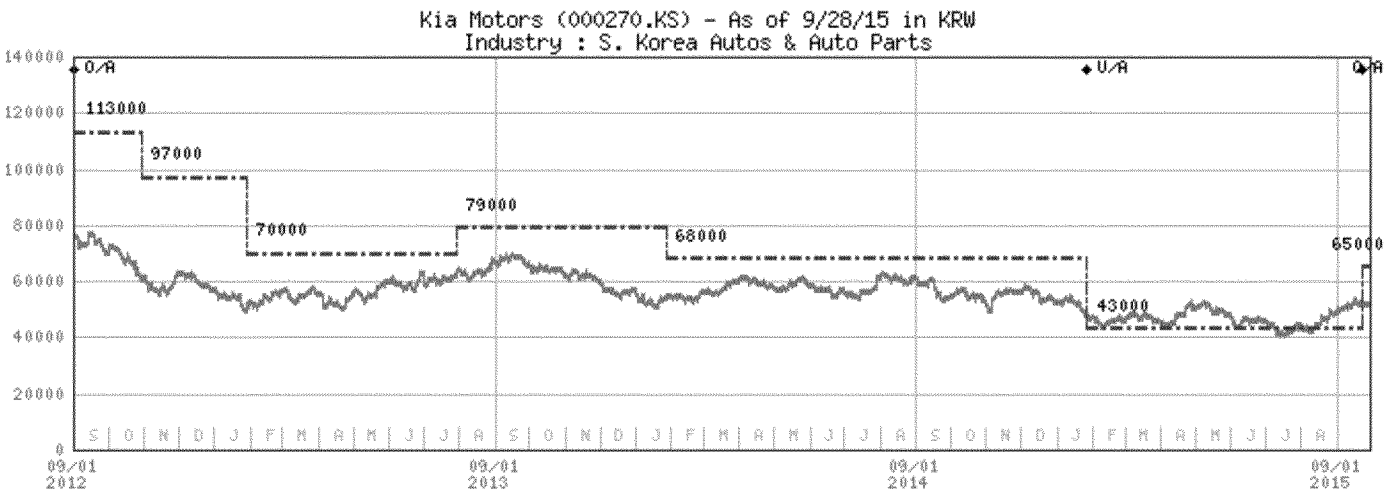

Stock Rating History: 9/1/12 : O/A; 1/27/15 : U/A; 9/22/15 : O/A

Price Target History: 7/25/12 : 113000; 10/29/12 : 97000; 1/28/13 : 70000; 7/29/13 : 79000; 1/27/14 : 68000; 1/27/15 : 43000; 9/22/15 : 65000

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INDUSTRY COVERAGE: **Autos & Shared Mobility**

COMPANY (TICKER)	RATING (AS OF)	PRICE* (09/28/2015)
Adam Jonas, CFA		
Avis Budget Group Inc (CAR.O)	U (03/19/2013)	$42.33
Fiat Chrysler Automobiles NV (FCAU.N)	++	$12.35
Fiat Chrysler Automobiles NV (FCHA.MI)	++	€11.14
Ford Motor Company (F.N)	U (09/08/2014)	$13.12
General Motors Company (GM.N)	++	$28.56
Harley-Davidson Inc (HOG.N)	O (05/06/2013)	$52.75
Hertz Global Holdings Inc (HTZ.N)	U (07/23/2015)	$16.72
Tesla Motors Inc. (TSLA.O)	O (09/17/2012)	$248.43
Paresh Jain, CFA		
Asbury Automotive Group Inc (ABG.N)	U (09/12/2012)	$78.31
AutoNation Inc. (AN.N)	O (07/13/2015)	$56.23
Group 1 Automotive, Inc (GPI.N)	U (10/08/2013)	$82.26
Lithia Motors Inc. (LAD.N)	O (10/15/2014)	$102.15
Penske Automotive Group, Inc (PAG.N)	O (09/06/2011)	$46.26
Sonic Automotive Inc (SAH.N)	O (09/29/2014)	$20.48
Ravi Shanker		
American Axle & Manufacturing Holdings Inc (AXL.N)	U (09/08/2011)	$19.24
Autoliv (ALV.N)	U (12/05/2012)	$101.87
BorgWarner Inc. (BWA.N)	O (10/22/2009)	$39.82
Carmax Inc (KMX.N)	E (11/17/2014)	$57.90
Dana Holding Corp. (DAN.N)	O (09/08/2011)	$15.42
Delphi Automotive PLC (DLPH.N)	O (04/27/2012)	$70.37
Goodyear Tire & Rubber Company (GT.O)	U (09/06/2011)	$28.37
Harman International Industries Inc. (HAR.N)	U (03/05/2012)	$91.50
Johnson Controls, Inc. (JCI.N)	U (09/30/2013)	$39.29
Lear Corporation (LEA.N)	O (05/07/2012)	$103.87
Magna International Inc. (MGA.N)	O (09/06/2011)	$45.57
Meritor Inc (MTOR.N)	O (11/29/2011)	$10.72
Mobileye NV (MBLY.N)	O (08/26/2014)	$42.50
Tenneco Inc. (TEN.N)	U (09/23/2010)	$42.71

Stock Ratings are subject to change. Please see latest research for each company.
* Historical prices are not split adjusted.

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To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Automotive News
Sent: Tue 9/29/2015 8:18:52 PM
Subject: P.M. NEWSCAST: FCA fails to report all death, injury claims | VW chief sees 'setbacks' ahead | Actor's daughter sues Porsche | Is Jeep stretching it? | Over-the-air updates

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To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Automotive News
Sent: Tue 9/29/2015 8:18:54 PM
Subject: P.M. NEWSCAST: FCA fails to report all death, injury claims | VW chief sees 'setbacks' ahead | Actor's daughter sues Porsche | Is Jeep stretching it? | Over-the-air updates

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To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Automotive News
Sent: Tue 9/29/2015 8:44:55 PM
Subject: DAILY: Why the UAW can't afford close ratification votes | GM's new pickups get extra scrutiny | FCA under-reported death claims | No more 'dog ate my homework' culture at GM | VW popular on comedy TV

Today's most read story

GM's new diesel pickups first to get extra scrutiny from EPA, CARB

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BLOG: **LARRY P. VELLEQUETTE**

Why the UAW can no longer afford close ratification votes

The issue is not whether the FCA-UAW tentative pact is a good contract in terms of worker's economics -- it is, relative to recent agreements. But it's still the wrong deal for winning ratification.

GM's new diesel pickups first to get extra scrutiny from EPA, CARB

GM has been told by the EPA and the California Air Resources Board that the new diesel-powered versions of the Chevrolet Colorado and GMC Canyon pickups will not be certified until they have been tested on the road as well as in the lab.

MOST READ (Last 7 days)

UAW-FCA deal dooms Tier 1 if passed
UAW workers vote on FCA agreement without

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Fiat Chrysler says it under-reported death, injury claims

Fiat Chrysler Automobiles has found "significant" under-reporting of deaths and injuries possibly linked to safety defects in its vehicles, the National Highway Traffic Safety Administration said today.

Tier 2 cap on product plan

Diesel test report cites emissions gaps at other automakers

BMW denies rigging emissions tests after report on X3 exhaust

Bosch warned VW about illegal software use in diesel cars, report says

The auto accessories industry is $40 billion and dealers represent less than 5%.

The problem of auto accessories has plagued dealers. Some have cracked the code with AddOnAuto and are averaging an additional $475 a copy in accessories.

Learn how to build a new profit center with AddOnAuto.

Barra wants to end GM's date with bureaucratic culture

The VW emissions scandal has proven to be maddening for consumers and dealers and potentially catastrophic to the company's bottom line. But it's also been great fodder for late night comedians.

GM CEO Mary Barra is determined to switch the company from survivor mode -- a bankruptcy and safety recall -- to winning in the marketplace.

THE VW DIESEL CRISIS

Volkswagen plans to refit diesel vehicles affected by emissions scandal

Postal Service to buy 9,113 Ram ProMaster vans for large package delivery

GM to tap into connectivity, expand car sharing services, Barra says

Porsche may pick production chief as CEO this week, report says

Porsche sued by Paul Walker's daughter over fatal accident

BLOG: DAVE GUILFORD

The secret to the Ghosn-Zetsche alliance's success

BLOG: RICHARD TRUETT

VW's travails aside, diesel fans remain loyal

THE VW DIESEL CRISIS

Mueller will strengthen VW brand's independence

EPA should do more road emissions tests, critics say

U.S. lawmakers demand VW documents in diesel emissions probe

Japan orders probe of diesel emissions after VW confession

VW stock to be removed from Dow Jones Sustainability Indexes

EU regulators work on reforming type-approval system

LG Chem CEO Prabhakar Patil to retire

Autos key to driving Pacific trade deal over finish line

Turning wood and orange peels into car parts stronger than steel

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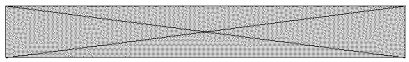
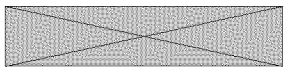


WEBINARS
» Sept. 30 at 2pm ET - Mobile

EVENTS

» Oct. 1 - Automobilwoche Kongress
» Oct. 14 - Best Dealerships To Work For
» Jan. 12 - Automotive News World Congress

Payment
by DMEautomotive
» Oct. 7 at 2pm ET - Programmatic
by Rocket Fuel
» Oct. 15 at 2pm ET - Create Loyal Customers
by Auto/Mate
» Oct. 22 at 2pm ET - Save on Energy
by KeyBank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To: Rupp, Mark[Rupp.Mark@epa.gov]; McCabe, Janet[McCabe.Janet@epa.gov]; Wilson, Shari[Wilson.Shari@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]
Cc: Giles-AA, Cynthia[Giles-AA.Cynthia@epa.gov]; Reynolds, Thomas[Reynolds.Thomas@epa.gov]
From: Millett, John
Sent: Tue 9/29/2015 10:10:38 PM
Subject: RE: VW Question from TN

Hi Mark -- Yes – the consumer q/a's posted on OTAQ's site should cover this –

http://www3.epa.gov/otaq/cert/violations.htm#tests

3 q's that touch on this question should help –

Is EPA officially requiring Volkswagen to issue a recall now?

No. EPA expects to compel VW to issue a recall in the future to reduce the emissions impacts of these vehicles. Owners will be notified of that recall once Volkswagen and Audi have developed a remedial plan and EPA has approved the plan. Manufacturers are given a reasonable amount of time to develop a plan to complete the repairs, including both the repair procedure and manufacture of any needed parts. Depending on the complexity of the repair and the lead time needed to obtain the necessary components, it could take up to one year to identify corrective actions, develop a recall plan, and issue recall notices.

Will I be required to have my vehicle repaired once it is recalled?

That depends. Some states require proof that emissions recalls have been performed prior to issuing the vehicle registration. Even in states that do not have this requirement, it is important to have emissions recalls performed because without the repairs, your vehicle may be emitting harmful pollutants in excess of the federal emission standards. You are not responsible for repair costs related to an emissions recall.

I live in an area that requires periodic emissions tests. What happens if my car fails?

It is unlikely that the presence of this device will cause your vehicle to fail. In fact, the defeat device was specifically designed to ensure that vehicles would pass inspection. The defeat device has been installed in the affected VW diesels since 2009. To date, EPA has no indication of any pattern failures with these vehicles during inspection and maintenance emission tests.

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John Millett

Director, OAR Communications

Desk: 202-564-2903

Cell: 202-510-1822

From: Rupp, Mark
Sent: Tuesday, September 29, 2015 6:06 PM
To: McCabe, Janet; Millett, John; Wilson, Shari; Grundler, Christopher
Cc: Giles-AA, Cynthia; Reynolds, Thomas
Subject: VW Question from TN

Hey, Folks. Had a message from Commissioner Bob Martineau (TN). His office is starting to get questions from residents about their need to renew tags, get emissions inspections, etc. on cars with defeat devices that have not yet been recalled/addressed – and they are wondering how they proceed under the circumstances.

Have we addressed those questions? Do we have something for Martineau's folks to have to be responsive?

Thanks,

Mark

Mark W. Rupp

Deputy Associate Administrator for Intergovernmental Relations

Office of Congressional and Intergovernmental Relations

U.S. Environmental Protection Agency

1200 Pennsylvania Avenue, NW

Washington, DC 20460

(202) 564-6074 (O)

(202) 596-0950 (C)

To: .WASH WI-2 Weber, Michael[wi-2@wash.auswaertiges-amt.de]
From: Phillips, Anna
Sent: Tue 9/29/2015 10:16:40 PM
Subject: RE: Meeting request Christian Hey German Advisory Council on the Environment

Yes – just have the guard call my number and I will come downstairs. If I'm not at my desk, call my mobile at **Ex. 6**

See you tomorrow…

Anna

~~~~~~

Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

Office of International & Tribal Affairs

Washington, D.C. 20460

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427
E-mail: phillips.anna@epa.gov

http://www2.epa.gov/international-cooperation

~~~~~~

Please consider the environment before printing this message.

From: .WASH WI-2 Weber, Michael [mailto:wi-2@wash.auswaertiges-amt.de]
Sent: Tuesday, September 29, 2015 1:51 PM
To: Phillips, Anna
Subject: AW: Meeting request Christian Hey German Advisory Council on the Environment

Dear Anna,

Looking forward to seeing you tomorrow morning. Please let me know if you need anything else from me. I am assuming I should just ask for you name at the second security check?

Best,

Michael

Von: .WASH WI-2 Weber, Michael
Gesendet: Mittwoch, 23. September 2015 13:43
An: 'Phillips, Anna'
Betreff: AW: Meeting request Christian Hey German Advisory Council on the Environment

Dear Anna,

Many thanks, that works well for us.

Please find attached the spreadsheet containing the required clearance information.

I'll be out of office Thursday and Friday but back at my desk Monday in case any questions come up.

See you next week,

Michael

Michael Weber

Energy Policy Advisor

Embassy of the Federal Republic of Germany

4645 Reservoir Road NW

Washington, DC 20007

Tel: +1 (202) 298 4381

Fax: +1 (202) 298 4391

E-mail: wi-2@wash.diplo.de

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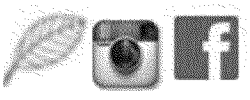

Von: Phillips, Anna [mailto:Phillips.Anna@epa.gov]
Gesendet: Dienstag, 22. September 2015 16:40
An: .WASH WI-2 Weber, Michael
Betreff: Re: Meeting request Christian Hey German Advisory Council on the Environment

Michael, we can offer a meeting at EPA for Mr. Hey on Wednesday, September 30th from 9:00 - 11:00 a.m. on the topics requested below.

The meeting will take place on the third floor of the Reagan Building. We also will need the standard spreadsheet containing the required clearance information for all German visitors (including Embassy staff) who will attend the meeting.

Please let me know if you have questions.

Thanks and regards,

Anna

~~~~~~

Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

Office of International & Tribal Affairs

Washington, D.C. 20460

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427

e-mail: phillips.anna@epa.gov

http://www2.epa.gov/international-cooperation

~~~~~~

From: .WASH WI-2 Weber, Michael <wi-2@wash.auswaertiges-amt.de>
Sent: Tuesday, September 22, 2015 11:02 AM
To: Phillips, Anna
Subject: Meeting request Christian Hey German Advisory Council on the Environment

Dear Anna,

Thanks again for the help re Volkswagen. I am now writing to you on a more positive matter. Christian Hey, general secretary of the German Advisory Council on the Environment (SRU) (http://www.umweltrat.de/EN/TheGermanAdvisoryCouncilOnTheEnvironment/thegermanadvisorycouncilonthee , an expert advisory body of the German Environment Agency (UBA) and the Federal Ministry of the Environment, will be in town next week (Sept 30). The SRU consists of government employees (Christian Hey is employed by the UBA) and appointed university professors who describe and assess environmental conditions, problems, and political trends and point out solutions and preventive measures. The SRU also submits an Environmental Report to the German federal government every four years. The report describes and assesses environmental policy developments and provides in-depth analyses of selected topics. Christian Hey is very interested in some comments your colleague William Jordan, deputy director in the office of pesticide programs, made recently on TTIP (see press article below). Do you think he would be available for a meeting? I am also wondering if Scot Hagerthey or one of his staff that worked on the ROE is interested to talk to Christian Hey about some of the environmental challenges they regard most pressing or they think are not so much on the public radar but warrant attention.

I've worked with Christian for a few years in one of my previous jobs in Berlin and can say that he is extremely knowledgeable on a wide range of topics.

Many thanks,

Michael

Michael Weber

Energy Policy Advisor

Embassy of the Federal Republic of Germany

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Inside U.S. Trade - 06/27/2014

EPA, Consumer Safety Regulator Express Skepticism About TTIP Benefits

Posted: June 26, 2014

Representatives of two U.S. regulatory agencies on June 24 expressed varying degrees of skepticism toward the idea of expanded regulatory cooperation with the European Union under a U.S.-EU trade deal, and raised fears that an agreement could slow down their rule making.

Robert Adler, acting chair of the U.S. Consumer Product Safety Commission (CPSC), said he worries including regulatory cooperation obligations in the Transatlantic Trade and Investment Partnership (TTIP) could make his agency even more hamstrung than it already is when it comes to issuing regulations.

Adler directly rebuffed the idea -- proposed by the European Commission -- that the trade deal should establish a new "Regulatory Cooperation Council" that would allow greater input from EU regulators and stakeholders in the U.S. regulatory process, and vice-versa.

Imposing such a procedure "could extend an incredibly cumbersome process that we face when we write regulations," Adler said. He explained that in 1981, Congress amended the CPSC's statute to require extensive cost-benefit analyses before publishing a rule. The consequence is that the agency has been able to issue only nine safety standards in the intervening 33 years, he said.

"The idea that we would then have to take a rule that we have spent so much time writing and go to an additional approval means that you're going to have many, many, many years of waiting for safety regulation. And I think that we all know that safety delayed is safety denied in too many respects," he said at an event in Washington hosted by the Transatlantic Consumer Dialogue (TACD).

Adler said some of his office's expert-level officials have been directly involved in the TTIP negotiations, and have helped to explain -- for example -- U.S. rules on flame-retardant treatments for textiles. He said the EU seemed satisfied enough with the explanation so as not to regard these rules as a trade barrier to be tackled through TTIP. But he expressed fear that other CPSC regulations may come into the crosshairs of negotiators.

Separately, William Jordan, deputy director in the office of pesticide programs at the Environmental Protection Agency (EPA), signaled skepticism toward TTIP regulatory cooperation efforts by saying it remains to be seen whether they will be "productive or a big waste of time."

Speaking on a different panel at the same TACD event, Jordan also acknowledged evaluating the potential impact of a rule on trans-Atlantic trade would add to a pile of more than a dozen assessments the EPA must conduct for other areas in publishing a rule, potentially slowing it down further.

"The fact that there may be trade impacts from a regulatory decision doesn't necessarily mean that it changes the regulatory decision, but it might mean that you look for different ways of achieving or implementing a goal," Jordan said.

"The downside that I see is adding yet one more kind of analysis to develop when taking a regulatory action … There are usually about 17 sections that go at the end of every rule making the EPA does. To go to another one adds just a little bit more work and has the potential to slow things down. I think the serious question is: Is it worth it?"

At the same time, Jordan said he sees some possible benefits from cooperating with the EU through its proposed Regulatory Cooperation Council.

He suggested doing so would be somewhat helpful, if only so U.S. officials could go to one forum and have access to all the relevant EU officials on a topic -- something he described as difficult given the EU's complicated bureaucracy. Working together on risk assessment for pesticides, for example, might also reduce the likelihood the U.S and EU would come to different decisions on risk management.

Adler, the acting CPSC chair, also raised questions about whether reducing regulatory differencesbetween the U.S. and EU in the consumer products sector, which includes things like apparel and toys, would really lead to added economic gains for businesses on either side of the Atlantic.

He said his experience has shown companies typically make their products to the highest standard of the markets they sell to, so they are compliant in all of them -- something he contended is good for consumers, and does not incur the expense of maintaining different inventories for different safety standards.

"I think the annoyance factor of different safety systems is huge with our friends in the business community. I personally remain skeptical that the out-of-pocket costs are as great as the annoyance," he said.

Adler added his agency does not have the staff or resources to figure out how standards could be aligned with regulations in other jurisdictions, although it does take international standards and best practices into account. He said he has exhorted businesses who complain about divergent rules to submit detailed petitions demonstrating the two approaches are consistent and harmonizing them would reduce costs. But he said he has received no response to date from businesses.

"What our friends really seem to want is for CPSC to survey the market, find equivalent standards, and lead the charge to make our systems compatible," he said. "In other words, they want us to be the moving party. And I'm going to be very frank: That's not going to happen."

Inside U.S. Trade - 06/27/2014, Vol. 32, No. 26

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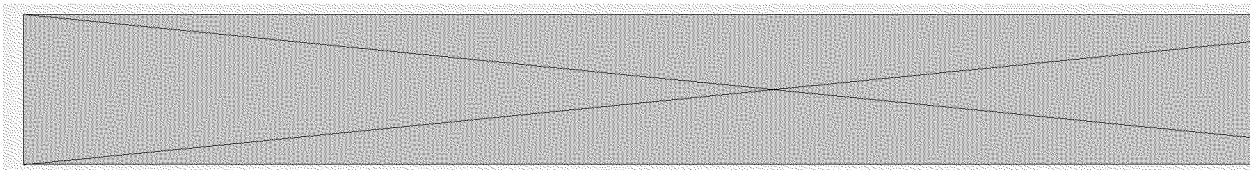
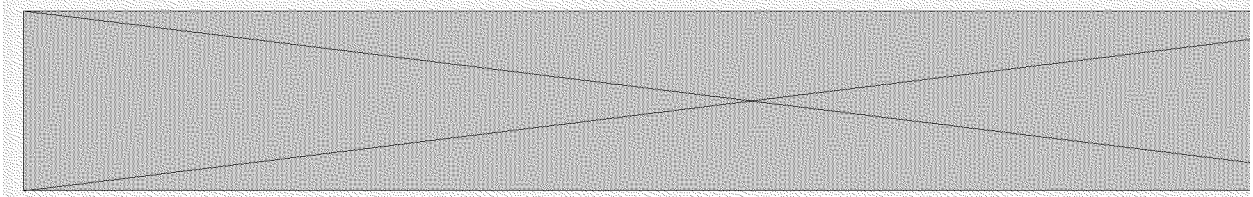
To: Grundler, Christopher[grundler.christopher@epa.gov]
From: The Hill
Sent: Tue 9/29/2015 10:39:42 PM
Subject: Overnight Energy & Environment: EPA targets oil refinery pollution





EPA TURNS TO REFINERIES: The Environmental Protection Agency released tough new rules cutting down on air pollution from petroleum refineries on Tuesday.

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The agency said its new rule, which will be implemented in 2018, will reduce toxic air pollutants by 5,200 tons and cut 50,000 tons of volatile organic compounds from the air annually.

Officials are also requiring refiners to track the concentration of benzene, a toxic chemical, and warn the public about their levels.

The EPA pitched the new rules as a boon for public health.

"These updated Clean Air Act standards will lower the cancer risk from petroleum refineries for more than 1.4 million people and are a substantial step forward in EPA's work to protect the health of vulnerable communities located near these facilities," EPA Administrator Gina McCarthy said in the statement.

Oil groups said the agency incorporated some of its early comments on the rule into the final version, but still warned that the final rule will be expensive to implement.

"Despite these improvements, regulators need to be thoughtful about the additional impacts of new regulations and added costs to delivering affordable energy to U.S. consumers," API

Downstream Group Director Bob Greco said in a statement.

Read more here.

ON TAP WEDNESDAY I: The House Energy and Commerce Committee will meet to mark up its comprehensive energy reform bill.

ON TAP WEDNESDAY II: Jo Ellen Darcy, the Assistant Secretary of the Army, will testify on the Army Corps of Engineers' role in the crafting of a new Obama administration water regulation before a Senate Environment and Public Works subcommittee.

Rest of Wednesday's agenda ...

Four governors -- Steve Bullock (D-Mont.), Dennis Daugaard (R-S.D.), Gary Herbert (R-Utah) and Matt Mead (R-Wyo) -- will testify before the House Natural Resources Committee on energy development in their states.

NEWS BITE: Peter Lehner is leaving the Natural Resources Defense Council for Earthjustice.

Lehner has been the NRDC's executive director since 2006, but he will soon head a "sustainable food and agriculture program" at Earthjustice, the group said Tuesday.

"We are delighted to be welcoming back to Earthjustice a lawyer of Peter's extraordinary ability and creativity. He will be a great fit with the excellent Earthjustice team," the group's president, Trip Van Noppen, said in a statement announcing the move.

"His experience in government, public interest, and the private sector, combined with the reach of Earthjustice and its partners, will significantly increase our impact."

Leher worked on the NRDC's policy positions and advocacy and communications campaigns, according to the group, as well as leading the group's Action Fund political activities.

Of his new job Lehner said in a statement, "Agriculture affects our environment and climate, and food affects our health, more than almost any other activity. I am delighted to be rejoining Earthjustice to take advantage of the opportunities to work with allies among farmers, communities, and others to make our food and food production cleaner and safer."

AROUND THE WEB:

Chesapeake Energy will cut about 15 percent of its workforce, the company announced Tuesday, Reuters reports.

The governor of the Bank of England is warning that climate change could lead to a global financial crisis, BBC News reports.

New York City Mayor Bill de Blasio has joined the divestment movement and is pushing the city's pension funds to end their coal fuel investments, Newsweek reports.

IN CASE YOU MISSED IT:

Check out Tuesday's stories...

-House Committee wants more info from Volkswagen, EPA
-Bush energy plan would boost exports, approve Keystone
-EPA cracks down on oil refinery pollution
-Senate Dem to EPA: Protect 'God's planet'
-EPA expects success from new methane rules
-Powering the Economy: A Discussion on Natural Gas, Methane Policy & American Business

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Did you miss our briefing on methane emissions and natural gas regulations? Check out event highlights, the speaker line-up, photos, and more here: http://thehill.com/event/251988-powering-the-economy-a-discussion-on-natural-gas-methane-policy-american-business

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To: Bunker, Byron[bunker.byron@epa.gov]; Cook, Leila[cook.leila@epa.gov]; Hengst, Benjamin[Hengst.Benjamin@epa.gov]
From: Grundler, Christopher
Sent: Tue 9/29/2015 10:50:07 PM
Subject: Fwd: American Lung Association letter on Volkswagen Clean Air Act Violations
Letter to Lynch McCarthy Harris Nichols Clean Air Act Violations.pdf
ATT00001.htm

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

Begin forwarded message:

From: Paul Billings <Paul.Billings@lung.org>
Date: September 29, 2015 at 5:23:16 PM EDT
To: "mccarthy.gina@epa.gov" <mccarthy.gina@epa.gov>, "loretta.lynch@usdoj.gov" <loretta.lynch@usdoj.gov>, "kamala.harris@doj.ca.gov" <kamala.harris@doj.ca.gov>, Ex. 7
Cc: "john.cruden@usdoj.gov" <john.cruden@usdoj.gov>, "giles-aa.cynthia@epa.gov" <giles-aa.cynthia@epa.gov>, "'mccabe.janet@epa.gov'" <'mccabe.janet@epa.gov'>, "brooks.phillip@epa.gov" <brooks.phillip@epa.gov>, "Kaul.meetu@Epa.gov" <Kaul.meetu@Epa.gov>, Ex. 7 Ex. 7 "Bonnie Holmes-Gen" <bonnie.holmes-gen@lung.org>
Subject: American Lung Association letter on Volkswagen Clean Air Act Violations

Attached please find a letter from the American Lung Association and the American Lung Association in California on the need to fully address the air pollution and health impacts caused by the Volkswagen violations of the Clean Air Act.

We would be happy to answer any questions

Thank you

Paul Billings

Paul.Billings@Lung.org

Paul G. Billings

Senior Vice President, Advocacy & Education

American Lung Association

1301 Pennsylvania Ave NW Suite 800

Washington, DC 20004-1725

Phone: 202-785-3355 x 3988

Fax: 202 -452-1805

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Harold P. Wimmer

September 29, 2015

The Honorable Loretta Lynch
Attorney General of the United States
Department of Justice
Robert F. Kennedy Building
950 Pennsylvania Avenue, NW
Room 5111
Washington, DC 20530

The Honorable Gina McCarthy
Administrator,
U.S. Environmental Protection Agency
William Jefferson Clinton Federal Building
1200 Pennsylvania Avenue, NW
Room 3000
Washington, DC 20460

The Honorable Kamala Harris
Attorney General
State of California
P.O. Box 944255
Sacramento, CA 94244

The Honorable Mary Nichols
Chair, Air Resources Board
P.O. Box 2815
Sacramento, CA 95812

Dear Attorney General Lynch, Administrator McCarthy, Attorney General Harris and Chair Nichols:

We write to express our concern about the health impacts of the emissions released by the defeat devices installed on Volkswagen's diesel vehicles and to recommend steps to mitigate the harm caused by these deliberate violations of the Clean Air Act and other laws. We are concerned that past enforcement actions have not fully mitigated the pollution caused by those violations. The mission of the American Lung Association is to save lives by improving lung health and preventing lung disease. We advocate for cleaner, healthier air to protect all, but especially the most vulnerable – children, seniors, and those with chronic lung disease.

We were deeply dismayed to read the Notice of Violation that documented the installation of defeat devices designed to circumvent the certification

Advocacy Office:
1301 Pennsylvania Avenue NW, Suite 800
Washington, DC 20004
Ph: 202-785-3355 F: 202-452-1805

National Office:
55 W. Wacker Drive, Suite 1150 | Chicago, IL 60601
Ph: 312-801-7630 F: 202-452-1805 Info@Lung.org

test and dump excessive amounts of nitrogen oxides into the air.[1] Volkswagen's violations harm the public health and pollute the air. According to Bloomberg Business, the 482,000 noncompliant vehicles in the U.S. spewed almost 12,000 additional tons of nitrogen oxides into the air in one year, which, in total, "added the equivalent of as many as 19 million chemical-spewing cars to American roads."[2]

Since the 1960s, California has led the world to clean up motor vehicle pollution. The California Air Resources Board (ARB) and the U.S. Environmental Protection Agency (EPA) have collaborated to regularly update vehicle emissions standards to reduce air pollution and improve public health. The innovations to motor vehicle pollution control have changed the world and prevented millions of premature deaths. Key to this success are rigorous compliance and enforcement. Volkswagen's grave violation of the law has shaken the public confidence and increases the need for strong enforcement actions.

Through this enforcement action, we urge you to take all steps to mitigate the harm, punish those responsible, deter future violations of the law, increase the scientific understanding of near roadway air pollution and initiate steps to restore the public confidence in motor vehicle pollution control.

1. To mitigate the harm, every high emitting vehicle—all 482,000 cars—must be recalled and repaired to guarantee compliance with the emissions standards. Volkswagen must be obligated to create incentives to capture all of the vehicles including, if needed, a requirement to buy back those vehicles from their current owners and to retire those vehicles. If each vehicle is not repaired or retired, communities will be burdened by these excess emissions for another generation until the vehicles ultimately retire. EPA and ARB must develop a robust in-use testing protocol to ensure that if the vehicles are repaired, the vehicles remain in full compliance for the vehicles' full useful life, in real world driving conditions. The emissions control system must not be allowed to degrade over time to exceed the standards, and EPA and ARB must assure the public that there is no further cheating by Volkswagen.

2. Because of the magnitude of the excess emissions, reported to be as much as forty times the standard, the recall and repair must be promptly implemented with a short time limit for compliance. These vehicles pose a real and ongoing threat to public health. We recommend no more than 90 days for the recall and repair or scrappage of this fleet. These super-emitters cannot be allow to continue to pollute the air.

3. EPA and ARB must determine the magnitude of the excess emissions caused by the vehicles from the date of the sale of the first vehicle through the effective repair or scrappage of the last vehicle. Volkswagen must be required to offset all the excess emissions through verified, enforceable pollution reductions. These offsets must be real,

---

[1] Brooks, P (2015, September 18) *Notice of Violation Letter to Volkswagen* http://www3.epa.gov/otaq/cert/documents/vw-nov-caa-09-18-15.pdf

[2] Levin, A, and Plungis, J (2005, September 23) *VW Cheating Added Pollution of as Many as 19 Million U.S. Cars*, Bloomberg Business http://www.bloomberg.com/news/articles/2015-09-23/vw-cheating-added-pollution-of-as-many-as-19-million-u-s-cars

new emissions reductions, not, for example, purchasing shut down credits. Because much of the burden of the excess pollution falls on communities who live near roadways, the offsets must reduce emissions in those communities with the highest air pollution burden.

4. All of the correspondence, testing results and documents from Volkswagen, EPA and ARB must be released and made available to the public. This transparency will help to inform the public and policy makers as we work to strengthen enforcement and provide additional resources to support compliance with applicable laws. The public has a right to know why it took six years to identify these violations and what steps Volkswagen took to cover up the violation or delay the investigation.

5. To ensure that the full scope of the violations are known, to deter future violations of the law and to restore public trust, EPA and ARB should verify all Volkswagen vehicle certifications. EPA and ARB should audit the existing fleet of all Volkswagen vehicles (including all their other brands) for all Tier 2 model years 2004 through 2016, and prior to certification, all new models of all of the Volkswagen brands for the Tier 3 standards, model years 2017 through 2025, should be tested with a rigorous on-road testing protocol as well.

6. If there is a settlement, steps must be taken to mitigate the burden for the public and to further deter future conduct by Volkswagen or others. We urge that any resolution include Supplemental Environmental Projects that are consistent with the EPA guidance to "obtain environmental and public health protection and benefits that may not otherwise have occurred in the settlement of an enforcement action."[3] We recommend that substantial and significant additional pollution offsets be required in those communities with the highest air pollution burden. We believe that an additional five tons of nitrogen oxide should be cleaned up for each potential excess ton of nitrogen oxide these vehicles emitted. If the recall, repair or scrapping of the existing fleet does not achieve full compliance, any pollution attributed to non-participation of vehicles over their full lifetimes should be offset by ten tons of pollution cleaned up for every ton of pollution from the super-emitting vehicles. This will help to deter future cheating by Volkswagen and send a strong signal to other companies that the consequences of cheating are significant.

   These reductions could take the form of incentives to promote zero emission vehicles and the infrastructure needed to support zero emission vehicle (ZEV) technology, the retrofitting with NOx controls or retirement of older diesel engines, other measures that reduce mobile source pollution in communities, or other real, enforceable and tangible pollution reductions.

7. A resolution to these violations should also support efforts to increase the understanding of the health impacts of motor vehicle pollution and enhance near roadway air pollution monitoring. In 2010, the Health Effects Institute published *Traffic-Related Air Pollution: A Critical Review of the Literature on Emissions, Exposure, and Health Effects* that concluded:

[3] Giles, G (2015, March 10, *Issuance of the 2015 Update to the 1998 U.S. Environmental Protection Agency Supplemental Environmental Projects Policy* [Memoradum] Washington, DC: U.S. Environmental Protection Agency http://www2.epa.gov/sites/production/files/2015-04/documents/sepupdatedpolicy15.pdf

the evidence is sufficient to support a causal relationship between exposure to traffic-related air pollution and exacerbation of asthma. It also found suggestive evidence of a causal relationship with onset of childhood asthma, nonasthma respiratory symptoms, impaired lung function, total and cardiovascular mortality, and cardiovascular morbidity.[4]

Volkswagen should be required to fund, but not control in any way, an independent near roadway research program to improve the understanding of the impact of motor vehicle emissions on the public health. In addition, Volkswagen should fund state and local air pollution control agencies to expand their near road air pollution monitoring programs. Currently there are only 126 near road monitors including less than 20 in California. We recommend tripling this network and funding its operation for twenty years. This monitoring and research effort would further inform compliance, enforcement and policy to improve public health.

In conclusion, protecting public health demands cleaner air. California and federal law have significantly reduced air pollution from motor vehicles, yet millions of people still are exposed to unhealthy air pollution. Polluters who violate the public trust and the law must be held accountable. Any resolution to this case must mitigate all the harm and include significant measures to prevent and deter future misconduct.

The excessively polluting vehicles must not be permitted to continue to operate without being repaired to comply with their certification standards. Every gram of excess pollution created by these violations must be offset in the communities where the public bears the greatest air pollution burden. Additional significant pollution reductions must be made to help to compensate the public for the additional air pollution burden and to deter future misconduct. All Volkswagen vehicles from 2004 through 2025 should be subject to rigorous in-use compliance tests to ferret out any additional cheating and to deter future misconduct. In the interest of transparency, there must be full disclosure of all information related to these violations. And, Volkswagen should fund research and monitoring to improve the understanding of the health impacts of near roadway exposures.

Please contact Paul Billings, Senior Vice President, Advocacy and Education, at 202-785-3355 or Paul.Billings@Lung.org if you need any additional information.

Sincerely,

Harold Wimmer
National President and CEO

Olivia J. (Gertz) Diaz-Lapham
President and CEO
American Lung Association in California

[4] Health Effects Institute (2010, January 13) HEI Panel on the Health Effects of Traffic-Related Air Pollution. 2010. Traffic-Related Air Pollution: A Critical Review of the Literature on Emissions, Exposure, and Health Effects. HEI Special Report 17. Health Effects Institute, Boston, MA. http://pubs.healtheffects.org/view.php?id=334

cc. John C. Cruden, Assistant Attorney General, Environment and Natural Resources Division
Cynthia Giles, Assistant Administrator, Enforcement and Compliance Assurance, U.S. EPA
Janet McCabe, Acting Assistant Administrator, Air and Radiation, U.S. EPA
Phillip A. Brooks, Director, Air Enforcement Division, U.S. EPA
Meetu Kaul, Air Enforcement Division, U.S. EPA

Richard Corey, Executive Officer, Air Resources Board
Ellen Peter, Chief Counsel, Air Resources Board
Todd Sax, Division Chief, Enforcement, Air Resources Board

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55 W. Wacker Drive, Suite 1150 | Chicago, IL 60601
Ph: 312-801-7630 F: 202-452-1805 Info@Lung.org

VW FOIA, EPA 06/20/2017 2017-FFP_027863

To: Hengst, Benjamin[Hengst.Benjamin@epa.gov]
Cc: Bunker, Byron[bunker.byron@epa.gov]
From: Grundler, Christopher
Sent: Tue 9/29/2015 10:57:27 PM
Subject: Re: Please review quickly ! RE: Automotive News re: Questions re EPA in-use emissions test protocol

Ex. 5

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

On Sep 29, 2015, at 4:25 PM, Hengst, Benjamin <Hengst.Benjamin@epa.gov> wrote:

Ex. 5

Ben

From: Cohen, Janet
Sent: Tuesday, September 29, 2015 4:21 PM
To: Hengst, Benjamin
Cc: Bunker, Byron; Wehrly, Linc
Subject: FW: Please review quickly ! RE: Automotive News re: Questions re EPA in-use emissions test protocol

Ben,

Ex. 5

- J. -

.....

Ex. 5

****

Byron Bunker

Director Compliance Division

Office of Transportation and Air Quality

Environmental Protection Agency

2000 Traverwood Drive

Ann Arbor, MI 48105

Bunker.Byron@epa.gov

Phone: (734) 214-4155

Mobile: (734) 353-9623

****

From: Birgfeld, Erin
Sent: Tuesday, September 29, 2015 2:01 PM
To: Cohen, Janet; Bunker, Byron

Subject: FW: Automotive News re: Questions re EPA in-use emissions test protocol

HI Janet and Byron,

Another Q from AutoNews.

I had a few follow-ups to Chris Grundler's comments from Friday's conference call. He mentioned several ways that EPA works to verify emissions COC submissions.

Here's the section I have questions about

EPA also tests vehicles they borrow from private owners to ensure they match the certified design and align with data submissions, and they also audit vehicles selected at random from manufacturers production lines to confirm GHG and fuel economy

Also do in-use investigations to evaluate performance on the road.

How many light-duty vehicles annually fall under each category that I've highlighted?

From: Valentine, Julia
Sent: Tuesday, September 29, 2015 1:52 PM
To: Birgfeld, Erin; Hengst, Benjamin; Millett, John
Cc: Allen, Laura; Conger, Nick; Senn, John
Subject: VW: Automotive News re: Questions re EPA in-use emissions test protocol

Automotive News

Ryan Beene

Hi Julia,

I had a few follow-ups to Chris Grundler's comments from Friday's conference call. He mentioned several ways that EPA works to verify emissions COC submissions.

Here's the section I have questions about

EPA also tests vehicles they borrow from private owners to ensure they match the certified design and align with data submissions, and they also audit vehicles selected at random from manufacturers production lines to confirm GHG and fuel economy

Also do in-use investigations to evaluate performance on the road.

How many light-duty vehicles annually fall under each category that I've highlighted?

Thanks.

Ryan

Please consider the environment before printing this message.

From: FULDA Bruno [mailto:Bruno.FULDA@dgtresor.gouv.fr]
Sent: Tuesday, September 29, 2015 12:27 PM
To: Mccarthy, Gina
Cc: Nishida, Jane; Phillips, Anna; DELPORTE Vincent
Subject: Volkswagen issue : a letter from Minister Royal to Administrator Mc Carthy

Dear Administrator Mc Carthy,

Please find herewith a letter from Minister Royal, asking for cooperation in emissions inspections.

A courtesy translation is also attached.

We thank you very much for your assistance in this case which might well go beyond the territory of the USA, and remain at your disposal for any further enquiry on your side.

Yours truly,

Bruno Fulda

Counselor for Ecology, Sustainable Development, Energy and Transport
French embassy in the USA
Tel. : 1.202.944 6095 Cell : 1.202.374 6095

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RÉPUBLIQUE FRANÇAISE

MINISTÈRE DE L'ÉCOLOGIE, DU DÉVELOPPEMENT DURABLE
ET DE L'ÉNERGIE

La ministre

Paris, le 22 septembre 2015

Madame l'Administratrice,

Le 18 septembre 2015, l'agence fédérale américaine de protection de l'environnement (US Environmental protection agency - EPA) a publié un avis d'infraction à la réglementation américaine en matière d'émission (Clean Air Act) par le groupe Volkswagen pour la production et la vente de voitures équipées de moteur 2L diesel émettant jusqu'à 40 fois plus que la limite d'émission autorisée des oxydes d'azote (NOx).

L'EPA considère que le groupe a introduit sur le marché américain, entre 2009 et 2015, des véhicules équipés d'un dispositif d'invalidation au sens de la réglementation en vigueur. VW aurait installé, sur les véhicules incriminés, un logiciel détectant que le véhicule subit un contrôle de conformité aux émissions polluantes et permettant d'activer des dispositifs antipollution de traitement des NOx lors du contrôle, alors que ces dispositifs antipollution sont inactifs en situation de conduite réelle. En Europe, le règlement (CE) n°715/2007, fixant notamment les limites réglementaires des polluants des normes Euro 5 et 6, interdit dans son article 5 l'usage de *dispositifs d'invalidation qui réduisent l'efficacité des systèmes de contrôle des émissions.*

Les éléments mis en avant par l'EPA sont préoccupants. Compte-tenu de leur ampleur, j'ai le devoir, en tant qu'autorité chargée du contrôle des normes antipollution, de m'assurer que de telles pratiques n'ont pas eu cours sur le territoire français. Il convient de s'assurer que les véhicules homologués en France respectent la réglementation en vigueur. Aussi, je souhaite qu'un retour d'expérience puisse être tiré au plus vite des investigations menées aux Etats-Unis, afin que les contrôles réalisés sur les émissions de polluants des véhicules mis en circulation soient parfaitement fiables.

Madame Gina McCarthy
Administratrice de l'US EPA
1200 Pennsylvania Avenue, N.W.
Washington,DC 20460
ETATS-UNIS

VW FOIA, EPA 06/20/2017 2017-FFP_027869

J'ai donc demandé à l'organisme certificateur français, UTAC-CERAM, de se rapprocher de vos services pour bénéficier de leur expertise. Sur la base des renseignements que vous voudrez bien leur communiquer, j'étudierai avec la plus grande attention la possibilité de mettre en place en France un protocole d'investigations qu'il conviendra de conduire pour identifier de telles fraudes.

En vous remerciant par avance, je vous prie d'agréer, Madame l'Administratrice, l'assurance de mes sentiments les meilleurs.

Ségolène ROYAL

Paris, September 22, 2015

Dear Ms. McCarthy,

On September 18, 2015, the U.S. Environmental Protection Agency (EPA) published a notice of violation of the Clean Air Act by the Volkswagen Group for the production and sale of vehicles equipped with 2-liter diesel engines emitting up to 40 times the permitted emission limits for nitrogen oxides (NOx).

The EPA believes that between 2009 and 2015 the group introduced into the American market vehicles equipped with a defeat device to circumvent current regulations. VW reportedly installed in the implicated vehicles software that detected that the vehicle was being tested for compliance with harmful emissions standards and made it possible to activate NOx emission control devices during the inspection, while these emission control devices are inactive during normal driving situations. In Europe, regulation (EC) No 715/2007, which notably sets the regulatory limits for pollutant emissions in line with Euro 5 and 6 standards, prohibits in article 5 the use of defeat devices that reduce the effectiveness of emission control systems.

The information released by the EPA is troubling. Given the magnitude of the problem, it is my duty as the authority tasked with monitoring antipollution standards to ensure that such practices are not occurring on French soil. We must make sure that vehicles approved in France abide by current regulations. I would therefore like to obtain feedback from the U.S. investigations as quickly as possible to ensure the absolute reliability of emissions inspections for vehicles on the road.

I have therefore asked the French certification body, UTAC-CERAM, to contact your agency, in order to benefit from its expertise. Based on the information you kindly could provide to us, I will closely study the possibility of establishing a protocol, in France, for the appropriate investigations to be conducted to identify such fraudulent practices.

Thanking you in advance, I remain yours sincerely,

Ségolène Royal

Ex. 5

On Sep 29, 2015, at 6:46 PM, Valentine, Julia <Valentine.Julia@epa.gov> wrote:

Thanks. I'm on it.

Sent from USEPA iPhone

On Sep 29, 2015, at 6:45 PM, Grundler, Christopher <grundler.christopher@epa.gov> wrote:

I did not respond

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

Begin forwarded message:

From: Hanqing Chen <h.chen@asahiam.com>
Date: September 29, 2015 at 6:17:36 PM EDT
To: <Grundler.christopher@epa.gov>
Subject: Asahi Shimbun Inquiry - fact-checking Volkswagen disclosures per Reuters story

Hi Mr. Grundler,
My name is Hanqing and I'm a reporter with Asahi Shimbun, a major Japanese newspaper. I wanted to reach out because we're working on a story about the Volkswagen emissions scandal, and wanted to fact-check a story from Reuters

reporting that Volkswagen officials first disclosed to EPA officials that "it hacked its own cars to deceive U.S. regulators about how much their diesel engines pollute" on Aug. 21.

The story cited various anonymous sources, so we're reaching out to you specifically because in this story, Reuters reports that "Minutes before Christopher Grundler, director of the EPA's transportation and air quality office, was to deliver a 9 a.m. ... a Volkswagen representative told him about the deception."

Here's what I'm looking for:

1. I was wondering if you could confirm this version of events, and what exactly Volkswagen representatives disclosed -- the way it is phrased in the Reuters story implies that they were admitting purposeful internal acts of deception on their part. Is this an accurate portrayal of what was communicated to you?

A couple of other facts that I was wondering if you could comment on/confirm, from the same Reuters report:

2. "At the same meeting, representatives of the California Air Resources Board ... were also given a verbal notice of the deception." - was CARB also given notice on Aug. 21, at the same meeting?

3. "The delay between VW's confession and the U.S. exposure of the scandal occurred as regulators prepared their response to the disclosure." - what caused the delay between Volkswagen's disclosure and EPA's public announcement?

Feel free to reach me by phone at 212.944.5669 or at this email. Thank you for your time and hope to hear from you soon.

Best,
Hanqing

Hanqing Chen
Staff Reporter, Asahi Shimbun
t: 212.944.5669 // c: 201.205.0425 // @HanqingC

To: bbecker@4cleanair.org[bbecker@4cleanair.org]
Cc: Nancy Kruger[nkruger@4cleanair.org]
From: Grundler, Christopher
Sent: Wed 9/30/2015 1:16:08 AM
Subject: Re: nacaa remarks

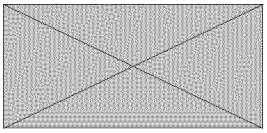
Hi Bill-- sorry for the delay. I'm in the eye of the VW Storm. I'm looking forward to seeing you. It's been too long. Hope all is well with you and your family.

C--

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

> On Sep 28, 2015, at 2:25 PM, Bill Becker <bbecker@4cleanair.org> wrote:
>
> Hey Chris—
> I am glad you will be coming to our meeting. We are looking forward to your presentation. I am sure there will be a lot of interest in the VW stuff, so please plan accordingly. Thanks. bb
>
>
>
>
> S. William Becker
> Executive Director
> National Association of Clean Air Agencies
> 444 North Capitol St., NW
> Washington, DC 20001
> (t) 202-624-7864
> (c) 301-806-6111
> www.4cleanair.org
>

To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: Environmental Law360
Sent: Wed 9/30/2015 7:31:15 AM
Subject: EPA Imposes Fence Line Monitoring On Petroleum Refineries



ENVIRONMENTAL

Wednesday, September 30, 2015

TOP NEWS

EPA Imposes Fence Line Monitoring On Petroleum Refineries

The U.S. Environmental Protection Agency on Tuesday announced final air emissions regulations for petroleum refineries that for the first time require monitoring at facility fence lines.

Pfizer Unit Pays $194M To End NJ Superfund Cleanup Row

A Pfizer Inc. subsidiary is paying $194 million to settle a New Jersey federal suit in which the U.S. Environmental Protection Agency sought to recover costs over the cleanup of hazardous substances at a Superfund site, the EPA said on Tuesday.

High Court Asked To Rule On Animal Feedlot Air Regs

A group of Iowa residents has asked the U.S. Supreme Court to revive its lawsuit accusing the U.S. Environmental Protection Agency of taking too long to list pollutants from animal feedlots as sources of pollution under the Clean Air Act.

DC Circ. Says US Needn't Review Enbridge Pipeline

The D.C. Circuit on Tuesday backed a lower court's dismissal of the Sierra Club's challenge of a crude oil pipeline built by Enbridge Inc., concluding that the federal government had no obligation to conduct an environmental review of the project since it is almost exclusively on private land.

Coalition Says Wyo. 'Data Censorship' Laws Unconstitutional

A coalition including conservation and animal-protection groups hit Wyoming Attorney General Peter K. Michael and five other Wyoming officials with a suit in Wyoming federal court on Tuesday, seeking to strike down two Wyoming state laws they say prevent private citizens from collecting "resource data" on public or private land without permission.

POLICY & REGULATION

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Greensfe Hemker

Hogan Lovells

Holland

DOI Readies Biggest Alaska Oil Lease Sale Yet

The U.S. Department of the Interior announced its annual lease sale in Alaska's 23-million-acre National Petroleum Reserve, saying Tuesday the sale considers tribal subsistence activities and the U.S. has garnered $261 million from leases in the area over the past 15 years.

DOT Delays Inspection Mandate In Pipeline Safety Final Rule

The U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration on Tuesday delayed indefinitely part of its final rule on pipeline safety regulations after industry trade groups raised concerns about proposed construction inspection procedures and the purported safety benefits.

Calif. AG Wants Public To Benefit From Toxic-Chemical Suits

California Attorney General Kamala D. Harris said Tuesday she wants to change how the state enforces Proposition 65, a law requiring businesses to post signs warning of carcinogens and reproductive toxins, to crack down on frivolous litigation and cap "in lieu of penalties" payments.

House Committee Wants VW Docs On Emissions Software

The House Energy and Commerce Committee told Volkswagen on Tuesday to submit documents including its internal communications about the use of a software that the U.S. Environmental Protection Agency has found allows its diesel vehicles to cheat on emissions tests.

ENFORCEMENT

Duke Strikes $20M Deal Over NC Coal Ash Cleanup

North Carolina environmental officials said Tuesday that Duke Energy Corp. will pay approximately $20 million in penalties and cleanup costs to resolve allegations of groundwater contamination at its coal ash facilities in the state, though that's less than the $25.1 million fine with which regulators originally hit the utility giant.

LITIGATION

Calif. Sues Shell, Feds For $52M Rubber Plant Cleanup

The United States and Shell were hit Tuesday with a lawsuit brought by California Attorney General Kamala Harris, claiming the state should be reimbursed for its work at a Superfund site in Los Angeles, a mess federal officials estimate will cost up to $52 million to clean up.

3rd Circ. Calls Pa. Clean Air Plan Troubled, Remands To EPA

The Third Circuit on Tuesday ruled that the U.S. Environmental Protection Agency

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Levin Papanto

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McKool

improperly gave its blessing to a Pennsylvania air pollution mitigation plan that environmental groups claimed didn't impose any meaningful controls on major sources of emissions.

Alcoa Wins Dispute With NC Over Hydro Riverbed Rights

A North Carolina federal judge on Monday tossed a property suit brought by the state challenging an Alcoa Inc. unit's rights to the land on which it had built four hydropower dams along the Yadkin River, finding that Alcoa had proved it had title to the land.

States Argue Against Pausing Challenge To Clean Water Rule

North Dakota and other states asked a federal judge Monday not to stay their lawsuit challenging a new rule clarifying the scope of the Clean Water Act, saying the federal government wouldn't suffer any harm if the case proceeded.

Nev. Counties, Mining Cos. Seek Pause Of Sage-Grouse Plans

Two Nevada counties and two mining companies moved Monday for a preliminary injunction in a dispute with the federal government over resource management plans intended to partly help preserve the greater sage-grouse, arguing that they face imminent harm.

BLM's Denial Of Mountaintop Communications Tower Upheld

A Nevada federal judge on Monday upheld the U.S. Bureau of Land Management's decision rejecting a commercial mobile radio provider's application to build a communications tower on a mountain near Las Vegas, saying its non-impairment criteria was fairly applied.

DEALS

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The 10 Most Charitable Law Firms

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PricewaterhouseCoopers

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Army Corps of Engineers

Bureau of Land Management

Department of the Interior

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U.S. Department of Transportation

U.S. Supreme Court

Commodity Futures Trading Commission

Federal Transit Administration

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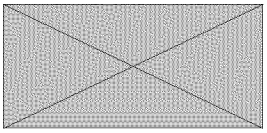
To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Environmental Law360
Sent: Wed 9/30/2015 7:32:48 AM
Subject: EPA Imposes Fence Line Monitoring On Petroleum Refineries



ENVIRONMENTAL

Wednesday, September 30, 2015

TOP NEWS

EPA Imposes Fence Line Monitoring On Petroleum Refineries

The U.S. Environmental Protection Agency on Tuesday announced final air emissions regulations for petroleum refineries that for the first time require monitoring at facility fence lines.

Pfizer Unit Pays $194M To End NJ Superfund Cleanup Row

A Pfizer Inc. subsidiary is paying $194 million to settle a New Jersey federal suit in which the U.S. Environmental Protection Agency sought to recover costs over the cleanup of hazardous substances at a Superfund site, the EPA said on Tuesday.

High Court Asked To Rule On Animal Feedlot Air Regs

A group of Iowa residents has asked the U.S. Supreme Court to revive its lawsuit accusing the U.S. Environmental Protection Agency of taking too long to list pollutants from animal feedlots as sources of pollution under the Clean Air Act.

DC Circ. Says US Needn't Review Enbridge Pipeline

The D.C. Circuit on Tuesday backed a lower court's dismissal of the Sierra Club's challenge of a crude oil pipeline built by Enbridge Inc., concluding that the federal government had no obligation to conduct an environmental review of the project since it is almost exclusively on private land.

Coalition Says Wyo. 'Data Censorship' Laws Unconstitutional

A coalition including conservation and animal-protection groups hit Wyoming Attorney General Peter K. Michael and five other Wyoming officials with a suit in Wyoming federal court on Tuesday, seeking to strike down two Wyoming state laws they say prevent private citizens from collecting "resource data" on public or private land without permission.

POLICY & REGULATION

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DOI Readies Biggest Alaska Oil Lease Sale Yet

The U.S. Department of the Interior announced its annual lease sale in Alaska's 23-million-acre National Petroleum Reserve, saying Tuesday the sale considers tribal subsistence activities and the U.S. has garnered $261 million from leases in the area over the past 15 years.

DOT Delays Inspection Mandate In Pipeline Safety Final Rule

The U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration on Tuesday delayed indefinitely part of its final rule on pipeline safety regulations after industry trade groups raised concerns about proposed construction inspection procedures and the purported safety benefits.

Calif. AG Wants Public To Benefit From Toxic-Chemical Suits

California Attorney General Kamala D. Harris said Tuesday she wants to change how the state enforces Proposition 65, a law requiring businesses to post signs warning of carcinogens and reproductive toxins, to crack down on frivolous litigation and cap "in lieu of penalties" payments.

House Committee Wants VW Docs On Emissions Software

The House Energy and Commerce Committee told Volkswagen on Tuesday to submit documents including its internal communications about the use of a software that the U.S. Environmental Protection Agency has found allows its diesel vehicles to cheat on emissions tests.

ENFORCEMENT

Duke Strikes $20M Deal Over NC Coal Ash Cleanup

North Carolina environmental officials said Tuesday that Duke Energy Corp. will pay approximately $20 million in penalties and cleanup costs to resolve allegations of groundwater contamination at its coal ash facilities in the state, though that's less than the $25.1 million fine with which regulators originally hit the utility giant.

LITIGATION

Calif. Sues Shell, Feds For $52M Rubber Plant Cleanup

The United States and Shell were hit Tuesday with a lawsuit brought by California Attorney General Kamala Harris, claiming the state should be reimbursed for its work at a Superfund site in Los Angeles, a mess federal officials estimate will cost up to $52 million to clean up.

3rd Circ. Calls Pa. Clean Air Plan Troubled, Remands To EPA

The Third Circuit on Tuesday ruled that the U.S. Environmental Protection Agency

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improperly gave its blessing to a Pennsylvania air pollution mitigation plan that environmental groups claimed didn't impose any meaningful controls on major sources of emissions.

Alcoa Wins Dispute With NC Over Hydro Riverbed Rights

A North Carolina federal judge on Monday tossed a property suit brought by the state challenging an Alcoa Inc. unit's rights to the land on which it had built four hydropower dams along the Yadkin River, finding that Alcoa had proved it had title to the land.

States Argue Against Pausing Challenge To Clean Water Rule

North Dakota and other states asked a federal judge Monday not to stay their lawsuit challenging a new rule clarifying the scope of the Clean Water Act, saying the federal government wouldn't suffer any harm if the case proceeded.

Nev. Counties, Mining Cos. Seek Pause Of Sage-Grouse Plans

Two Nevada counties and two mining companies moved Monday for a preliminary injunction in a dispute with the federal government over resource management plans intended to partly help preserve the greater sage-grouse, arguing that they face imminent harm.

BLM's Denial Of Mountaintop Communications Tower Upheld

A Nevada federal judge on Monday upheld the U.S. Bureau of Land Management's decision rejecting a commercial mobile radio provider's application to build a communications tower on a mountain near Las Vegas, saying its non-impairment criteria was fairly applied.

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Associat

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To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Bunker, Byron
Sent: Wed 9/30/2015 10:17:19 AM
Subject: Re: For today's VW call

Will do.

Sent from my iPhone

> On Sep 30, 2015, at 6:11 AM, Grundler, Christopher <grundler.christopher@epa.gov> wrote:
>
> Byron
>
> Pls ask VW today how many model years include the newly disclosed AECD
>
> thanks
>
> Christopher Grundler, Director
> Office of Transportation and Air Quality
> U.S. EPA
> 202-564-1682 (DC)
> 734-214-4207 (Ann Arbor)

To: Grundler, Christopher[grundler.christopher@epa.gov]; Simon, Karl[Simon.Karl@epa.gov]
From: Drew Kodjak
Sent: Wed 9/30/2015 10:52:21 AM
Subject: Federal EV Strategy Idea - borrowing from Auto / Oil program from years ago . . .

Dear Chris and Karl,
I'm at a conference in London on cities and climate action, while trying to continue to manage our global response to the VW scandal - quite a challenge.

One interesting idea that was floated during a side conversation with Anthony Eggert (CWF) - in response to the side meeting we had together with CARB and NRDC at Asilomar on EVs - would be to duplicate the successful industry - government collaboration years ago under Auto Oil with the creation of a new collaboration between the Auto and Utility industry to pursue methods on how to support integration of EVs in the US.

This is just the shell of an idea at the moment, but to me it has an immediate allure. What's the current proposal?

Who would be involved?

1. Federal engagement would include a number of agencies, including DOE, WH, EPA, etc.

2. Utilities engagement could include Southern CA Edison, EPRI, FERC, etc.

3. Auto industry representatives would be individual companies as well as associations.

4. State involvement would be particular important, and should include CA and 177 States.

5. ICCT would of course appreciate a role, likely with a couple other NGOs - NRDC, California Plug-in Partnership, NESCAUM, etc.

What would this group be assigned to do?

The Auto / Oil group collected a massive amount of data that was used to create the Complex Model which formed the basis for the RFS years ago.

We are at the early stages here, but I would like that this group would collect data on the nexus of EVs with utility emissions, plus the benefits of various policy options, which work and why, which don't and why not. . . . .

Obviously, this is early days in this idea, but I think it's a good concept, and wanted to share with you to get your thinking.

Best

Drew

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: E&E Publishing
Sent: Wed 9/30/2015 11:22:27 AM
Subject: September 30 -- E&E Daily is ready

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E&E DAILY — Wed., September 30, 2015

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1.POLITICS:

House's chief Clean Power Plan critic heads for the exits

The architect of the House Republican strategy to kill U.S. EPA's carbon rules suggested yesterday that he is not seeking another term because his enthusiasm for fighting policies he opposes is waning.

TOP STORIES

2.ENERGY POLICY:
Bipartisanship frays as Dems protest House package

3.LEADERSHIP:
House races, agenda remain up in the air

4.NUCLEAR WASTE:
Issa floats bill to relocate unwanted spent fuel

POLITICS

5.BIOFUELS:
Ex-Sen. Talent launches advocacy group to boost RFS

6.CLIMATE:
Republican opposition can't last -- Gore

ON THE HILL

7.APPROPRIATIONS:
Lawmakers to vote on spending bills, mull budget talks

8.TRANSPORTATION:
Inhofe urges McCarthy to move 'now' on House highway bill

IN THE SENATE

9.AIR POLLUTION:
Lawmakers hit EPA air chief over climate, ozone plans

10.ENDANGERED SPECIES:
With no Dems in sight, senator calls ESA reform bipartisan

11.PIPELINES:
Blumenthal weighs legislation to overhaul PHMSA

12.TOXICS:
Vets, lawmakers unhappy with Agent Orange, Camp Lejeune moves

IN THE HOUSE

13.COMMITTEES:
Industry leader pitches shifting energy to Resources panel

14.OCEANS:
GOP slams Obama over proposed New England monument

15.AIR POLLUTION:
Panel demands info from EPA, Volkswagen on emissions scandal

16.FORESTS:
State, tribal witnesses take shots at federal timber policy

17.BIOFUELS:

Republicans demand info on USDA support for ethanol

E&ETV'S ONPOINT

18.STATES:

N.D. governor discusses two-track approach on power plan, shale oil's prospects amid price shift

UPCOMING HEARINGS AND MARKUPS

19.CALENDAR:

Activity for September 28 - October 4, 2015

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To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Governors' Biofuels Coalition
Sent: Wed 9/30/2015 11:59:13 AM
Subject: Today's Biofuels News

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NEWS UPDATE September 30, 2015

Republicans demand info on USDA support for ethanol

By Amanda Reilly, E&E reporter • • Posted September 30, 2015

At issue, they said, were Vilsack's comments about a new $100 million program to help gas stations install pumps capable of handling gasoline containing up to 85 percent ethanol. USDA announced the awards Sept. 10 to gas retailers in 21 states. [read more …]

Ex-Sen. Talent launches advocacy group to boost RFS

Amanda Reilly, E&E reporter • • Posted September 30, 2015

Former Sen. Jim Talent (R-Mo.) today will launch a new group to boost the nation's biofuel policy. The group, Americans for Energy Security and Innovation, will seek to mobilize elected officials in support of the renewable fuel standard, which Congress first passed in 2005 and significantly expanded in 2007 to require the use of ethanol and advanced biofuels by refiners. [read more …]

Volkswagen to refit cars affected by emissions scandal

BY ANDREAS CREMER, Reuters • • Posted September 30, 2015

Volkswagen said on Tuesday it will repair up to 11 million vehicles and overhaul its namesake brand following the scandal over its rigging of emissions tests. New Chief Executive Matthias Mueller said the German carmaker would tell customers in the coming days they would need to have diesel vehicles with illegal software refitted, a move which

some analysts have said could cost more than $6.5 billion.
[read more …]

The green car myth?

By Kalina Oroschakoff and Sara Stefanini, Politico • • Posted September 30, 2015

A new investigation showing higher-than-expected carbon dioxide emissions from gasoline-powered as well as diesel-powered cars is raising pressure on EU governments to examine whether a broader range of vehicles was also equipped with the cheating software that Volkswagen admitted to installing in its diesel vehicles.
[read more …]

Greens ready to litigate as EPA preps ozone standard

Amanda Reilly, E&E reporter • • Posted September 30, 2015

Environmentalists are threatening legal action if U.S. EPA fails to finalize a new ozone standard that they believe protects public health. EPA is said to be ready this week to finalize a standard of 70 parts per billion — a number that greens find lacking. "The 70-part-per-billion option would be just blatantly unlawful," said David Baron, managing attorney at Earthjustice. [read more …]

Obama admin cracks down on refinery emissions

Amanda Reilly, E&E reporter • • Posted September 30, 2015

Petroleum refineries will be forced to curb toxic air emissions and beef up monitoring under a rule finalized today by U.S. EPA. Released this afternoon ahead of a court-ordered deadline tomorrow, the rule encompasses New Source Performance Standards and maximum achievable control technology for refineries under the Clean Air Act. [read more …]

Jeb Bush to back oil exports in energy plan

Jennifer Yachnin, E&E reporter • • Posted September 30, 2015

"Lifting the ban on crude oil exports and liberalizing natural gas exports would create hundreds of thousands of additional jobs and significantly lower net energy costs," Bush wrote in a preview of his plan provided to the Associated Press. [read more …]

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Subject: Morning Consult Energy: House E&C Members Want Info from VW, EPA on Emissions Scandal; Chesapeake Energy Cuts 15% of Its Workforce

By Colleen Leahy

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Alex Longley, Bloomberg News

U.S. stock-index futures jumped, mirroring a rebound in equities around the world after a quarterly slump that wiped almost $11 trillion off the value of global shares. S&P 500 E-mini contracts expiring in December rose 1.3 percent to 1898 at 7:15 a.m. in New York.

Oil & Natural Gas

Oil down on large U.S. crude stockpile build
Karolin Schaps, Reuters

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Shell's Arctic miss is just the oil industry's latest dry hole
Jennifer A. Dlouhy, Houston Chronicle

Shell is far from alone in making a big bet on an offshore play only to end up with disappointing results. From the Gulf of Mexico to the shores of Angola, offshore exploration has yielded plenty of dry holes.

Utilities & Infrastructure

DOE seeks to focus national lab research on top cyber, grid priorities
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US Crude Oil Exports: Same Suit, Different Fabric?
Skip York, Forbes

Would a change in US policy really impact global oil markets? If the ban were dropped today, the answer would be hard to gauge.

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Cc: Alexander, David[Alexander.David@epa.gov]
From: Jorquera, Mario
Sent: Wed 9/30/2015 1:23:35 PM
Subject: Expert CVs Sorted by Task for our 10:00 AM Discussion

Ex. 5, 7

All:

I have sorted the various experts we have so far into the categories of need we've established. I've added several from ERG, as well. Please see attached docs.

Mario

Mario Jorquera, P.E., Senior Engineer
Mobile Source Enforcement Branch
Air Enforcement Division
U.S. Environmental Protection Agency
Phone: (202) 564-1079
Fax: (202) 564-0069

Help eliminate environmental violations - report tips and complaints at:
http://www.epa.gov/compliance/complaints/index.html

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To: Bunker, Byron[bunker.byron@epa.gov]
From: Grundler, Christopher
Sent: Wed 9/30/2015 2:04:58 PM
Subject: Fwd: Updating Bloomberg story

Call me

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

Begin forwarded message:

From: "Conger, Nick" <Conger.Nick@epa.gov>
Date: September 30, 2015 at 9:54:18 AM EDT
To: "Grundler, Christopher" <grundler.christopher@epa.gov>, "Bunker, Byron" <bunker.byron@epa.gov>
Cc: "Allen, Laura" <Allen.Laura@epa.gov>, "Valentine, Julia" <Valentine.Julia@epa.gov>
Subject: Updating Bloomberg story

Ex. 5

From Jeff:

What you're saying in this note seems to go beyond what Chris said in the call on Friday. I just want to make sure I'm getting it right.

Chris from the call:

We are “upping our game.” Today we are putting vehicle manufacturers on notice that our confirmatory testing is now going to include additional evaluations designed to look for potential defeat devices. We aren't going to tell them what these tests are, they don't need to know. They only need to know we will be keeping their vehicles longer and driving them more. We will be continuing to review with our partners at the California Air Resources Board what we can learn from this VW case and will adapt and improve as we always have to ensure we deliver on the Agency's mission.

So you're saying the agency is now testing EVERY light-duty diesel vehicle for defeat devices? This isn't just a few spot checks on cars borrowed from owners or taken off factory assembly lines? It is a systematic, on-the-road evaluation of every diesel car or light truck using portable emissions measuring equipment?

Also, is it a fair characterization to say the agency is open to additional changes to the testing program if warranted?

And isn't it true that road checks are costly? The ICCT says it spent $75,000 on its study that triggered the VW investigation, and that only covered three cars. Is there anything you can say about the cost, like the current EPA budget is sufficient to cover it, if that's accurate?

Second note from Jeff:

Laura: I'd also like to point out the other sections of the Sept. 28 story that discuss points made on the Friday call. If we're going to update or write a new story, I'd like to ensure that all of this is a fair characterization of what the agency is doing:

On Friday, the EPA announced it would look for more cars to borrow from vehicle

owners or rental-car companies for unspecified additional checking. The agency sent a letter to every company selling cars in the U.S., warning that this would add time to the process of verifying vehicles meet the requirements of the law.

Chris Grundler, director of EPA's Office of Transportation and Air Quality, wouldn't say what changes the agency will make to audit the lab results carmakers submit to regulators.

"They don't need to know," Grundler, speaking to reporters on a conference call Friday, said of the automakers. "They only need to know that we will be keeping their cars a little bit longer, and we're going to be driving them more."

He said no major overhaul of the way the agency conducts tests was warranted. "We are adapting and continuously improving them," he said.

"If EPA believes that vehicles are not compliant, we do not certify them and they cannot be sold," he said. "Ultimately it was this action that held Volkswagen to account."

Dynamometer testing is already supplemented by on-road testing using portable emissions equipment, lab testing of cars borrowed from consumers, audits of other industry emissions labs and examination of vehicles chosen randomly from assembly lines, said Valentine, the EPA spokeswoman.

The EPA already has on-road testing ability, Grundler said on Friday's call with reporters. The agency has used its resources in recent years to check carmaker gas mileage estimates and diesel trucks, two situations in which they had uncovered emissions cheating in the past.

Nick Conger

Deputy Press Secretary

Office of the Administrator

U.S. Environmental Protection Agency

Office: (202) 564-6287

Cell: (202) 412-2655

To: Kaul, Meetu[Kaul.Meetu@epa.gov]; Sonntag, Darrell[Sonntag.Darrell@epa.gov]
Cc: vwcustomercare@vw.com[vwcustomercare@vw.com];
Ex. 6
From: Ex. 6
Sent: Wed 9/30/2015 2:57:51 PM
Subject: PLEASE READ : ECM Software for my 2012 Jetta TDI ---> the plot thickens ?

DEAR United States Environmental Protection Agency,

Volkswagen applied a software update to my 2012 Jetta TDI on **7/16/2015** as part of a routing "software update" – when I went in for an oil change. I did not approve this software being applied. I was told that it had been performed, after my oil had been changed and an inlay TSB had also been performed.

I did notice a decrease in overall MPG on my car, after this software update.

In the attached notice(see below) from Volkswagen, it states that this software update was done in cooperation with **The United States EPA**.

Please note that my software update was done, prior to the public announcement about the VW TDI Emissions scandal.

When I called Volkswagen USA – a few days ago, asking them for answers about my software "upgrade" – they advised me that they could take my name and number, but I must understand, that they will not be able to answer my question.

They advised that they would have to wait for the entire VW Diesel Recall to unravel, and that they still could not answer my question about the software update: 230601A that was performed.

Can you please answer the following questions:

1. What was the purpose of this Software Update?

2. VW Claimed that they were working with the United States EPA on this "emissions service action". What was the purpose of applying this software update? Hopefully, the EPA can provide an answer, as VW USA has declined to answer me. Why would VW start applying "software Updates" to their TDI vehicles, prior to any final solution for the VW TDI Emissions deception?

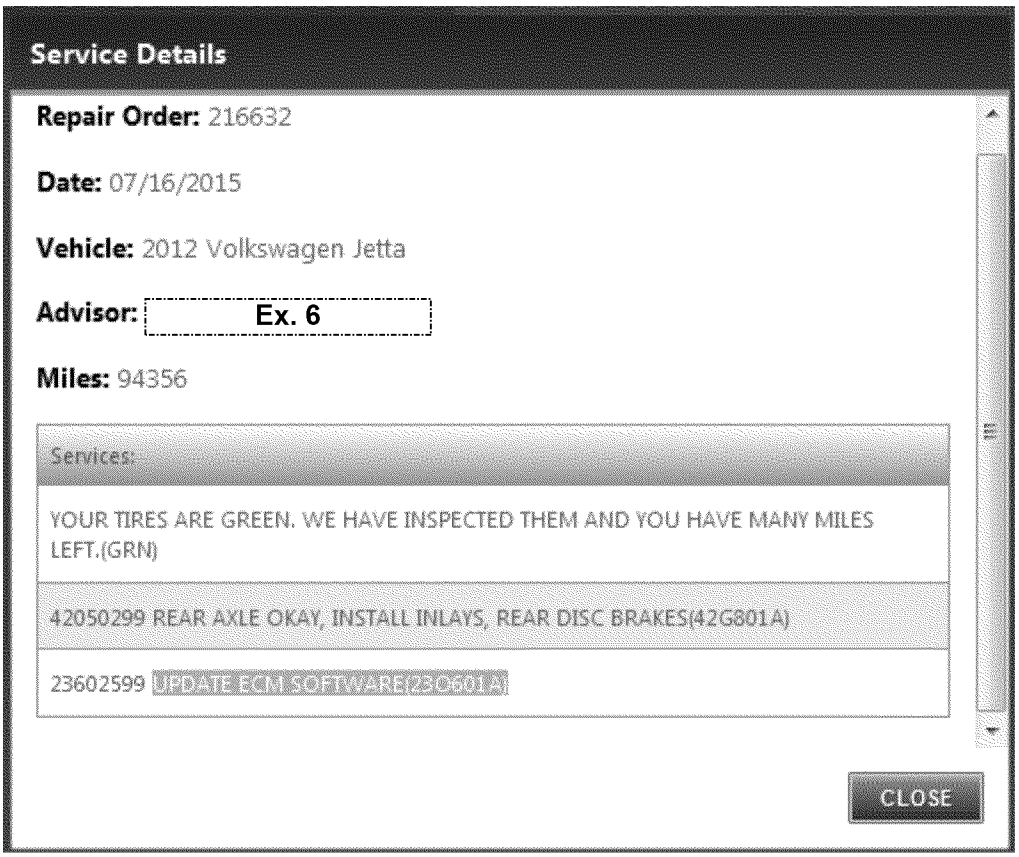
3. I feel that the VW notice below, is more of a scare tactic (about someone's MIL being staying on) --- while failing to be at all truthful, about what is actually being done to someone's VW TDI Vehicle.

Thank you in advance for your help in this matter.

Warmest Regards,

Ex. 6

From: Ex. 6
Sent: Wednesday, September 23, 2015 9:19 AM
To: Ex. 6
Subject: ECM Software for my 2012 Jetta TDI
Importance: High


Service Details
Repair Order: 216632
Date: 07/16/2015
Vehicle: 2012 Volkswagen Jetta
Advisor: Ex. 6
Miles: 94356
Services:
YOUR TIRES ARE GREEN. WE HAVE INSPECTED THEM AND YOU HAVE MANY MILES LEFT.(GRN)
42050299 REAR AXLE OKAY, INSTALL INLAYS, REAR DISC BRAKES(42G801A)
23602599 UPDATE ECM SOFTWARE(2B0501A)
CLOSE

[redacted]

This notice applies to your vehicle

Subject: **Emissions Service Actio**
Certain 2010-2014 Mode
Clean Diesel Engine

Dear Volkswagen Owner,

As part of Volkswagen's ongoing comm
Environmental Protection Agency, we
action on certain 2010-2014 model y
engine. Our records show that you are

What is the issue, and what will we do?

The vehicl
vehicle's t
certain ope
of the vehi
vehicle will

To address
software in
be perform
need addi

[redacted]

This notice applies to your vehicle: [redacted]

Subject: **Emissions Service Action 23O6 – ECM Software**
Certain 2010-2014 Model Year Volkswagen Vehicles Equipped with a 2.0L TDI® Clean Diesel Engine

Dear Volkswagen Owner,

As part of Volkswagen's ongoing commitment to our environment, and in cooperation with the United States Environmental Protection Agency, we are informing you of our decision to conduct an emissions service action on certain 2010-2014 model year Volkswagen vehicles equipped with a 2.0L TDI® Clean Diesel engine. Our records show that you are the owner of a vehicle affected by this action.

What is the issue, and what will we do?

The vehicle's engine management software has been improved to assure your vehicle's tailpipe emissions are optimized and operating efficiently. Under certain operating conditions, the earlier strategy may have increased the chance of the vehicle's MIL light illuminating. If the MIL illuminates for any reason, your vehicle will not pass an IM emissions inspection in some regions.

To address this issue, your authorized Volkswagen dealer will update the ECM software in your vehicle. This work will take about one hour to complete and will be performed for you free of charge. Please keep in mind that your dealer may need additional time for the preparation of the repair, as well as to accommodate their daily workshop schedule.

IMPORTANT!

Please note that if the ECM in your vehicle has been "chipped," "tuned," or otherwise modified from original factory specifications with aftermarket components and/or software, work needed to repair, replace, or return the ECM to original factory specifications is NOT covered under this action.

What should you do?

In order to limit any possible inconvenience, please contact your authorized Volkswagen dealer as soon as possible to schedule this service.

VW FOIA, EPA 06/20/2017 2017-FFP_027938

To: Allnutt, David[Allnutt.David@epa.gov]; Anderson, Lea[anderson.lea@epa.gov]; Anderson, Steve[Anderson.Steve@epa.gov]; Aranda, Amber[aranda.amber@epa.gov]; Averback, Jonathan[Averback.Jonathan@epa.gov]; Belser, Evan[Belser.Evan@epa.gov]; Bianco, Karen[Bianco.Karen@epa.gov]; Bogoshian, Matthew[Bogoshian.Matt@epa.gov]; Branning, Amy[Branning.Amy@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Chapman, Apple[Chapman.Apple@epa.gov]; Choi, Jake[Choi.Jake@epa.gov]; Cozad, David[Cozad.David@epa.gov]; Crum, Lynda[Crum.Lynda@epa.gov]; Crystal, Roy[crystal.roy@epa.gov]; Davis, Julian[davis.julian@epa.gov]; Dickinson, David[Dickinson.David@epa.gov]; Dierker, Carl[Dierker.Carl@epa.gov]; Dolph, Becky[Dolph.Becky@epa.gov]; Doster, Brian[Doster.Brian@epa.gov]; Dubey, Susmita[dubey.susmita@epa.gov]; Dubois, Roland[Dubois.Roland@epa.gov]; Frey, Bert[frey.bertram@epa.gov]; Froikin, Sara[Froikin.Sara@epa.gov]; Giles-AA, Cynthia[Giles-AA.Cynthia@epa.gov]; Graham, Cheryl[Graham.Cheryl@epa.gov]; Harrison, Ben[Harrison.Ben@epa.gov]; Hoffman, Howard[hoffman.howard@epa.gov]; Hogan, Stephanie[Hogan.Stephanie@epa.gov]; Holmes, Carol[Holmes.Carol@epa.gov]; Igoe, Sheila[Igoe.Sheila@epa.gov]; Jordan, Scott[Jordan.Scott@epa.gov]; Kaplan, Robert[kaplan.robert@epa.gov]; Kataoka, Mark[Kataoka.Mark@epa.gov]; Klepp, Robert[Klepp.Robert@epa.gov]; Knapp, Kristien[Knapp.Kristien@epa.gov]; Lee, Michael[lee.michaelg@epa.gov]; Lovett, Lauren[Lovett.Lauren@epa.gov]; Mackey, Cyndy[Mackey.Cyndy@epa.gov]; Manners, Mary[manners.mary@epa.gov]; Marks, Matthew[Marks.Matthew@epa.gov]; Matthews, Julie[Matthews.Juliane@epa.gov]; McConkey, Diane[Mcconkey.Diane@epa.gov]; Mclean, Kevin[Mclean.Kevin@epa.gov]; Moore, Bruce[Moore.Bruce@epa.gov]; Morgan, Jeanette[Morgan.Jeanette@epa.gov]; Moyer, Robert[Moyer.Robert@epa.gov]; Muller, Sheldon[Muller.Sheldon@epa.gov]; Niebling, William[Niebling.William@epa.gov]; Nguyen, Quoc[Nguyen.Quoc@epa.gov]; Adair, Jocelyn[Adair.Jocelyn@epa.gov]; Odendahl, Steve[Odendahl.Steve@epa.gov]; Okoye, Winifred[Okoye.Winifred@epa.gov]; Orlin, David[Orlin.David@epa.gov]; Pastorkovich, Anne-Marie[Pastorkovich.Anne-Marie@epa.gov]; Roberts, Martha[Roberts.Martha@epa.gov]; Rodman, Sonja[Rodman.Sonja@epa.gov]; Rowland, John[Rowland.John@epa.gov]; Schaaf, Eric[Schaaf.Eric@epa.gov]; Schmidt, Lorie[Schmidt.Lorie@epa.gov]; Senn, John[Senn.John@epa.gov]; Shenkman, Ethan[Shenkman.Ethan@epa.gov]; Silverman, Steven[silverman.steven@epa.gov]; Smith, Kristi[Smith.Kristi@epa.gov]; Snyder, Doug[Snyder.Doug@epa.gov]; Srinivasan, Gautam[Srinivasan.Gautam@epa.gov]; Stahle, Susan[Stahle.Susan@epa.gov]; Starfield, Lawrence[Starfield.Lawrence@epa.gov]; Stern, Allyn[Stern.Allyn@epa.gov]; Tate, Ragan[Tate.Ragan@epa.gov]; Thrift, Mike[thrift.mike@epa.gov]; Tierney, Jan[tierney.jan@epa.gov]; Ting, Kaytrue[Ting.Kaytrue@epa.gov]; Tsirigotis, Peter[Tsirigotis.Peter@epa.gov]; Versace, Paul[Versace.Paul@epa.gov]; Vetter, Rick[Vetter.Rick@epa.gov]; Walker, Mike[Walker.Mike@epa.gov]; Ward, W. Robert[Ward.Robert@epa.gov]; Werner, Jacqueline[Werner.Jacqueline@epa.gov]; Wilcox, Geoffrey[wilcox.geoffrey@epa.gov]; Williams, Brent[Williams.Brent@epa.gov]; Williams, Melina[Williams.Melina@epa.gov]; Williamson, Timothy[Williamson.Tim@epa.gov]; Zenick, Elliott[Zenick.Elliott@epa.gov]; Wills, Jennifer[Wills.Jennifer@epa.gov]; Conger, Nick[Conger.Nick@epa.gov]; Blake, Wendy[Blake.Wendy@epa.gov]; Schramm, Daniel[Schramm.Daniel@epa.gov]; Vergeront, Julie[Vergeront.Julie@epa.gov]; Tozzi, Lauren[Tozzi.Lauren@epa.gov]; Coursen, David[Coursen.David@epa.gov]; Pilchen, Zach[Pilchen.Zach@epa.gov]; Skinner-Thompson, Jonathan[Skinner-Thompson.Jonathan@epa.gov]; Vijayan, Abi[Vijayan.Abi@epa.gov]; Roder, Aileen[Roder.Aileen@epa.gov]; Walker, Denise[Walker.Denise@epa.gov]; Caballero, Kathryn[Caballero.Kathryn@epa.gov]; Thompson, Christopher[Thompson.Christopher@epa.gov]; Williams, Christopher[Williams.Christopher@epa.gov]; Matthew, Dayna[Matthew.Dayna@epa.gov]; Reid, Lauren[Reid.Lauren@epa.gov]; Sweet, Andrew[Sweet.Andrew@epa.gov]; Hammons, Jeffrey[Hammons.Jeffrey@epa.gov]; Morris, Rachel[Morris.Rachel@epa.gov]; Nguyen, DucH[Nguyen.DucH@epa.gov]; Jordan, Deborah[Jordan.Deborah@epa.gov]; Charlton, Tom[Charlton.Tom@epa.gov]; Kulschinsky, Edward[Kulschinsky.Edward@epa.gov]; Portmess, Jessica[Portmess.Jessica@epa.gov]; kaminer, joan[Kaminer.Joan@epa.gov]; Kryman, Matthew[Kryman.Matthew@epa.gov]
From: Turley, Jennifer
Sent: Wed 9/30/2015 3:29:08 PM

Subject: Air & Radiation Law News for September 30, 2015

Air & Radiation Law News

for September 30, 2015

Bloomberg BNA Daily Environment Report™

Air Pollution

Do More on Methane Rules, Groups Urge EPA in Pittsburgh

The U.S. Environmental Protection Agency's proposed rules for methane emissions for the oil and gas industry do not go far enough and should be expanded, speakers from environmentalist groups, community and parent coalitions, religious...

Air Pollution

EPA Requires Fenceline Monitoring of Refinery Emissions

Petroleum refineries will be required to install monitors to measure fenceline concentrations of benzene, one of a series of new requirements established by the Environmental Protection Agency Sept. 29....

Air Pollution

EPA Should Do More Road Tests of Cars, Critics Say

Volkswagen AG's ability to cheat on emissions screening for seven years is putting pressure on U.S. regulators to change the assessments by adding more road tests to complement laboratory analysis....

Air Pollution

House Energy Committee Asks for Volkswagen Documents

The House Energy and Commerce Committee's top Republican and Democratic members are asking that Volkswagen AG and the Environmental Protection Agency provide voluminous information about the scandal over defeat devices in diesel...

Air Pollution

Ozone Rule Will Protect Health, EPA Official Says

The Environmental Protection Agency's forthcoming final decision on where to set national ozone standards will be protective enough to meet Clean Air Act requirements, the agency's top air official said....

Air Pollution

Texas County Files $100 Million Lawsuit Against VW

The Texas county that includes Houston sued Volkswagen Group of America Inc. for $100 million, claiming the carmaker's cheating on emissions controls worsened pollution in the area. It's believed to be the first government...

Air Pollution

Volkswagen Close to Fix in Rigged Cars; Sales Halted

Volkswagen AG is close to announcing a fix to emissions systems that cheated on pollution tests, as sales of vehicles with the rigged diesel engines are halted in a growing number of European countries....

Climate Change

G-20 Urged to Act on Stability Risks from Climate Change

Bank of England Governor Mark Carney said U.K. insurers face potentially "huge" exposure to shifts in climate-change policy and Group of 20 nations need to do more to combat associated financial-stability risks....

Climate Regulation

EPA Preps Revisions to Greenhouse Gas Reporting Rule

The Environmental Protection Agency is preparing changes to how power plants, refineries, chemical plants, underground coal mines and other large facilities report their greenhouse gas emissions, the agency told Bloomberg BNA Sept. 28....

Climate Regulation

Final Methane Rules Due by Early Summer 2016, EPA Says

Regulations meant to curb methane emissions from new and modified sources in the oil and natural gas sectors are expected to be finalized by "late spring or early summer" 2016, a senior official with the Environmental Protection Agency's...

Climate Regulation

High Compliance Rate Seen for Clean Power Plan

Relatively few states—even the ones that dislike it—ultimately will elect not to submit their own compliance plans for the Environmental Protection Agency's Clean Power Plan, the heads of groups representing state air...

Climate Regulation

McCabe Downplays Publication Delay for Carbon Rule

The Environmental Protection Agency's top air official disputed claims that the EPA is taking an unusually long time to formally publish the final Clean Power Plan, noting that the agency submitted the regulation for publication more...

Climate Regulation

No TSCA Rule to Cut Carbon Dioxide Emissions, EPA Says

The Environmental Protection Agency will not use regulatory authorities provided under the Toxic Substances Control Act to cut carbon dioxide emissions....

Congress

Rep. Whitfield Says He Won't Seek 12th Term

The congressman from Kentucky who pledged to block federal greenhouse gas regulations announced Sept. 29 that he will not seek re-election for a 12th term. ...

Emissions Trading

Carbon Pricing Could Cut BHP Billiton Asset Value 2 Percent

BHP Billiton Plc expects to lose almost 2 percent of the value of its assets by 2030 because of the spread of measures that put a price on pollution....

Emissions Trading

China's 2017 Carbon Market Plan May Be Hit by Economy

A slowing Chinese economy threatens to undermine the deadline outlined last week by President Xi Jinping to introduce a nationwide carbon market by 2017....

Energy

Energy-Saving Catalysts Goal of Academies Workshop

A committee convened by the National Academies of Sciences, Engineering and Medicine will hold a workshop next spring to spur research and development of new catalysts that can save energy, thereby reducing greenhouse gas emissions....

Energy

Upton Restores Republican Measures in Energy Bill

Language that would expedite the Energy Department's consideration of natural gas exports is among the

Republican-backed measures included in a new version of broad energy legislation to be marked up by a House committee Sept. 30. ...

Enforcement

Guardian Industries to Pay $70M in Air Act Case

Guardian Industries Corp., a flat glass manufacturer based in Michigan, will pay more than $70 million to resolve alleged violations of the Clean Air Act at the company's plants throughout the U.S., the Environmental Protection Agency...

Enforcement

Integrated Approach, Communication Urged for Legal Risks

Environmental compliance considerations should be built into a company's management chain of command, backed by steady coordination and communication with legal counsel, attorneys said Sept. 29....

International Climate

IMO Chief: Paris Climate Talks Should Exclude Shipping

Any debate on world shipping's contribution to global greenhouse gas emissions should take place within the United Nations' specialized shipping agency—the International Maritime Organization—and not at the UN's...

Natural Gas

Sierra Club Files Brief on Corpus Christi LNG Export Case

The Sierra Club said the Federal Energy Regulatory Commission violated the National Environmental Policy Act in its decision to approve Cheniere Energy Inc.'s Corpus Christi liquefied natural gas export project. ...

EU Urges Volkswagen to Cooperate in Emission Probes

The European Commission said Volkswagen AG must "fully cooperate" with national authorities over its deception on emissions testing and predicted the scandal would generate momentum for tougher pollution checks....

INSIDEEPA.COM
an online news service from the publishers of Inside EPA

Inside EPA's **Environmental Policy Alert**, 09/30/2015

http://insideepa.com/newsletters/environmental-policy-report

Latest News

EPA Weakens Final Refinery Air Toxics Rule, Reducing Compliance Costs

EPA's final rule revising air toxics limits for petroleum refineries backs down from some strict emissions controls floated in the proposed version of the rule, greatly reducing compliance costs while retaining what EPA says are health benefits similar to the proposal -- prompting a cautious welcome from some industry officials and environmentalists.

EPA Says NSPS, State Rules Will Inform Need To Regulate Existing Drilling

A top EPA air official says the agency's proposed rule to cut methane emissions from new and modified oil and gas operations combined with state air programs and a new EPA voluntary plan for reducing the sector's air pollution will ultimately determine whether the agency ever pursues a rule to cut methane from existing drilling sources.

News Briefs

EPA Sends GHG Reporting Revisions For OMB Review

EPA has taken a step toward revising its greenhouse gas reporting program, sending a series of proposed revisions to the White House Office of Management & Budget for review on Sept. 25.

Greenwire

ENERGY POLICY:

House GOP revises omnibus bill; committee votes tomorrow

Hannah Northey, Geof Koss and Katherine Ling, E&E reporters

Published: Tuesday, September 29, 2015

This story was updated at 1:55 p.m.

Republicans on the House Energy and Commerce Committee today unveiled a revised version of a comprehensive energy package that's up for a vote in the lower chamber tomorrow after weeks of trying to reach a compromise with Democrats.

The 208-page manager's amendment to H.R. 8, the "North American Energy Security and Infrastructure Act of 2015," contains provisions included in an earlier draft that would speed natural gas exports and efficiency, as well as new language aimed at bolstering hydropower and requiring reviews of how the Clean Power Plan would affect the grid.

Committee Chairman Fred Upton (R-Mich.) said the amendment reflects input from several witnesses, including Energy Secretary Ernest Moniz and the private sector.

A Republican aide said the amendment was written by the majority but merits bipartisan support.

"Keeping the lights on and engines running across America should remain a top priority -- we have crafted a thoughtful, substantive package to update our laws for the 21st century that will hopefully end up on the president's desk for his signature," Upton said in a statement.

The language arrives after weeks of debates over a host of policy issues that derailed an earlier markup of the bill. Republicans have said they will follow regular order and take amendments in marking up the legislation starting tonight, but just how much bipartisan agreement can be reached is unclear. A spokeswoman for Energy and Commerce Democrats did not respond to a request for comment today on whether the minority supports the manager's amendment.

Rep. Frank Pallone of New Jersey, the full committee's top Democrat, accused Republicans of abandoning nearly months of "good faith efforts" to reach an agreement on both sides of the aisle and making drastic changes to the energy bill.

Pallone also said he cannot support the bill in its current form.

"With this manager's amendment, the majority has made significant and controversial changes, just hours before we are set to start marking up this bill," Pallone said in a statement. "A number of concerning provisions have been added at the last minute, and this bill continues to ignore the impacts of climate change, which remain the biggest threat to our energy security."

Strategic Petroleum Reserve facilities

The package includes language to establish a budget-neutral fund for building, maintaining, repairing and replacing Strategic Petroleum Reserve facilities. It would also set up a competitive grant program for states, local governments and Indian tribes to enhance grid reliability. Under the bill, the Energy secretary would be authorized to sell crude from the SPR to reinvest in energy security projects.

Energy and Power Subcommittee Chairman Ed Whitfield (R-Ky.) said during an interview earlier this month -- after the full committee punted on marking up the bill -- that Republicans had included the SPR provision to appease their Democratic colleagues while receiving little in return (*Greenwire*, Sept. 17).

Clean Power Plan

Yet another section of the bill appears to take aim at U.S. EPA's Clean Power Plan and other major utility-

sector rules by requiring the Federal Energy Regulatory Commission and the country's grid operators to analyze the effects of complying with any proposed or final "billion-dollar" federal rule that affects electric generating units. Those rules would include environmental rules like the Clean Power Plan, which has become a target for Republicans.

Under the bill, FERC and system operators would need to complete an independent review of how a rule would affect reliability, the nation's energy mix, wholesale markets, and infrastructure like transmission and gas pipelines.

LNG

The revised bill also revives a provision that would require the Energy Department to make final decisions on liquefied natural gas exports within 30 days of the conclusion of National Environmental Policy Act review requirements. That requirement was included in an earlier draft of the bill but was dropped before the measure moved through subcommittee in July (*Greenwire*, July 22).

The energy package that passed the Senate Energy and Natural Resources Committee in July contains similar language.

Building efficiency

The manager's package would repeal part of a 2007 law that required the phaseout of fossil-fuel-generated power in new and significantly renovated federal buildings by 2030. The American Gas Association today said the repeal is accompanied by a compromise negotiated by Sens. John Hoeven (R-N.D.) and Joe Manchin (D-W.Va.) that would beef up existing federal building targets.

Additionally, the revised measure includes language from a controversial bill, H.R. 1273, sponsored by Reps. Marsha Blackburn (R-Tenn.) and Kurt Schrader (D-Ore.), that would impose procedural requirements on DOE for setting building efficiency codes.

An earlier version of that provision was a sticking point for efficiency advocates, who said it would unnecessarily tie DOE's hands in setting building codes. It's unclear whether those earlier concerns have been addressed.

Other efficiency standards

The changes revise and clarify DOE's process for setting energy efficiency standards to allow industry more time for review and input about the data and models the agency bases its decisions on. Under the revised bill, DOE would have to finalize what it will test to ensure new appliances meet the standards -- known as test procedures -- at least 180 days before the end of the public comment period for a proposed rule. The agency would also have to start a rulemaking procedure under the new provisions to ensure accessibility and public availability of its technical and economic assumptions, methods and models used to justify a standard.

Under the Obama administration, DOE has picked up the pace on updating and reviewing energy efficiency standards, some of which were years past the statutory deadline and were the subject of several lawsuits from efficiency advocates and states.

But industry has complained that DOE's accelerated schedule has led to test procedures and rules being finalized in parallel, uncalculated cumulative regulatory impact, and a lack of time to gather sufficient information and feedback from stakeholders -- as exemplified by a recent backlash against a water heater and gas furnace standard (*Greenwire*, July 14).

The new language also offers more flexibility for DOE to adopt recommendations from consensus agreements developed by working groups of industry, advocates and other stakeholders. And it would repeal several studies including on residential energy efficiency, weatherization and energy saving potential.

Hydropower

Unlike an earlier version, the revised language includes provisions to bolster hydropower. It would amend a 2005 law to reauthorize incentives and incentive payments to owners and operators of hydroelectric facilities on existing dams through fiscal 2025.

The language appears to address a sticking point that triggered partisan grumblings in the past by minimizing the amount FERC infringes on property owners and users when issuing hydropower licenses. Rep. Jerry McNerney (D-Calif.) during an interview before the August recess said that he was working with his Republican colleagues on the hydropower provision and that the agency's role was playing into the disagreement.

"I don't think FERC is intentionally lobbying for that; I think what the Republicans want is to have one agency so they can have everyone be responsible to that agency and they can get it done," McNerney said at the time. "I think that's the big point of contention -- it's giving too much authority, decisionmaking authority, to one agency."

Carbon capture

Another change is the inclusion of provisions meant to boost fossil fuel research and development, particularly carbon capture, utilization and sequestration (CCUS) efforts to help coal plants burn cleaner.

Originally, House Republicans opted to leave carbon capture out of their broad energy package, focusing instead on helping coal through efforts to roll back Obama administration rules, including a requirement for new coal plants to include carbon capture.

The new language includes an effort to promote large-scale demonstration and commercialization of CCUS. It would also task DOE with evaluating government-backed CCUS projects every two years for accountability.

This week, DOE announced it was returning almost $2.5 billion to the Treasury in unspent research and development dollars from the 2009 stimulus bill, including $1.27 billion from CCUS technology.

Projects like Summit Power Group LLC's Texas Clean Energy Project and Hydrogen Energy California LLC's carbon capture venture were not able to spend all the money allotted by the end of the fiscal year deadline (*ClimateWire*, Sept. 23; *Greenwire*, July 10).

In the Senate, both Republican and Democratic versions of broad energy reform legislation include CCUS provisions. Pro-coal lawmakers prefer language championed by Energy and Natural Resources Chairwoman Lisa Murkowski (R-Alaska).

Reporter Manuel Quiñones contributed.

AIR POLLUTION:

Obama admin cracks down on refinery emissions

Amanda Reilly, E&E reporter

Published: Tuesday, September 29, 2015

Petroleum refineries will be forced to curb toxic air emissions and beef up monitoring under a rule finalized today by U.S. EPA.

Released this afternoon ahead of a court-ordered deadline tomorrow, the rule encompasses New Source Performance Standards and maximum achievable control technology for refineries under the Clean Air Act.

"The common-sense final rule will improve air quality and protect the health of families who live near refineries," EPA said.

There are 142 petroleum refineries considered major pollution sources under the Clean Air Act, as well as seven small area sources.

Among contaminants targeted by the rule: benzene, polycyclic aromatic hydrocarbons, nickel and hydrogen cyanide. EPA said the final rule would reduce emissions of toxic air pollutants by 5,200 tons per year, as well as eliminate 50,000 tons of volatile organic compounds annually.

First proposed in May 2014, the rule requires refineries to upgrade emissions controls and to continuously monitor concentrations of benzene pollution levels at their property lines.

Refiners will be required to encircle their facilities with monitors so that they can detect pollution depending on the wind, install technology that can detect benzene at very low levels and take corrective actions if monitored emissions exceed limits.

"This rule will, for the first time ever, provide important information about refinery emissions to the public and neighboring communities by requiring refineries to monitor emissions at their fence lines," EPA said in a statement sent to environmental justice advocates.

The rule will also put in place a national program to reduce smoking flare emissions and emissions by pressure-release devices. Refineries will be required to monitor flares. The rule will limit flaring events to no more than three events in three years per device, EPA said in its fact sheet.

Storage tanks and delayed coking units also face new emission limitations under the final rule.

The oil industry had opposed the refinery regulation's fence-line monitoring and flaring requirements, warning that the agency's proposal overall would cost refiners more than $20 billion on top of millions of dollars in annual costs.

To address concerns raised by the oil industry about real-time monitoring, EPA's final rule allows refiners to choose alternative methods in the short term that will allow for real-time monitoring in the future.

EPA said the final rule will cost $283 million in capital costs and $63 million annually.

The White House Office of Management and Budget hosted a handful of meetings on the final rule this month, including with key oil industry groups, but the release of the standards has been overshadowed by EPA's more contentious proposal to lower the national ozone standard. The final ozone rule is due out this week under a court order (*see related stories*).

AIR POLLUTION:

Asthma sufferers plead for tight ozone curbs in OMB meetings

Amanda Reilly, E&E reporter

Published: Tuesday, September 29, 2015

Because her two children have asthma, Julie Franks must monitor daily air quality indexes, keeping medicine at hand and administer allergy shots every week.

The Valencia, Pa., resident shared her story last week with White House officials during a meeting organized by the American Lung Association as part of the group's push for a tighter U.S. EPA pollution standard for ground-level ozone.

"There are just way too many kids being born with asthma and developing asthma," she told *Greenwire* in a follow-up interview. Her youngest son was born with asthma, while her oldest son developed the condition after he was born.

Franks is part of a broader strategy that the American Lung Association (ALA) has embarked upon as EPA nears the Oct. 1 deadline for releasing a revised ozone standard. Over the month of September, ALA and its allies have organized five meetings with the White House Office of Management and Budget in which residents of local areas and doctors have shared direct experiences with asthma and air pollution.

The 30-minute meetings have featured residents of Colorado, Illinois, Michigan, Pennsylvania and Virginia.

"It's very helpful for people to share these stories because it stays with you," said Janice Nolen, assistant vice president for national policy at the ALA.

EPA has proposed tightening the national ambient air quality standard for ozone from 75 parts per billion -- set in 2008 during the George W. Bush administration -- to between 65 and 70 ppb. Ozone is a key component of smoggy air, and EPA said it determined through a scientific review that the 75 ppb limit was no longer adequate to protect public health.

The Obama administration faces intense pressure from industry to retain the existing standard, while public health and environmentalists have called on EPA to set a new standard no higher than 60 ppb.

OMB yesterday wrapped up meetings on the ozone standard. According to a schedule posted online, White House officials held 19 meetings with stakeholders.

The ALA has been among the groups most aggressively pushing for a 60 ppb limit. Earlier this year, it launched a campaign meant to highlight ozone pollution's effect on children and their ability to play outside. Studies have found that exposure to ozone can cause asthma attacks and reduced lung function, though industry disputes some of the findings (*Greenwire*, Aug. 6).

According to ALA representatives in Washington, D.C., between four and seven people with breathing problems and physicians have called in to each OMB meeting.

Franks called in with her story last Thursday. Her eldest son, Tyler, 17, developed asthma after he was barely a year old, while her younger son, Jesse, 12, was born with the condition.

Franks, a truck driver from western Pennsylvania's Butler County, said asthma and the threat of attacks have limited her sons' ability to play sports and be outside, particularly for her younger son. At certain times of the year, Jesse takes four different kinds of medication. He is allergic to "everything but a maple tree" and needs allergy shots every week, Franks said.

Franks said her life revolves around paying attention to air quality readings and that ground-level ozone pollution is a major concern.

"We can't see it. It's like there's poison out there. It's invisible, and you can't see it," Franks said. "Even on the best day, and you go out, the sun is shining and there's nice, crisp air -- it's not as good as you think it is."

She said she urged OMB to lower the ozone standard to 60 ppb, arguing that there is a "big difference" in lives saved between a 70 ppb standard and the more protective limit.

Along with Franks, four doctors and one other Pennsylvanian who suffers from asthma spoke at the Sept. 24 meeting.

The ALA has previously released polling showing that the majority of the American public are in support of a tighter ozone standard, despite the potential compliance costs for industry. Lyndsay Moseley, director of the group's Healthy Air Campaign, said that the participation in the OMB meetings showed that people are engaged in the issue.

"There's been a real appetite for people outside the Beltway to tell their stories," she said.

CAMPAIGN 2016:

Jeb Bush to back oil exports in energy plan

Jennifer Yachnin, E&E reporter

Published: Tuesday, September 29, 2015

Former Florida Gov. Jeb Bush today will call for ending the ban on U.S. oil exports as well as easing restrictions on natural gas exports when he unveils his energy policy proposals at an event near Pittsburgh.

Bush, who is vying for the GOP presidential primary nod, is set to speak at Canonsburg, Pa.-based Rice Energy Inc. this afternoon and will publish an essay on the website Medium about his plans.

"Lifting the ban on crude oil exports and liberalizing natural gas exports would create hundreds of thousands of additional jobs and significantly lower net energy costs," Bush wrote in a preview of his plan provided to the Associated Press.

In addition to backing export measures, Bush will reiterate his support for constructing the Keystone XL pipeline and his opposition to a series of Obama administration environmental regulations.

Bush last week announced a series of regulatory reforms he would back if elected to the White House, including the rejection of the Clean Power Plan, which aims to reduce greenhouse gas emissions from existing power plants; the coal ash rule, which addresses the disposal of coal combustion waste; and the Waters of the U.S. rule, which aimed to clarify which waters fall under the protection of the Clean Water

Act (*E&ENews PM*, Sept. 22).

Bush also is expected to repeat his vow to focus on increasing domestic energy production in his efforts to expand the economy if elected to the White House (*Greenwire*, April 8).

"More domestic energy leads to more jobs, higher wages, lower gas prices and smaller electricity bills," Bush said in the preview. "In short, it means more money in people's pockets, allowing them more freedom to make more choices for themselves and their children."

APPROPRIATIONS:

House to vote on CR tomorrow

Daniel Bush, E&E reporter

Published: Tuesday, September 29, 2015

The House will vote on a stopgap spending bill tomorrow to keep the government funded through mid-December, a top Democrat said today.

Minority Whip Steny Hoyer (D-Md.) said the House will move forward tomorrow on a Senate-backed spending bill, known as a continuing resolution, or CR. The Senate is voting today on the legislation, which Congress must pass before midnight tomorrow to avoid a government shutdown.

"I expect [the bill] will be brought to the floor tomorrow, and I expect it will pass," Hoyer told reporters.

House Republican leaders also signaled that the vote would likely happen tomorrow, despite continued opposition from conservative GOP members who want a spending bill that doesn't include funding for Planned Parenthood.

But Hoyer said there's growing support for the "clean" CR moving through both chambers. "We need to keep the government open, and I think we're going to do that," Hoyer said.

TRANSPORTATION:

McCarthy vows to fund highways, revamp federal agencies

Sean Reilly and Kevin Bogardus, E&E reporters

Published: Tuesday, September 29, 2015

House Majority Leader Kevin McCarthy (R-Calif.), likely soon to become House speaker, today predicted that the chamber will quickly pull off a feat that has eluded it for years: passage of long-term surface transportation funding legislation.

With the help of money generated from tax code changes, "we're going to find a bill done next month that is a six-year highway bill," McCarthy said today on the MSNBC talk show "Morning Joe."

McCarthy, the favorite to succeed outgoing Speaker John Boehner (R-Ohio), cited passage of a long-term bill as one of two policy priorities he intends to pursue if elected to the post, the other being a significant refiguring of federal agencies.

After the collapse of the Soviet Union, the U.S. government used independent military base-closing commissions to help reduce the cost and sprawl of the defense budget. McCarthy said something similar should be tried with agencies, which frequently overlap each other.

"We're going to make sure we transform these agencies because these agencies that we have today, we've never crafted them in the same manner," McCarthy said. "Look at the flow chart, look at the duplication. Why don't we go through and revamp the entire process so they work?"

But transportation is the issue that more immediately piques lawmakers' interest.

Like Boehner, McCarthy ruled out an increase in the 18.4-cent-per-gallon federal gas tax but alluded to efforts by House Ways and Means Chairman Paul Ryan (R-Wis.) to produce more transportation revenue by changing the tax treatment of U.S. multinationals' earnings held overseas. Ryan has yet to spell out a plan, however, by which such changes could generate the approximately $100 billion in new revenue that, according to the Congressional Budget Office, will be needed to stabilize road and transit funding over the next six years.

Congress last approved a six-year surface transportation bill in 1998, followed by a four-year measure in 2005 and -- after a series of short-term extensions -- an approximately two-year bill in 2012.

Since July 2014, lawmakers have passed three stopgap extensions, the latest of which expires at the end of next month.

The recurring roadblock to a new long-term measure has been financing. Federal gas and diesel taxes no longer bring in enough money to keep up with congressionally imposed spending demands. As a result, lawmakers have had to repeatedly tap general Treasury revenue. Under budget-scoring rules, those bailouts have to be offset by savings or revenue from other sources.

Finding those offsets has been a struggle, likened by some observers to scratching for change in the couch cushions. A road, rail and transit authorization bill approved by the Senate in July, for example, would on paper run for six years but contains funding for three.

The House Transportation and Infrastructure Committee, which had been expected to mark up its version of a long-term bill earlier this month, has yet to proceed because members are waiting to hear from Ryan how much money will be available, the panel's top Democrat, Rep. Peter DeFazio of Oregon, said in a recent interview.

COAL:

Dems introduce bill to help miners with black lung

Manuel Quiñones, E&E reporter

Published: Tuesday, September 29, 2015

This story was updated at 1:25 p.m.

Democratic lawmakers in both the House and Senate announced legislation this morning meant to help mine workers obtain black lung disease benefits.

The legislation stems from investigations by the Center for Public Integrity and ABC News, which accused

government bureaucracy and coal industry resistance for miners not obtaining benefits.

The new bill, similar to measures introduced last year, would increase miners' access to their medical information and includes allowing them to review and challenge coal company medical information.

"There is undeniable evidence that, as thousands of miners are being affected by black lung, coal company lawyers are determined to exploit loopholes preventing miners and their families from receiving the benefits they deserve," said House sponsor Rep. Matt Cartwright (D-Pa.).

Senate sponsor Sen. Bob Casey (D-Pa.) added, "We know the black lung claims process is badly broken and in need of reform to target unethical legal and medical practices and to give miners a fair shot at justice."

Co-sponsors on the bill include Rep. Bobby Scott of Virginia, top Democrat on the Education and Workforce Committee, and Democratic Sens. Joe Manchin of West Virginia, Tim Kaine of Virginia and Sherrod Brown of Ohio.

The Department of Labor has announced several reforms to address black lung benefit issues, but lawmakers say legislation is necessary.

Just this morning, the Office of Workers' Compensation Programs and the National Institute for Occupational Safety and Health announced a memorandum of understanding on a quality assurance program for X-rays tied to determining black lung benefits.

The National Mining Association and other skeptics of administration actions regarding black lung benefits say scrutiny is also needed to make sure help goes to truly deserving miners (*E&ENews PM*, April 30).

NMA spokesman Luke Popovich called the bill a solution in search of a problem. He said a provision tucked into the Affordable Care Act makes it easier for claimants to obtain black lung disease benefits.

"The provision specifically returns the program to its 1980s condition awarding claimants compensation based on medical determinations that have no relation to occupational exposure to coal dust," he said. "Survivors are therefore awarded benefits irrespective of the cause of the miner's death. This legislation will likely ensure a continuation of this practice."

NMA has also vigorously opposed a new rule by the Mine Safety and Health Administration to reduce the amount of coal dust particles that miners can be exposed to.

AIR POLLUTION:

Greens ready to litigate as EPA preps ozone standard

Amanda Reilly, E&E reporter

Published: Tuesday, September 29, 2015

Environmentalists are threatening legal action if U.S. EPA fails to finalize a new ozone standard that they believe protects public health.

EPA is said to be ready this week to finalize a standard of 70 parts per billion -- a number that greens find lacking.

"The 70-part-per-billion option would be just blatantly unlawful," said David Baron, managing attorney at Earthjustice.

Ground-level ozone is a key ingredient in smog, which forms when nitrogen oxides and volatile organic compounds react in sunlight. Ozone gas been linked to negative health effects such as exacerbation of asthma and reduced lung function.

Under the Clean Air Act, EPA must set pollution standards that provide an ample safety margin for protecting public health.

The current standard, 75 ppb, was set by the George W. Bush administration in 2008. In its proposal to lower the limit last November, EPA said it determined through a review of public health science that the 75 ppb level no longer met the requirement of the law. It proposed to tighten the standard to within a range of 65 to 70 ppb.

EPA faces a court-ordered deadline of Oct. 1 to pick a final limit. Sources say the agency will pick 70 ppb.

In a call with reporters yesterday, environmental groups argued there was consensus in the medical community that a 70 ppb limit wouldn't protect the public, particularly children and the elderly, from the adverse health effects.

"It is not defensible or responsible to set the standard at 70," said John Walke, a senior attorney and air specialist at the Natural Resources Defense Council.

The American Lung Association, American Thoracic Society and American Academy of Pediatrics have called on the Obama administration to set a new standard no higher than 60 ppb (*see related story*).

Last year, EPA's own scientific advisers said a new limit of 70 ppb would likely not pass the ample-margin-of-safety test of the Clean Air Act and recommended that EPA choose a limit more toward the 60-to-65-ppb range.

"We deserve better, frankly, than 70 parts per billion, which is the weakest and the least health protective option that's under consideration," said Mary Anne Hitt, director of the Sierra Club's Beyond Coal campaign. "This is not just a number on a page. It's someone's child being rushed to the hospital, it's the death of a loved one and it's basic fairness."

The groups also expressed concerns that a 70 ppb limit would give the public a false sense of security because it is tied to EPA's Air Quality Index, a system that alerts the public when air quality has fallen below the national standard.

"We sued the Bush administration for adopting a 75-parts-per-billion standard," Earthjustice's Baron said, "and I think there's a good likelihood that we would sue if the Obama administration adopted a 70-parts-per-billion standard."

Business and industry groups have waged an aggressive campaign against a new standard on Capitol Hill, in the administration and over the airwaves. Led by the National Association of Manufacturers, they have argued that a new standard would impose crippling economic costs and halt expansion of businesses across the country.

Although environmentalists will likely view a 70 ppb limit as a concession to industry, a NAM representative said last week that his group would also not be satisfied unless EPA retains the existing limit of 75 ppb.

"Our view is that the only appropriate outcome is for EPA to allow manufacturers and states to comply with the existing 2008 standards," said Greg Bertelsen, the trade group's director of energy and resources policy.

Baron hinted that environmental groups would likely intervene on behalf of EPA in an industry challenge to the standard while at the same time pushing the court for a lower limit.

Compounding environmentalists' concerns about the administration bowing to industry pressure is the Obama administration's decision in 2011 to punt on a new ozone standard as elections loomed.

NRDC's Walke called that choice the "worst environmental decision" of President Obama's first term and characterized this week's decision as a way of making things right with environmental groups.

"The question remains," he said, "whether the smog health standard will remain unprotective when the Obama administration leaves office."

AIR POLLUTION:

Glass company to spend $70M on upgrades under EPA settlement

Sam Pearson, E&E reporter

Published: Tuesday, September 29, 2015

A Michigan-based glass manufacturer will pay $70 million to upgrade pollution controls at plants in seven states to resolve alleged Clean Air Act violations, U.S. EPA said today.

The settlement calls for Guardian Industries Corp. to install new equipment to control nitrogen oxide, sulfur dioxide, particulate matter and sulfuric acid mist at flat-glass manufacturing plants in California, Iowa, Michigan, New York, Pennsylvania, South Carolina and Texas.

Guardian will also fund a $150,000 environmental mitigation project in California's San Joaquin Valley and pay a $312,000 civil penalty.

EPA had accused Guardian Industries of violating the Clean Air Act and state emission control plans when it modified flat-glass furnaces at sites in Kingsburg, Calif.; DeWitt, Iowa; Carleton, Mich.; Geneva, N.Y.; Floreffe, Pa.; Richburg, S.C.; and Corsicana, Texas, in a way that increased emissions.

The agreement is EPA's first Clean Air Act enforcement settlement involving the flat- or float-glass manufacturing sector, which produces glass used for office building windows, homes and vehicle windshields.

"Air pollution from flat glass facilities can impact communities hundreds of miles away, which is why today's announcement is so crucial to address pollution at the source and protect public health," said Cynthia Giles, EPA's assistant administrator for enforcement and compliance assurance.

"By investing in pollution control equipment and funding a mitigation project that will protect the health of low-income residents, Guardian is setting an example for the flat glass industry for how to control harmful air emissions at its facilities."

Of the civil penalty, Iowa and New York will each receive $78,000 for their participation in the settlement, with the rest going to the federal government. The San Joaquin Valley Air Pollution Control District also

played a role but won't receive a cut of the penalty, EPA said.

The agreement "is a great example of a cooperative, companywide effort to reduce air pollution and will mean cleaner air for communities across the country, where glass manufacturing is currently a significant source of the air pollutants that cause serious lung and heart problems," said John Cruden, the assistant attorney general for the Justice Department's Environment and Natural Resources Division.

The settlement, which is expected to be lodged at the U.S. District Court for the Eastern District of Michigan, will be subject to a 30-day comment period. A spokeswoman for Guardian Glass wasn't immediately available for comment.

BIOFUELS:

Jury mulls fate of fake pastor accused of bilking investors

Published: Tuesday, September 29, 2015

A Portland, Ore., man is on trial in U.S. District Court for his part in a scheme to pose as a devout Christian in order to attract investors into a bogus business to turn jatropha trees in Ghana and Chile into low-cost biodiesel.

Prosecutors say Jack Holden and his partner, Lloyd Sharp, pretended to be former missionaries and pastors while seeking out Christian men's groups in the Portland area in 2007, telling their marks that a $350,000 investment would make them millions.

Assistant U.S. Attorney Donna Maddux told the jury that Sharp and Holden took in $1.3 million without ever creating or selling the biofuel.

"Holden claimed, among other things, that he had 5 million acres of land in Ghana that was under contract with local tribes to grow jatropha trees," according to a brief filed by the government. "Holden falsely told the investors that he would use their investment funds to buy a prefabricated refinery that would be shipped to and set up in Ghana, and that the plant would start producing biodiesel immediately."

Sharp, who used the name Kevin Thomas during the scheme, is already serving five years in prison for fraud and conspiracy charges. He has agreed to pay $6 million in restitution.

Holden's attorney, Lisa Hay, said her client did not intend to cheat investors but that his prospects fell through.

"Was the dream too big? Maybe. But it was a real dream, and it was a real company," she said in her opening statement (Bryan Denson, Portland *Oregonian*, Sept. 28). **-- AW**

OIL AND GAS:

EPA evaluating scope of proposed methane rules

Jean Chemnick, E&E reporter

Published: Tuesday, September 29, 2015

It will become clear in the next few years whether U.S. EPA's proposed methane rules should be

extended to include existing oil and natural gas operations, the Office of Air and Radiation's top lawyer said today.

Joe Goffman said on the sidelines of an event today at the Newseum that the agency moved forward with its draft rules for methane and volatile organic compounds (VOC) in August because "those were what we were ready to do."

But the agency continues to update and refine its data about the petroleum sector's methane leakage, he noted. And new data are always becoming available about the industry's progress in curbing its own emissions -- including through participation in voluntary EPA reduction programs. Meanwhile EPA has proposed expanding its VOC rules to cover existing oil and gas operations in ozone nonattainment areas, and states like Colorado are phasing in methane curbs of their own.

So a future EPA may find it unnecessary to regulate methane directly from existing sources, Goffman said.

"There will be a record a couple of years from now that I anticipate will be compelling in one direction or the other," he said. "If we were having this conversation six months from now, we would be better informed than we are now. And so the answer may be different."

Existing sources are not expected to come under regulation during Obama's administration, though the rule for new sources will be final next spring or summer. And Goffman acknowledged that the Clean Air Act does not require EPA to promulgate a rule for existing sources within a set period of time after the new source rule takes effect -- a fact that could give subsequent administrations an easy out if they don't share the current administration's climate goals.

But Goffman said at the event in Washington, D.C., hosted by *The Hill* newspaper that Obama's Climate Action Plan in itself will "lay the groundwork for our successors whether it's in this decade or the decades after to continue to take on the challenge of climate change."

The Obama administration has set a goal of reducing overall methane between 40 and 45 percent by 2025 compared with 2012 levels.

EPA is taking comment now on its August draft, including on whether it should require controls for liquids unloading, which clears gas wells of accumulated liquid to increase production. Goffman said the equipment was not covered by the draft because of a lack of data, but "we will be going back for more information."

EPA's new proposal does require both oil and gas well operators to perform green completions to contain emissions, and it addresses leaks from pneumatic pumps, compressors and other equipment in the oil and gas system (*Greenwire*, Aug. 18).

The public comment period began Sept. 18 and closes in December.

The methane draft has attracted relatively little attention from congressional Republicans, especially when compared with the maelstrom surrounding EPA's Clean Power Plan. There have been no committee hearings on the rule to date. And while the American Petroleum Institute and other trade groups pushed back against the proposal -- arguing that it is unnecessary given industry's progress and on shaky legal footing -- companies themselves have been relatively quiet.

Goffman said the muted response could be due to ongoing EPA outreach.

"I think the extent to which we've had a constructive working relationship with the industry itself has

contributed to the current atmosphere that we're doing these proposals in," he said.

Speaking later in the morning at *The Hill* event, Mark Boling, general counsel and secretary of Southwestern Energy, said the administration's overall methane reduction target would be achievable if producers participate in voluntary reduction programs.

ELECTRIC VEHICLES:

Governments join forces to promote zero-emission cars

Sean Reilly, E&E reporter

Published: Tuesday, September 29, 2015

Almost a dozen national and state governments formally joined forces today to promote the global adoption of electric cars and zero-emission vehicles, or ZEVs, as a potentially powerful brake on climate change.

The founding members of the International ZEV Alliance -- which currently account for more than one-third of worldwide electric vehicle sales -- include the Netherlands, the United Kingdom and the Canadian province of Quebec, along with California and a half-dozen other state governments in the United States that formed a similar consortium two years ago.

The international alliance's goals include setting "ambitious targets" for expanding ZEV use, sharing data and helpful practices, and encouraging other governments to sign on to the effort, according to a news release issued after a New York City signing ceremony.

"We strongly believe that international cooperation is the key to grow the market both in the Netherlands as well as globally," Peter van Deventer, diplomatic liaison at the Dutch consulate general in New York, said in an email before the event. Innovation and investment in ZEVs will have a "much better chance if we cooperate and coordinate," he said.

In California, upwards of 40 percent of greenhouse gas emissions come from the transportation sector, said Matt Rodriquez, the state's secretary for environmental protection, during a phone interview.

"Long-term, we want to see these vehicles adopted," Rodriquez said. But that requires government action to assure the auto industry that the needed infrastructure will be available, he said, along with incentives to offset the stiff price tag of electric vehicles in comparison with gasoline-powered models.

Although the number of plug-in electric vehicles on the roads worldwide is estimated to have hit the 1 million mark this month, the market is still in its "nascent stage," said the International Council on Clean Transportation, a nonprofit group that is providing administrative help to the alliance, in a report also released today.

The approximately 300,000 electric vehicles sold last year amounted to fewer than 0.5 percent of global passenger car sales. But the overall market is growing, and "policy leadership" in places like Norway, the Netherlands and California has helped increase EV adoption at a much higher rate, the report said. Practices that appear to help include offering rebates and other financial incentives worth more than 15 percent of the car's sticker price, working with electric utilities to set lower rates for vehicle charging, and expanding the public and workplace charging network, according to the report.

"This is a decades-long process to transition to completely new technology," said Nic Lutsey, the study's

author and program director at the clean transportation council.

For Quebec, which already gets most of its electricity from hydropower and is home to more plug-in vehicles than any other Canadian province, there's an economic incentive as well. The spread of "green" technology "will create an economic boom of immense dimensions," said Jean-Claude Lauzon, delegate general to New York. "We want to take full advantage of that."

Other founding members of the alliance are Norway and the states of Connecticut, Maryland, Massachusetts, Oregon, Rhode Island and Vermont.

DEFENSE:

Energy leaders say budget caps hurt efficiency, security

Ariel Wittenberg, E&E reporter

Published: Tuesday, September 29, 2015

The Pentagon's top energy officials yesterday blasted congressional budget caps, saying they inhibit the military's ability to invest in energy efficiency and energy security initiatives.

"There is no money," said acting Assistant Secretary of Defense for Energy, Installations and Environment John Conger. "We are being penny-wise, pound-foolish because we have no pennies."

Conger, who has also been nominated to be the Defense Department's deputy comptroller, said the Budget Control Act and sequestration have all but quashed DOD's ability to invest in energy efficiency measures and microgrid technology that is critical to energy security, because that funding would have to come from a severely depleted military construction budget. That budget decreased from $14 billion in fiscal 2011 to $5 billion in fiscal 2015, Conger said.

Overall, the Pentagon's $585.3 billion fiscal 2016 budget request is $35 billion over what the Budget Control Act would allow. This year's proposal would include $8.4 billion for military construction.

"As long as we have the BCA and as long as we have sequestration, we won't have the performance we want to see," he said. "We are looking at no-cost, low-cost things we can do, but that won't get us to where we want to go. We are in a monetarily constrained environment, and that's a fact of life right now that does put a damper on all things."

Conger, along with top energy officials for the Army, Navy and Air Force, was speaking at a roundtable event on energy security held by the Pew Charitable Trusts.

DOD has been pioneering energy initiatives over the past four years, the most successful of which has been the goal set by each service to generate 1 gigawatt each of energy from alternative sources by 2020.

The military officials said that goal has been immune from budget cuts only because the services have been leveraging private-sector funds with power purchase agreements and other contracts.

"There is that famous British saying that 'we are out of money, and therefore we are thinking,' and we are thinking a lot about third-party financing," said Dennis McGinn, assistant secretary of the Navy for energy, installations and environment. "I cannot understate the power of that."

Private financing can carry the military's energy initiatives only so far. The Army, Navy and Air Force have each been working with pilot microgrids, which are small-scale versions of a centralized electricity system that allow a base to tap into and out of utility power at a moment's notice. The microgrids are considered a key aspect of energy security, ensuring that installations can keep the lights on during a natural disaster or terrorist attack.

So far, microgrids have been focused on key buildings, and the military has few bases that are entirely on their own microgrids. That's because funding for those grids comes out of the military construction budget, known as MILCON.

"We have a lot of third-party financing for renewables out there, but we need to figure out how to get that to pay for a microgrid," said Deputy Assistant Secretary of the Army for Energy and Sustainability Richard Kidd. "We know how to do it, and we are all ready and willing to get a bigger one out there on an installationwide basis, but in the current budget climate, there is no MILCON."

In some cases, the military is able to use energy-savings performance contracts to upgrade its buildings. Under those agreements, a private contractor does the work upfront, and the military service later pays the contractor back using savings from having more efficient buildings.

But Miranda Ballentine, assistant secretary of the Air Force for installations, environment and energy, noted that such contracts cannot be used for energy efficiency measures in airplanes, which account for $8 billion in energy costs annually.

In order to reduce energy use in operations, Ballentine said, the Air Force has been focusing on maintaining momentum for energy initiatives by changing troop culture.

"That can require some pretty boring stuff, like setting up organizational structures and staffing," she said. "But without it, goals are just goals. Some people are motivated to meet goals, and some people aren't, so you really have to do the boring stuff to maintain that inertia."

AIR POLLUTION:

Volkswagen will replace software in 11M affected cars

Published: Tuesday, September 29, 2015

Volkswagen will replace illegal software in 11 million vehicles in order to move on from its emissions test scandal, the automaker announced today.

New CEO Matthias Müller said that "in the next few days" the company would ask customers to bring their diesel vehicles into dealerships to make the swap, which could cost more than $6.5 billion.

The move is one of the largest recalls by a single company in history. For comparison, the company sold 10.1 million vehicles in 2014.

"We are facing a long trudge and a lot of hard work," Müller said during a gathering of about 1,000 top managers at Volkswagen's Wolfsburg, Germany, headquarters yesterday. "We will only be able to make progress in steps, and there will be setbacks."

Analysts say that in addition to paying for the recall, the company should expect to face fines from regulators and prosecutors and lawsuits from customers who were cheated.

Already, German prosecutors have opened a fraud investigation into the company's former CEO Martin Winterkorn, and Sweden's chief prosecutor said today he was considering starting his own investigation into the company (Andreas Cremer, Reuters, Sept. 29). **-- AW**

HIGH-SPEED RAIL:

Nev. board likely to miss 1st deadline

Published: Tuesday, September 29, 2015

The newly created Nevada High-Speed Rail Authority is likely to miss its first deadline established by enabling legislation.

Senate Bill 457 requires the board to chose a franchisee for the rail line to connect southern Nevada and Southern California by Thursday. But the board's members were selected only in mid-September, and they convene for the first time today.

Though the board may not be ready to officially name a franchisee, many see XpressWest as the only viable candidate. The company's proposal aligns perfectly with the specifications for the system described in the enabling legislation. It would be able to reach sustained speeds of 150 mph and operate on exclusive standard-gauge tracks that could be used by other trains as well.

The legislation's specifications essentially rule out the use of maglev technology (Richard N. Velotta, *Las Vegas Journal Review*, Sept. 28). **-- AW**

INFRASTRUCTURE:

Minn. tests drones to inspect bridges

Published: Tuesday, September 29, 2015

Minnesota officials are testing the use of drones to inspect bridges more safely and cheaply.

Test runs this fall will include putting a drone to work checking the state's longest bridge, Duluth's 7,975-foot John A. Blatnik Bridge. The state already successfully checked four bridges this summer with drones.

"We are just looking at more innovative technologies to help us," said Jennifer Zink, a Minnesota Department of Transportation bridge inspection engineer.

"Using drones could help MnDOT decrease the rising costs of bridge inspection while minimizing risks associated with current bridge inspection methods," Zink said.

Drones could be used to image difficult-to-reach areas on bridges and when hands-on inspections are unnecessary. Furthermore, the unmanned aircraft are much less disruptive to traffic than a truck with an articulated arm holding a basket.

The drones will not replace human inspectors, Zink said, but will be used to assist them.

California has previously considered using drones in 2008 but dropped the idea after tests did not pan out.

Potential issues for Minnesota could include cost and strict Federal Aviation Administration rules, though those are expected to be relaxed (Ron Davis, *Forum of Fargo-Moorhead*, Sept. 28). **-- BTP**

PEOPLE:

4 'genius grant' winners focused on environment, energy

Ben Panko, E&E reporter

Published: Tuesday, September 29, 2015

The John D. and Catherine T. MacArthur Foundation announced its new class of "genius grant" recipients today, with four of 24 fellows doing groundbreaking work in the environmental and energy fields.

One was recognized for his work in pushing hospitals to reduce their environmental impacts; another for working to extract clean water, fertilizers and biofuels from human wastewater; a third for creating a system to make chemicals and natural gas with just water, sunlight and air; and another for working to make complex molecules that could store and generate electricity and integrate them easily into devices.

Fellows are nominated by their peers and chosen by an independent committee based on their creativity and achievements. They receive $625,000 to spend however they choose, with the only requirement being that they are U.S. citizens or residents. Fellows have been chosen in fields ranging from science to arts to business to teaching.

"Their work, their commitment and their creativity inspire us all," MacArthur Foundation President Julia Stasch said.

Helping hospitals help the environment

Gary Cohen, 59, is the president and co-founder of Health Care Without Harm, a group working to get hospitals to pollute less.

"The fact that hospitals were poisoning people and the environment in service of healing them was crazy," Cohen said in a MacArthur Foundation video.

When he founded the group in 1996, he said, more than 4,500 incinerators were in use across the United States for medical waste, and hospitals were the country's largest source of dioxin contamination from burning plastics. Scientists have linked dioxins to increased cancer risk and other negative health effects (*Greenwire*, July 11, 2006). Ten years later, there were just 73 incinerators left, Cohen noted.

Cohen's group also helped end the use of mercury thermometers in the United States and has been pushing hospitals to use products with less toxic flame retardants (*Greenwire*, Aug. 7, 2014).

"They felt compelled to try to address the problems that we were raising for them," said Cohen, whom the White House named a "Champion of Change" in 2013 (*ClimateWire*, July 10, 2013).

Cohen said his group is now focusing on getting the health care industry to embrace renewable energy and help it recognize climate change as a public health crisis.

Making wastewater useful

Kartik Chandran, 41, is an environmental engineering professor at Columbia University, and his research uses bacteria to turn wastewater into not just clean water, but also fertilizers and biofuels.

"Today as a society, we are faced with multiple challenges, including lack of clean water, lack of energy [and] food security, so our philosophy, our vision, is to address these multiple challenges in conjunction and not in isolation," Chandran said in a foundation video.

Human wastewater should be viewed not as something to get rid of, Chandran said, but as a source of energy and nutrients that can be used.

Chandran has teamed up with the Bill & Melinda Gates Foundation to extract methane from human fecal waste in a project in Ghana (*ClimateWire*, June 20, 2011). He envisions that the energy derived from the wastewater could be used to help treat it in underdeveloped countries.

He has also worked to extract nutrients from urine for fertilizer and to create biodiesel from wastewater sludge.

"I basically work on the nexus of water, energy, chemicals and nutrients," Chandran said.

'Artificial leaves'

Peidong Yang, 44, is a chemistry professor at the University of California, Berkeley, who works on creating super-advanced semiconductors that can be used in solar cells and artificial photosynthesis.

Through the use of "nanowires," solar cells can generate electricity much more efficiently, and the technology can also be used to transform waste heat into usable energy.

Yang has also created an "artificial leaf" of nanowires and bacteria that can use sunlight, carbon dioxide and water to create useful chemicals such as butanol or methane with zero carbon emissions (*Greenwire*, April 17, 2015).

"One day, I want to see my basic research fundamentally change the way people live in the future," Yang said in a foundation video.

Precision-design molecules

William Dichtel, 37, is a chemistry professor at Cornell University who is working on ways to integrate complex polymers into devices where they could be used as batteries, organic solar cells and water purifiers.

Covalent organic frameworks are groups of molecules that can be precisely structured to do a variety of tasks, including storing and generating electricity, purifying water and detecting explosives. Dichtel has worked to grow the COFs directly on surfaces as thin films, making them easy to integrate into devices.

"We have nature's toolbox in front of us, and it's just a matter of what should we make and how do we push the limits of these materials even more," Dichtel said in a MacArthur Foundation video.

AIR POLLUTION:

Black business group sides with industry in smog fight

Published: Tuesday, September 29, 2015

The National Black Chamber of Commerce has joined industry voices speaking out against impending restrictions on ozone emissions.

Over the summer, the organization's president, Harry Alford, has toured the country, stopping in multiple cities with smog problems to blast proposed ozone regulations expected to be finalized by U.S. EPA tomorrow.

"Why do we impose these massive arbitrary rules?" Alford asked during a speech in Pittsburgh.

Though Alford's opposition to the regulation, which is in line with the stance of the National Association of Manufacturers, may seem counterintuitive, he has long been critical of EPA.

Alford founded the National Black Chamber of Commerce in 1993 and has criticized the agency in blog posts ever since, calling it a "monster" and accusing it of falsely claiming that minorities are disproportionately affected by pollution.

"Many naive blacks have bought the lie -- hook, line and sinker," he wrote.

His stance has angered many environmental justice groups that say fighting pollution would benefit minorities.

"The dirtiest utility plants pollute and hurt black communities," said Evlondo Cooper, a researcher for the Checks and Balances Project. "He doesn't speak for black people, and nothing about his support for the fossil-fuel lobby or his attacks on clean energy has been helpful to our community."

Alford declined to comment but has previously boasted about his organization's being backed by Exxon Mobil Corp. and other fossil fuel interests.

"I think you can have a balance," he told a Pittsburgh radio station earlier this month. "What's unfair is that the rules and targets keep changing" (Joby Warrick, *Washington Post*, Sept. 28). **-- AW**

INTERNATIONAL:

Maldives' foreign secretary discusses outlook for island nations in Paris talks

Published: Tuesday, September 29, 2015

As an island nation, the Maldives has a unique climate change story. How is the Maldivian government working to mitigate the impacts of climate change, and what requests is it making of the international community as the next climate agreement is crafted? During today's OnPoint, Ali Naseer Mohamed, foreign secretary of the Maldives, discusses the impact of political instability and the threat of sanctions on his country's ability to combat the effects of climate change.

Click here to watch today's OnPoint.

AN E&E PUBLISHING SERVICE

CLIMATEWIRE — Wed., September 30, 2015

READ FULL EDITION

1.ECONOMICS:

Bank of England head warns insurers, investors, markets of mounting climate risks

For several years, with an eye to future damage, the Bank of England's governor, Mark Carney, has spoken of how climate change and government action in response to accumulating greenhouse gases could punish investors, flummox the energy sector, distort financial markets and crimp the global economy. Last night in London, Carney suggested that U.K. insurers keep an eye on long-term climate hazards, too.

2.AUTOS:

Tesla pulls back curtain on its latest offering, the Model X

Tesla Motors Inc. frontman Elon Musk unveiled the company's Model X sport utility vehicle in California last night.

TODAY'S STORIES

3.BUSINESS:
Fossil fuel firms sponsor $20M prize to turn captured CO2 into sellable products

4.CARBON CAPTURE:
Miss. Power project loses millions in tax credits over missed deadline

5.SCIENCE:
Researchers plot the carbon-storing potential of federal lands

6.RESEARCH:
Rare 500-year flood events in NYC now may occur several times in a lifetime -- study

7.NEGOTIATIONS:
Kerry, world leaders raise expectations in NYC for ambitious climate deal

8.AGRICULTURE:
Climate change may slow efforts to battle rampant global malnutrition -- report

9.REGULATION:
State officials caution against 'just saying no' to EPA

10.DIVESTMENT:
NYC mayor calls for city pension funds to dump coal holdings

11.PEOPLE:
In flooded Miami, Al Gore warns crowd of rising sea levels

12.NEGOTIATIONS:
Indian prime minister urges leaders to aid developing countries with climate agenda

E&ETV'S ONPOINT

13.STATES:
N.D. governor discusses two-track approach on power plan, shale oil's prospects amid price shift

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ENERGYWIRE — Wed., September 30, 2015

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1.ELECTRICITY:

Natural gas industry looks to carve out bigger role in Ill., Midwest

In a state where nuclear power and coal dominate politics and electricity markets, can natural gas find a place at the table?

2.KEYSTONE XL:

TransCanada makes U-turn in Neb. permit plan

TransCanada Corp. will soon ask the Nebraska Public Service Commission for permission to route the controversial Keystone XL oil pipeline through the state.

TOP STORIES

3.SOLAR:

Calif. consumer group backs fixed charge for net-metering customers

4.FINANCE:

Cut to the bone, energy firms face dreaded option: cutting the dividend

5.WORKFORCE:

Chesapeake to cut 15% of its staff

ELECTRICITY

6.COAL:

Miss. Power project loses millions in tax credits over missed deadline

7.CLEAN POWER PLAN:

Carbon-trading options -- and questions -- swirl in Ga.

8.SOLAR:

Utilities battle for share of rooftops

9.CLEAN POWER PLAN:

Utilities turn up the heat on Missouri AG over EPA rule

OIL AND GAS

10.OIL:

Years of bust ahead for rig market

11.REGULATION:

EPA final rule brings fence-line refinery monitoring

12.NORTH DAKOTA:

'Overbuilt' areas are new ghost towns

13.ENERGY MARKETS:

National oil production down, but prices aren't budging

E&ETV'S ONPOINT

14.STATES:

N.D. governor discusses two-track approach on power plan, shale oil's prospects amid price shift

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To: Grundler, Christopher[grundler.christopher@epa.gov]; Blubaugh, Jim[Blubaugh.Jim@epa.gov]; Niebling, William[Niebling.William@epa.gov]; Kasman, Mark[Kasman.Mark@epa.gov]
From: Phillips, Anna
Sent: Wed 9/30/2015 4:13:29 PM
Subject: AIR POLLUTION: Panel demands info from EPA, Volkswagen on emissions scandal

AN E&E PUBLISHING SERVICE

AIR POLLUTION:
Panel demands info from EPA, Volkswagen on emissions scandal

Sean Reilly, E&E reporter

Published: Wednesday, September 30, 2015

The House Energy and Commerce Committee yesterday asked Volkswagen and U.S. EPA for a broad array of information related to the automaker's admitted scheme to sidestep air pollution regulations.

Among the documents sought from Volkswagen: anything related to development and approval of the software that the company employed in almost a half-million diesel-powered cars to evade emissions requirements by applying full controls only when the car was being tested. The committee is also seeking all communications with EPA and the California Air Resources Board in which the company sought to explain "potential non-compliance" with federal and state standards.

Energy and Commerce Chairman Fred Upton (R-Mich.) and ranking member Frank Pallone (D-N.J.) made the request in a **letter** sent yesterday to the head of the company's U.S. subsidiary.

The letter sets an Oct. 13 deadline for Volkswagen to hand over the requested records, preceded by a staff briefing by Friday.

From EPA, lawmakers also want a staff briefing this week outlining how and when the Clean Air Act violations were discovered and how agency employees considered addressing the issue via recalls and "technical solutions," the **request** to Administrator Gina McCarthy indicates.

Also signing the letters were Reps. Tim Murphy (R-Pa.) and Diana DeGette (D-Colo.), the chairman and ranking member, respectively, of the Energy and Commerce Subcommittee on Oversight and Investigations, which plans a yet-to-be-scheduled hearing on the fraud.

A Volkswagen spokesman did not immediately reply to an email late yesterday asking whether the company expects to meet the Oct. 13 deadline. An EPA spokesman said the agency would work with the committee on its request.

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To: Ex. 7
From: Grundler, Christopher
Sent: Wed 9/30/2015 4:59:36 PM
Subject: 092915 EPA VW Letter.pdf
092915 EPA VW Letter.pdf
ATT00001.txt

FYI

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CHAIRMAN

FRANK PALLONE, JR., NEW JERSEY
RANKING MEMBER

ONE HUNDRED FOURTEENTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON ENERGY AND COMMERCE
2125 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–6115
Majority (202) 225–2927
Minority (202) 225–3641

September 29, 2015

The Honorable Gina McCarthy
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Dear Administrator McCarthy:

On September 18, 2015, the Environmental Protection Agency (EPA) notified Volkswagen AG, Audi AG, and Volkswagen Group of America, Inc. (collectively, VW) that the agency "determined that VW manufactured and installed defeat devices" in certain model year Volkswagen and Audi diesel passenger cars. The "defeat devices" took the form of software, according to the agency, that "sensed" when the vehicles were undergoing emissions testing and ensured emissions control systems were operating to pass the tests. During normal vehicle use, according to the agency, the software would "switch" to a different mode that produced certain emissions 10 to 40 times above EPA standards and in violation of the Clean Air Act. The scope of the alleged violations — affecting some 480,000 vehicles according to news reports — and EPA's assertion that VW admitted it "designed and installed" defeat devices in these vehicles, raise serious questions about VW's efforts to comply with its statutory obligations under the Clean Air Act. On September 25, EPA subsequently notified all vehicle manufacturers that the agency will be conducting "additional evaluations designed to look for potential defeat devices."

The Committee on Energy and Commerce and its Subcommittee on Oversight and Investigations are investigating (a) the facts and circumstances surrounding VW's use of software in vehicle emissions control systems to affect Clean Air Act related compliance and emissions test results and (b) the EPA's role in oversight and enforcement of these statutory obligations. To assist the committee with its investigation, and pursuant to Rules X and XI of the U.S. House of Representatives, we request that you provide a full briefing to committee staff to address the following areas:

1. A detailed timeline of events and activity related to the violation(s) by VW outlined in EPA's Notice of Violation dated September 18, 2015, including

    a. How and when the violations were discovered;

b. VW's efforts to respond to EPA and the California Air Resources Board's (CARB) requests to explain potential noncompliance with EPA or California standards and emissions test requirements;

c. Previous deliberations concerning any recalls and technical solutions initiated or considered to address EPA and CARB's initial concerns prior to the notice of violation;

d. Current deliberations concerning recalls and technical solutions to address the violation.

2. An overview of EPA's process to recall vehicles found to be in violation of the Clean Air Act with respect to emissions control systems.

3. The process by which EPA communicates with state clean air agencies (including CARB), auto manufacturers, and consumers regarding vehicles suspected to be in violation of the Clean Air Act.

4. A detailed description of all testing EPA requires and reviews prior to granting a certificate of conformity, EPA's process of evaluating this information, and what review or testing is conducted by EPA, or on its behalf, to validate information provided by manufacturers.

5. EPA's September 25, 2015, notice to manufacturers that the agency will be conducting additional evaluations designed to look for potential defeat devices.

We request that you arrange to provide this briefing with committee staff to occur by October 2, 2015. If you have questions regarding this request, please contact Peter Spencer or John Ohly of the majority committee staff at (202) 225-2927 or Elizabeth Letter or Ryan Gottschall of the minority committee staff at (202) 225-3641.

Sincerely,

Fred Upton
Chairman

Frank Pallone, Jr.
Ranking Member

Tim Murphy
Chairman
Subcommittee on Oversight and
Investigations

Diana DeGette
Ranking Member
Subcommittee on Oversight and
Investigations

To: Alson, Jeff[alson.jeff@epa.gov]
Cc: Simon, Karl[Simon.Karl@epa.gov]; Moran, Robin[moran.robin@epa.gov]; French, Roberts[french.roberts@epa.gov]; Dennis Smith[dennis.a.smith@ee.doe.gov]; Charmley, William[charmley.william@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Snapp, Lisa[snapp.lisa@epa.gov]; McCorkle, Morgan L.[mccorkleml@ornl.gov]; Greene, David[dgreen32@utk.edu]
From: Saulsbury, Bo
Sent: Wed 9/30/2015 5:33:07 PM
Subject: UT MPG paper
BR_Greene_4-15.pdf

Hi Jeff,

The University of Tennessee Baker Center plans to release the attached report tomorrow. Please note that the editors are still working to make some of the report graphics clearer, but the text of the report will remain unchanged. I will send you the UTBC press release and the final report when I have it.

We (ORNL) have had an inquiry about this report from Christie St. Clair of EPA's Office of Public Affairs in Washington, D.C. Morgan McCorkle from ORNL Communications and Media Relations is working with Christie to provide her with information about the report.

Please call or e-mail me if you have any questions or wish to discuss this.

Thanks!

Bo Saulsbury

Oak Ridge National Laboratory

Energy and Transportation Science Division

2360 Cherahala Blvd.

Knoxville, Tennessee 37932

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From: Saulsbury, Bo
Sent: Monday, September 28, 2015 3:07 PM
To: 'Alson, Jeff'
Cc: Simon, Karl; Moran, Robin; French, Roberts; Dennis Smith; Charmley, William; Bunker, Byron; Snapp, Lisa
Subject: RE: Final EPA comments on UT MPG paper

Thank you, Jeff. I have forwarded these comments to the authors, and they have agreed to incorporate them in the report.

Once the report is published, I will send you an electronic copy.

Thanks again to you and all the EPA staff for your thorough, helpful review of this document. We believe the report is much improved thanks to your input.

Bo Saulsbury

Oak Ridge National Laboratory

Energy and Transportation Science Division

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From: Alson, Jeff [mailto:alson.jeff@epa.gov]
Sent: Monday, September 28, 2015 2:17 PM
To: Saulsbury, Bo
Cc: Simon, Karl; Moran, Robin; French, Roberts; Dennis Smith; Charmley, William; Bunker, Byron; Snapp, Lisa
Subject: Final EPA comments on UT MPG paper

Bo, as requested, here are our final comments on the draft paper. We greatly appreciate the chance to review this draft paper, and that the authors made several changes in response to our previous comments. I believe that the paper reads much better than before, and I hope the authors do too.

We are providing a few final comments in the attached file. The two most important comments are single sentences that we suggest adding to the abstract (page 1) and conclusions (p. 30). In both cases, it is important for the reader to understand that EPA "saw this coming" and changed our labeling and rulemaking benefits methodologies several years ago. Absent this context, many readers will assume that EPA was oblivious to the increasing gap that the paper suggests. This important context is extremely timely given the great amount of media attention on the recent Volkswagen violations. If it is not possible to add these sentences to the abstract and conclusions sections, please let me know as soon as possible.

Thanks again to you and the authors.

Jeff Alson

US EPA/OTAQ

From: Saulsbury, Bo [mailto:saulsburyjw@ornl.gov]
Sent: Monday, September 14, 2015 3:36 PM
To: Snapp, Lisa
Cc: Simon, Karl; Moran, Robin; French, Roberts; Alson, Jeff; Dennis Smith
Subject: RE: EPA comments on UT MPG paper

Hi Lisa,

The authors of the University of Tennessee/Oak Ridge National Laboratory MPG study have reviewed the EPA staff comments you provided on August 21 (see below) and have prepared responses to those comments as well as a revised report based on the comments (see attached). We appreciate the EPA staff taking the time to review the original report and provide detailed comments, as we believe the review comments have improved the report and will make it more useful to consumers.

I would appreciate receiving any final comments on this revised report by **Monday, September 28**. In the meantime, if you have any questions or comments to discuss, please e-mail or call me.

Thanks again!

Bo Saulsbury

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Energy and Transportation Science Division

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From: Snapp, Lisa [mailto:snapp.lisa@epa.gov]
Sent: Friday, August 21, 2015 4:28 PM
To: Saulsbury, Bo; Dennis Smith
Cc: Simon, Karl; Moran, Robin; French, Roberts; Alson, Jeff

Subject: EPA comments on UT MPG paper

Bo,

Thanks for sending us the revised August 5 draft.

Attached is a copy of the June 22 draft that you had sent previously, with about 25 comments from OTAQ, all in comment boxes. We worked from the June 22 draft because most of our review was completed prior to receiving the August 5 draft. Based on a quick look at the August 5 draft, it appears that, with the exception of one important section that was modified somewhat, most of the paper is unchanged, so all or nearly all of our comments should still be relevant to the August 5 draft. Our written comments are consistent with the discussion during the conference call on July 22. Specific questions about any of our comments are best directed to Jeff Alson at 734-214-4296 or alson.jeff@epa.gov, who led our review.

Our biggest concerns are:

1) the suggestion that EPA may have overestimated the benefits of the recent GHG/CAFE rulemakings; this suggestion seems to be based on incorrect assumptions of how the benefits analysis was performed, and

2) many examples where the wording is critical of the label and consumer information programs that ORNL, DOE, and EPA have worked so hard to improve over the last 40 years, in ways that we feel are incorrect or misleading.

Most of our comments specifically address these two areas, though there are also a few that flag factual errors as well.

Our concerns are significant and we would respectfully ask that we be allowed to review a revised draft prior to any plans to publish the paper. I would like to stress that we very much are in favor of program assessment and critical analyses that can be used to improve these important consumer information programs, and hope that this paper can be revised in order to contribute to

that goal.

Thank you very much for the opportunity to review the draft paper and to submit comments.

Lisa Snapp

Director, Climate Analysis and Strategies Center

Transportation and Climate Division

Office of Transportation and Air Quality

US Environmental Protection Agency

734-214-4282 snapp.lisa@epa.gov

Driving Innovation in Clean Transportation

Project Report 2:14
Baker Reports 4:15

How do Motorists' Own Fuel Economy Estimates Compare with Official Government Ratings?

A Statistical Analysis

David L. Greene
Senior Fellow, Energy & Environmental Policy Program
Howard H. Baker Jr. Center for Public Policy

Asad Khattak
Civil & Environmental Engineering

Matthew N. Murray, Director
Howard H. Baker Jr. Center for Public Policy

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Bruce Tonn, Baker Fellow
The University of Tennessee, Knoxville

Jean Peretz, Baker Fellow
Howard H. Baker Jr. Center for Public Policy

Jeff Wallace, Ryan Hansen, and **Lew Alvarado**
Sparks Bureau of Business and Economic Research
University of Memphis

Project Report 2:14
A Profile of the Energy Sector in Tennessee
A Statistical Analysis
A Report to the
Tennessee State General Assembly
By
Matthew N. Murray, Director
Howard H. Baker Jr. Center for Public Policy
Charles Sims, Baker Faculty Fellow
Howard H. Baker Jr. Center for Public Policy
Bruce Tonn, Baker Fellow
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Jean Peretz, Baker Fellow
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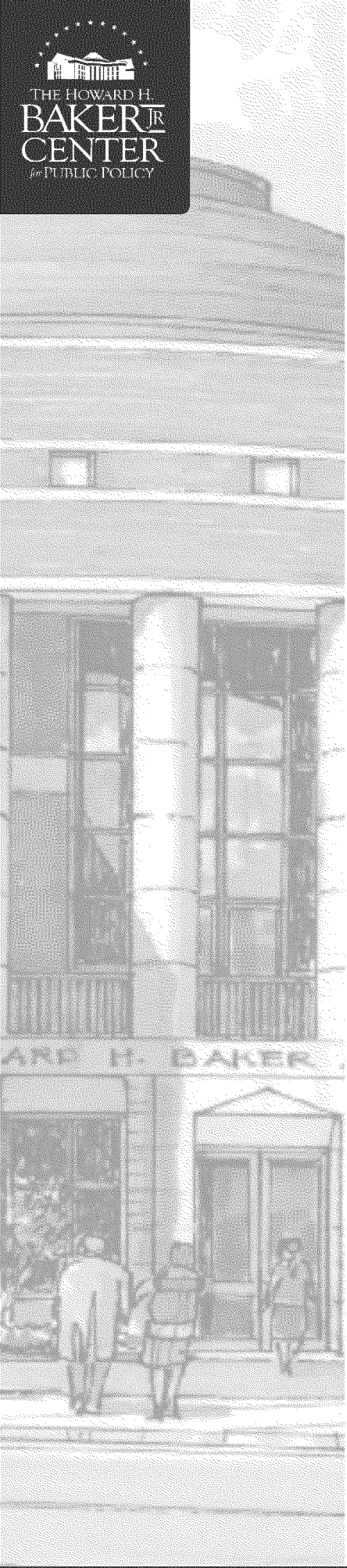
Jeff Wallace, Ryan Hansen, and Lew Alvarado
Sparks Bureau of Business and Economic Research
University of Memphis
December 15, 2014

December 15, 2014

VW FOIA, EPA 06/20/2017 2017-FFP_027981



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Professor, Agricultural and Resource Economics

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This research was funded by Oak Ridge National Laboratory (ORNL) and carried out by researchers at ORNL and the University of Tennessee's Howard H. Baker, Jr. Center for Public Policy and Department of Civil and Environmental Engineering. The views expressed herein are those of the authors alone and do not necessarily represent the views of Oak Ridge National Laboratory, UT-Battelle or the U.S. Department of Energy.

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Abstract

U.S. government fuel economy tests are used for two primary purposes: 1) to monitor automobile manufacturers' compliance with fuel economy and greenhouse gas emissions standards and 2) to inform consumers about the fuel economy of passenger cars and light trucks. This study analyzes a unique database of 75,000 fuel economy estimates self-reported by customers of the U.S. government website www.fueleconomy.gov to evaluate the effectiveness of the government's estimates for these two purposes. The analysis shows great variability in individuals' own fuel economy estimates relative to the official government estimates, but much smaller bias relative to the sample average. For consumers, the primary limitation of government fuel economy estimates is their uncertainty for a given individual rather than bias relative to the average individual. The analysis also examines correlations between individuals' fuel economy estimates and specific technologies, vehicle class, driving style, method used to calculate fuel economy, manufacturer, and state. There is some evidence that the shortfall between test cycle fuel economy estimates (used to measure compliance with regulations) and in-use fuel economy estimates (such as those provided by customers of www.fueleconomy.gov) has been increasing since 2005. The direction and magnitude of the trend is consistent with changes made by the Environmental Protection Agencies to its methods for calculating the benefits of the standards in the 2010 and 2012 rulemakings. However, if the trend continues, it could affect the benefits realized by fuel economy and greenhouse gas emissions standards. A scientifically designed survey of in-use fuel economy is needed to insure that an unbiased sample is collected and that fuel economy is rigorously and consistently measured for all vehicles. The potential for information technology to reduce the uncertainty in predicting individuals' on-road fuel economy should be explored.

Acknowledgements

This research was funded by Oak Ridge National Laboratory (ORNL) and carried out by researchers at ORNL and the University of Tennessee's Howard H. Baker, Jr. Center for Public Policy and Department of Civil and Environmental Engineering. The views expressed herein are those of the authors alone and do not necessarily represent the views of Oak Ridge National Laboratory, UT-Battelle or the U.S. Department of Energy.

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How do Motorists' Own Fuel Economy Estimates Compare with Official Government Ratings? A Statistical Analysis

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September 30, 2015

I. Introduction

The window sticker of every new passenger car or light truck sold in the U.S. bears a label with a prominently displayed government fuel economy rating. The intent is to provide consumers with consistent and reliable information they can use when comparing vehicles. Each label also contains the following caveat: "Actual results will vary for many reasons, including driving conditions and how you drive and maintain your vehicle." Differences between consumers' experiences with fuel economy and label values have been a source of discussion and dissatisfaction with the official government ratings since shortly after they were first introduced in 1975 (McNutt et al., 1978).

The U.S. Environmental Protection Agency (EPA) provides two sets of fuel economy estimates ("test cycle" and "label") for every make, model, engine and transmission configuration of passenger car and light truck sold in the U.S.[1] These estimates are important for two main reasons: (1) to enforce the Corporate Average Fuel Economy (CAFE) and greenhouse gas (GHG) emissions regulations for light-duty vehicles (EPA, 2012) the government needs test cycle estimates that are equitable to manufacturers, repeatable and proportional to real world experience and (2) consumers need accurate fuel economy estimates to make informed choices when buying vehicles.

1 In fact, most vehicle testing is done by the vehicle manufacturers, who certify to the EPA that the tests have been done in accordance with government procedures. The EPA tests 15-20% of vehicles each year to verify compliance (EPA, 2014a).

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In statistics, the terms accurate, precise and unbiased have specific, mathematical definitions. Accuracy measures the closeness of agreement between repeated measures of a given quantity and its true value. Precision measures the closeness of agreement between repeated measures of a given quantity and the mean of those measures. Bias measures the difference between the mean of a series of measurements or predictions and the true value of a quantity or the true mean of a population. The situation is somewhat different for government fuel economy estimates. A single number (e.g., a car's fuel economy label number) is proposed as a useful estimate of the actual fuel economies of all motorists using the same vehicle[2]. In this case, there is no "true value" but rather a distribution of values for individual drivers. Assuming that the government fuel economy estimate is intended to correspond to the average fuel economy of all drivers of a given vehicle, bias can be defined as the difference between the official estimate and the mean of the population.[3] Because there are not repeated measurements for an actual or even hypothetical true value of fuel economy, how to define accuracy and precision is less clear.[4] In this paper we will quantitatively describe the deviations of individual motorists' estimates from their vehicle's fuel economy rating as *variance*. At the same time, we recognize that from an individual motorist's perspective, the official rating might be perceived as biased or inaccurate.

The government is well aware of the issue of the variance of individual fuel economy results. Every fuel economy label contains the following caveat:

> "Actual results will vary for many reasons, including driving conditions and how you drive and maintain your vehicle."

It is quite possible for fuel economy ratings to be unbiased (reasonably predict the average fuel economy of all motorists) but poor predictors of the experiences of individuals. For the purposes of testing compliance with fuel economy standards, unbiased fuel economy estimates would be sufficient. If the expected fuel economy improvements are realized on average, the expected benefits in petroleum and greenhouse gas (GHG) reductions will be achieved. In fact, all that is necessary for the expected benefits to be realized is that a given percent increase in miles per gallon (MPG) on the test cycle produce the same percentage increase in on-road fuel economy. On the other hand, for the fuel economy label estimates to be of greatest value to consumers' car purchase decisions, they should accurately predict the fuel economy an individual will experience on the road. This is clearly not achievable with a single-number rating for each vehicle. However, modern information technology might possibly enable relatively accurate prediction of individuals' fuel economy.

The test cycle fuel economy estimates used to determine manufacturers' compliance with regulations are based on laboratory testing of vehicles over two (city and highway) driving

2 Here, a vehicle means a unique vehicle as defined for regulatory purposes, typically a specific configuration of make, model, model year, engine and transmission.

3 When fuel economy is measured in miles per gallon, the simple average of the fuel economies of a population of drivers will not equal the sum of all miles driven divided by the sum of all gallons consumed. The harmonic mean of the individual fuel economies, weighted by each vehicle's miles traveled will.

4 A single estimate for a range of values is absolutely precise because its variance is zero. On the other hand, it is inherently inaccurate; the only question being how inaccurate it is.

cycles as required by statute. These drive cycles have been in use since the Corporate Average Fuel Economy (CAFE) standards were enacted in 1975. The label fuel economy estimates provided on the window stickers of new vehicles and used in advertising and the media are based on five drive cycles, adjusted in an attempt to reflect average U.S. on-road experience. The five cycles include the "city" and "highway" cycles used to determine compliance with fuel economy and greenhouse gas emission standards plus additional cycles that reflect, 1) more aggressive driving behavior, 2) the impact of operating under colder ambient conditions and, 3) the impact of air conditioner use.

This study addresses how well the test cycle and label estimates serve their intended purposes though a statistical analysis of approximately 75,000 individual fuel economy estimates voluntarily submitted to the "My MPG" section of the government website www.fueleconomy.gov. The relationship between individuals' own fuel economy estimates (My MPG) and the EPA label estimates is analyzed to determine whether the adjusted EPA estimates are unbiased and to measure the variability of consumers' experiences relative to the label numbers. The relationship between individuals' My MPG estimates and EPA test cycle estimates is examined to shed light on whether the ratio of test cycle to on-road MPG has been changing with succeeding model years. A continually increasing gap would imply that the government's fuel economy standards might not achieve as much reduction in oil use and GHG emissions as intended.[5] The need to monitor on-road fuel economy was recognized by the Environmental Protection Agency (EPA) and the National Highway Traffic Safety Administration (NHTSA) in their fuel economy and greenhouse gas rule for light-duty vehicles.

> "The agencies recognize the potential for future changes in driver behavior or vehicle technology to change the on-road gap to be either larger or smaller." (Federal Register, 2012, p. 62715)

The agencies assumed that a gap of 20%, which is consistent with fuel economy labeling, would continue through 2025, with minor adjustments for fuel energy content (EPA, 2012, pp. 4-1 to 4-7). This represents an increase of 5% over the 15% gap that had been assumed in previous EPA analyses.

The impacts of fuel efficient technologies such as turbo-charging and transmissions with higher gear counts are estimated to see if they perform better or worse on the road in comparison to the test cycles. The analysis also attempts to take into account driving conditions that vary from state to state and other factors that might influence on-road fuel economy.

The scope of this study is limited to light-duty vehicles with conventional gasoline (gasoline), gasoline-electric hybrid (hybrid), and diesel powertrains due to the nature of the data available from www.fueleconomy.gov .

5 The agencies' rulemaking assumes the gap will remain at 20% through 2025, with some minor adjustments for fuel energy content and air conditioner efficiencies (EPA, 2012, pp. 4-2 to 4-7).

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II. Previous Research

When the EPA fuel economy estimates were first introduced in 1975, they were not adjusted for real-world driving conditions. Concern about the ability of the test cycle estimates to measure on-road fuel economy motivated assessments by government, industry and consumer groups. In the first year the CAFE Standards took effect (1978), researchers at the U.S. Department of Energy (DOE) published an analysis of over 5,000 fuel economy records for model year 1974 to 1977 vehicles, obtained from a variety of sources (McNutt et al., 1978). Noting that the test cycle estimates were "fairly representative" of the on-road values for the 1974 model year, the researchers observed a trend of increasing shortfall.

> "However, beginning in the 1975 model year and continuing through 1977 (the limits of existing data) the EPA certification values become an increasingly poorer representation of actual on-road fuel economy."

They estimated that the average shortfall had increased from 4% in model year 1974 to about 20% for model year 1977.

In 1980 and 1981, General Motors (GM) conducted surveys of private owners of 1981 model year vehicles and asked them to record odometer readings and fuel purchases at their next four fill-ups (Schneider et al., 1982). From the 38,466 forms mailed out in the 1981 survey, 4,923 (12.8%) usable responses were received. The EPA test cycle combined fuel economy estimate for the vehicles was 25.5 miles per gallon (MPG) while the respondents' average on-road fuel economy was 22.0 MPG, implying a shortfall of almost 14%. The earlier 1980 survey had produced an estimated shortfall of just over 16%. Front-wheel drive vehicles averaged a 6.4% smaller shortfall than rear-wheel drive vehicles, diesels had a 6.5% smaller shortfall than gasoline vehicles, and manual transmissions had 7.2% higher on-road fuel economy than automatic transmissions.

A study by Ford based on data from employees who leased Ford vehicles found that the shortfall for 1978 model year vehicles averaged 20%, but for 1979 and later model year vehicles, the shortfall was relatively stable at about 14% (McKenna and South, 1982). The Ford study also found that the shortfall for winter driving was 10% greater than for summer driving.

Analyzing a much larger data base of 56,395 vehicles amassed from a variety of sources, McNutt et al. (1982) found large variations in the fuel economy shortfall by model year but no consistent trend over time. They also found important differences between passenger cars and light trucks, rear-wheel drive and front-wheel drive vehicles, and manual and automatic transmissions. Their data showed a strong tendency for the percent shortfall to increase with increasing fuel economy. Overall, they estimated a shortfall of 21% for model year 1981 vehicles. Having quantified variations in the shortfall by technology, vehicle class, model year and make and model, the study was the first to analyze the implications of uncertainties about on-road fuel economy for car buyers:

> "These impacts include the inability of new car buyers to accurately compare different

model vehicles and the difficulty in projecting future fuel demand based on the EPA values."

These studies and other evidence led the U.S. EPA to adjust downward the fuel economy estimates reported to the public on window stickers and in advertising (Hellman and Murrell, 1984). A vehicle's fuel economy estimate on the city test cycle was multiplied by 0.90 and its highway cycle estimate was multiplied by 0.78. The effect on a typical vehicles combined[6] fuel economy estimate was approximately a 15% reduction relative to the test cycle numbers. However, the unadjusted test cycle numbers continued to be used to determine compliance with fuel economy standards, as required by statute, and they still are today.

At least one subsequent analysis of on-road fuel economy suggested that the on-road shortfall might have increased since the 1984 study. Mintz et al. (1993) analyzed data from the Energy Information Administration's (EIA) 1985 Residential Transportation Energy Consumption Surveys (RTECS). RTECS collected gasoline purchase and odometer reading diaries from 3,891 households representing 8,401 vehicles. Comparing the on-road estimates to the unadjusted EPA test cycle MPG values, they found a shortfall of 18.7% for passenger cars and 20.1% for light trucks, somewhat larger than Hellman and Murrell's (1984) 15%.

Despite the adjustments to EPA label estimates, the "shortfall" or "gap" between the EPA label estimates of new car fuel economy and what real people achieve in their day-to-day driving continued to be a topic of interest to the public and the media (e.g., O'Dell, 2012). Some media organizations conduct their own tests on public roads in order to compare "real-world" estimates to the EPA's label estimates. *Consumer Reports*, for example, has made such comparisons for years. In a 2005 study, it concluded that fuel economy for conventional gasoline vehicles averaged 9% worse than label estimates, while hybrids were 18% below the label estimates (ConsumerReports.org, 2013). In 2008, the EPA (2006a) made further downward adjustments to label estimates. Consequently, a 2013 *Consumer Reports* study found conventional gasoline vehicles averaged only 2% below the EPA label estimates while hybrids fell short by 10%.

In developing the new 2008 fuel economy label estimates, the EPA analyzed several sources of on-road fuel economy estimates (EPA, 2013, Ch. 2). One was a sample of 8,180 estimates for 4,092 vehicles from users of the My MPG section of the DOE/EPA website www.fueleconomy.gov. For conventional gasoline vehicles, the My MPG data indicated that the label numbers based on the 1984 adjustment procedures were still reasonable estimates of average on-road fuel economy. For conventional gasoline vehicles the average label to on-road shortfall was only 1.4%. However, the shortfall for hybrid vehicles averaged 8.2%. As discussed below, these results closely match those obtained by Greene et al. (2007) in an analysis of a similar sample of the My MPG data.

The EPA, the Coordinating Research Council (CRC), the Department of Transportation (DOT), and the DOE measured the fuel economy of 120 vehicles, including 30 hybrid vehicles,

6 The combined fuel economy estimate is a weighted harmonic mean of the city and highway estimates, equal to 1/((0.55/city)+(0.45/highway)). The adjusted formula is 1/((0.55/(0.90*city))+(0.45/(0.78*highway))).

in the Kansas City region (EPA, 2006, Ch. 2). The vehicles were driven by their owners, and data were collected over a 24-hour period by means of portable emissions measurement systems. A zero-intercept regression line predicting on-road fuel economy as a function of the 1984 EPA fuel economy label estimate indicated that conventional gasoline vehicles would average about 0.6% higher fuel economy on the road than the label values suggested. For hybrids, however, an average shortfall of 11% was observed

The problem of achieving a consistent, proportional relationship between fuel economy as measured on laboratory tests relative to what drivers will experience in the real world is not limited to the U.S. Similar shortfalls between test cycle and on-road fuel economy have also been observed in China and much larger shortfalls have been reported for the EU. Two recent studies by the International Council on Clean Transportation (ICCT) found that the on-road to certification test shortfall for vehicles sold in the European Union (EU) has been increasing rapidly (Mock et al., 2014; Mock et al., 2013).

> "All data sets we examined demonstrate the same over-arching trend: the discrepancy between type-approval and real-world CO_2 emissions is increasing. While in 2001 this gap was just 8 percent, it grew to 18 percent by 2008 and then to 38 percent in 2013." (Mock et al., 2014, p. 43)

The ICCT analyses conclude that the increasing gap is most likely due to increasing use of technologies that perform better on the certification ("type approval") test than in the real world, increasing use of flexibilities in the testing procedures, and external factors not accounted for in the test, such as increased use of air conditioning. On the other hand, increased use of strategies to maximize test results are cited by Dings (2013) as the most important factor. Dings attributes approximately half of the gap to permitted techniques for optimizing performance on the EU's test procedures that do not correspond to benefits in actual use. He allocates the remaining 50% equally among factors omitted from the test (e.g., air conditioner use), differences between the test cycle and actual driving behavior and conditions, and unknown factors.

Like the data used in this study, the ICCT data came from self-selected samples or business fleets. Potential sources of bias are acknowledged and briefly discussed in the report. However, the ICCT studies assert that model-year trends in the on-road shortfall should be insensitive to the sample design provided that the design does not change across model years. Because of this, the fact that their sample is self-selected should not affect inferences about the increasing on-road shortfall. The ICCT report also points to the fact that the trends are relatively consistent across different data sources.

Also relying on self-reported data obtained from customers of a fuel economy website, Chinese researchers measured the shortfall between official Chinese government estimates and the reported on-road fuel consumption (Huo et al., 2011). For 2009, they found that on-road fuel consumption (gallons per mile) averaged 15.5% above the test cycle numbers. For the 153 makes and models in their data base, the range of increased on-road fuel consumption was from -8% to +60%.

This study uses the My MPG data of www.fueleconomy.gov to analyze the relationships between both test cycle and label fuel economy and what motorists say they achieve in their real world driving. The My MPG data have been analyzed three times before but with fewer samples and model years than are included in this analysis. Greene et al. (2006) regressed reported My MPG numbers against the EPA label estimates using the first 3,221 estimates supplied by customers of www.fueleconomy.gov. The EPA label estimates were based on the 1984 adjustment method since the study predated the 2008 adjustment method. The study found that the adjusted label estimates were nearly unbiased predictors of the average fuel economy of My MPG customers. On the other hand, the EPA label estimates were highly imprecise predictors of any given customer's MPG estimate. This led to the following conclusion.

> "These results imply that what is needed is not less biased adjustment factors for the EPA estimates but rather more precise methods of predicting the fuel economy individual consumers will achieve in their own driving." (p. 99)

Greene et al. (2006) also recomputed EPA label estimates for those customers who provided estimates of their percentages of city and highway driving. Using customer-specific city and highway MPG weightings reduced the mean standard error (MSE) of their model from 3.42 to 2.89, or by about 15%.

Lin and Greene (2011) analyzed 31,227 My MPG records using linear models and ordinary least squares (OLS) regression with robust error estimation. Their goal was to develop models that could more accurately predict a given individual's on-road fuel economy using data that could readily be supplied by the motorist. They found that accuracy rather than bias remained the chief limitation of the EPA label estimates, and that the bias of the 2008 adjustment method, relative to the My MPG numbers, was greater than that of the 1984 method. Their best model, however, was able to reduce the mean squared error (MSE) of prediction by only about one third versus the "naïve" prediction that on-road fuel economy equals EPA label fuel economy.

The ICCT's study of EU experience (Mock et al., 2013) includes a brief analysis of an earlier version of the My MPG data set used in this study. They concluded that the gap between U.S. test estimates and the on-road data was relatively steady at about 20% until model year 2003. After 2003, they found that the gap increased, reaching about 35 percent for model year 2012.

III. Data

Data for this study were obtained from the joint DOE/EPA website www.fueleconomy.gov . Since 2005, the website's My MPG section has offered its customers the opportunity to select their vehicles from its database, enter their own fuel economy estimates, compare their estimates with the official EPA label estimates, and share their estimates with other users of the website. The site accepts fuel economy estimates derived by any method, but it provides guidance on how to measure fuel economy and checks data entered for errors and plausibility (Goeltz et al., 2005). For those who want to create fuel purchase diaries, the site provides templates for entering odometer readings (or miles traveled), fuel quantities purchased, price paid, percentage

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of city and highway driving, and date for any number of refueling events. Consistency checks are made as data are entered, and potential errors are brought to the customer's attention. Alternatively, customers may supply estimates based on their vehicles' dashboard readout, their own calculations, or by simply guessing.[7] The distribution of vehicle records in the My MPG database by type of estimation method is shown in Table 1.

Table 1. Distribution of My MPG Data by Participant's Method of Calculation

Method	Frequency	Percent
Vehicle's Computer Display (dash)	11,804	15.3
Miles & Fuel Purchase Diary (miles)	15,086	19.56
Odometer & Fuel Purchase Diary (odom)	15,854	20.56
Calculated by Own Method (math)	32,645	42.33
Guess	779	1.01
Other & Unknown	958	1.24
Total	77,126	

For estimates to be accepted, the customer must respond affirmatively to a return e-mail sent by the site, as a guard against spurious or repetitive entries. In order for customer-supplied estimates to be shown on fueleconomy.gov, they must pass validity tests. For this study, however, all e-mail validated data were accepted. Outlier detection was based on statistical criteria, as described below.

The My MPG data are susceptible to a variety of errors, including simple recording errors or calculation errors by those doing their own calculations. However, the website provides forms with built-in error checking for those entering odometer readings and fuel purchases at each fill up. MPG estimates based on long trips or summer driving tend to overestimate total annual fuel economy, while measurements taken under unfavorable conditions, such as towing or driving in congested traffic or on snowy winter roads, result in underestimates. The variance of the My MPG estimates around either of the EPA estimates is relatively large. On the other hand, the My MPG data may be the best source of information about motorists' beliefs about their vehicles' fuel economies.

Figure 1 shows My MPG data plotted against the EPA combined unadjusted test cycle fuel economy estimates. The unadjusted test cycle estimates are used to determine vehicle manufacturers' compliance with federal fuel economy and greenhouse gas emission regulations. Four different powertrain technologies are shown in different colors. Unfortunately, there is no information about how often owners of flexible fuel vehicles (FFVs) use E85 versus gasoline. In the figures below FFVs are compared to their fuel economies when using gasoline. In Figure 1

7 In 4,708 cases, estimates made by different methods were provided for the same vehicle. In the case of such repeated observations, each estimate was treated as a distinct observation, resulting in 77,126 total observations for the 72,211 vehicles.

the majority of the data points for every powertrain technology fall below the line on which test cycle = reported on-road MPG, reflecting the well-known bias of the test cycle estimates.

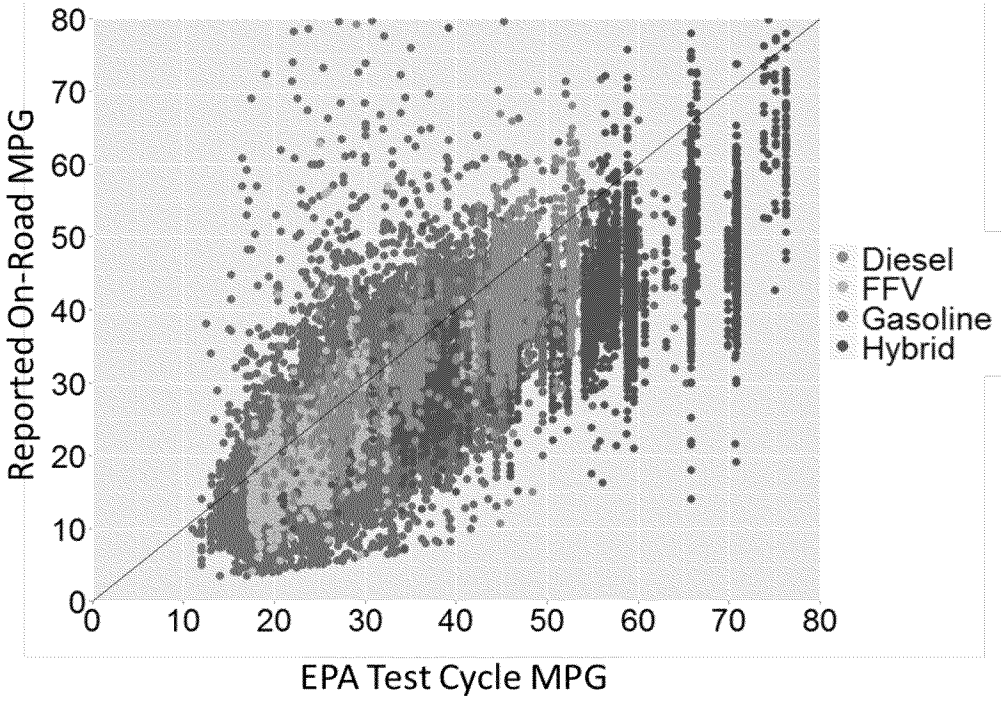

Figure 1. My MPG On-Road Estimates vs. EPA Test Cycle MPG Estimates for All Vehicle Types

Figure 2 shows My MPG data plotted against the current EPA label fuel economy estimate, which has been adjusted to better reflect average on-road fuel economy.[8] The adjusted label estimates are used to inform consumers in advertising and on the government website www.fueleconomy.gov. Bias is less evident in Figure 2, although for gasoline vehicles there appears to be a tendency for the label MPG to underestimate MPG at higher MPG values (most observations fall to the left of the line) and overestimate the reported on-road MPG at low MPG values (the majority of observations fall to the right of the line on which both values are equal and hence Label MPG > On-Road MPG). This tendency does not appear to apply to hybrid vehicles, however. Most estimates exceed the 2008 label MPG: 75% for gasoline vehicles, 93% for diesels and 60% for hybrids.

8 The 2008 adjustment method has been used for all model years, as implemented by www.fueleconomy.gov.

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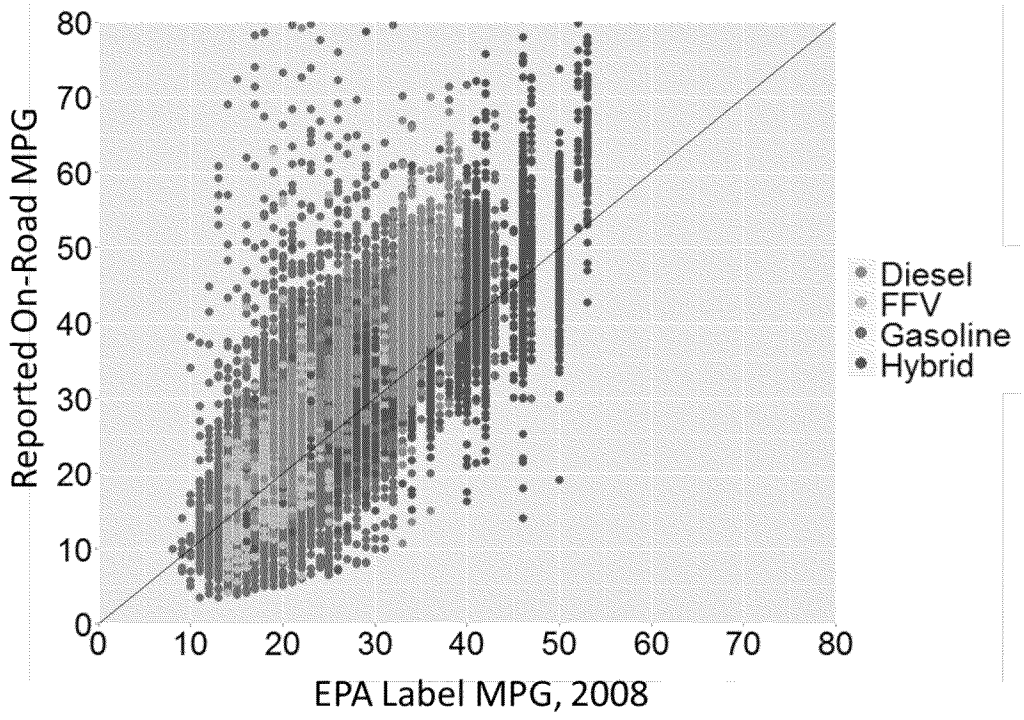

Figure 2. My MPG On-Road Estimates vs. EPA Label MPG Estimates for All Vehicle Types

The My MPG data have strengths and weaknesses. The large number of observations and detailed matches to the owners' vehicles by make, model, engine and transmission make this a unique publicly available source of information. There are observations from every state and for every model year of vehicle from 1984 to 2015. The information supplied by many participants about method of estimation and driving style enables additional inferences. A disadvantage of the My MPG data is that participants are a self-selected sample. While the distribution of the sample can be compared with other known distributions, there remains a potential for bias related to the participants' interest in fuel economy. The methods by which the data are provided by customers of www.fueleconomy.gov have not changed over time so that if there is a bias in the data it is likely to remain consistent over time.

While it is not possible to definitively establish bias or lack thereof, frequency distributions of the respondents give some indication of the representativeness of the sample. The distribution of respondents by type of vehicle is compared with model year sales by vehicle class from 2000 to 2014 (EPA, 2014b) in Table 2. Passenger cars appear to be over-represented in the My MPG sample and all types of light trucks somewhat under-represented.

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Table 2. Distribution of Vehicles by Vehicle Class for 2000-2014 Model Years

New vehicles as a share of production				Shares in My MPG sample	
	Mean	Min	Max		
Car	52.7%	47.7%	60.5%	Car	67.56%
SUV	27.7%	18.9%	35.7%	SUV	17.72%
Pickup	13.4%	10.1%	16.1%	Pickup	10.42%
Minivan/Van	6.2%	3.8%	10.2%	Minivan/Van	4.30%

The My MPG sample also appears to be reasonably geographically representative. A simple correlation of the sample frequencies by state with the 2010 Census state population estimates produced a correlation coefficient of 0.971. The correlation with the Federal Highway Administration's state motor vehicle registration estimates for 2010 was similar, 0.976.[9]

One might suspect that individuals who would monitor their vehicles' fuel economy and submit data to www.fueleconomy.gov would be more likely than the average driver to maximize fuel economy. Although the distribution of driving styles in the general population is not known, the distribution of participants by self-described driving style does not reveal a predominance of eco-drivers. Only 17% of the participants described themselves as more cautious than most drivers and only 2% said they drive to maximize fuel economy (Table 3). Nevertheless, the potential for bias in a self-selected sample remains. As a consequence, the results of this analysis must be interpreted with caution.

Table 3. Distribution of My MPG Participants by Self-Reported Driving Style

Driving Style of Primary Driver	Count	% 1 to 5	% of Total
Drives for maximum gas mileage (1)	602	2.23	0.78
Drives more cautiously than most (2)	4,709	17.43	6.11
Drives with the flow (3)	7,024	25.99	9.11
Drives a little faster than most (4)	9,709	35.93	12.59
Accelerates quickly and passes whenever possible (5)	4,978	18.42	6.45
Not reported	50,104	-	64.96
Total	77,126		

Three measures of fuel economy are used in the analysis below (Table 4). The corresponding distributions (including log-transformed distributions) are shown in Figure 3. The "My MPG" numbers are those reported by individuals throughout the U.S. using www.fueleconomy.gov's My MPG system. MPG numbers adjusted by the EPA for use on vehicle window stickers and for public information are termed "EPA Label" estimates. "EPA Test Cycle" estimates are the

9 Table MV-1, Highway Statistics 2010, accessed on 3/18/2015 at, http://www.fhwa.dot.gov/policyinformation/statistics/2010/mv1.cfm.

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unadjusted MPG estimates based on the EPA's city and highway cycle dynamometer tests. The test cycle estimates are used to certify manufacturers' compliance with fuel economy standards.

Table 4. Sample* Means of Three Fuel Economy Metrics

Fuel Economy Metric	Sample Mean	Std. Dev.
My MPG User Estimate	26.02	10.02
EPA Test Cycle Estimate	30.56	10.73
EPA Label Estimate	23.08	7.35

*Includes only gasoline, hybrid and diesel powertrains. Outliers deleted if My MPG > 150 or <2, or if more than 5 standard errors above or below regression line of My MPG on EPA Label Estimate. 76,755 observations remained in the sample.

Other variables describe vehicle attributes or represent fixed model year or state effects. The variable "cid" stands for cubic inch displacement but is actually a vehicle's engine size in cubic liters. Zero-one indicator variables include transmission type: "cvt" for continuously variable and "manual" for manual transmission. Transmissions with seven or more gears are designated by the variable "gears7", six or more by "gears6." Other indicator variables represent 4-wheel drive (fourwdr), all-wheel drive (allwdr), and front wheel drive (frontwdr). The categories of driving style are listed in Table 3, with the first five being represented by "style1" to "style5," consecutively. The methods by which participants estimated their fuel economies are represented by the (1,0) variables "dash," "miles," "odom" and "math," as shown in Table 1. The ten largest auto manufacturers are represented by (1,0) variables with the rest combined being the default. Model years 1984 to 2014 and the 50 states plus the District of Columbia are also represented by fixed effects, with 2015 and state not reported used as the default values.

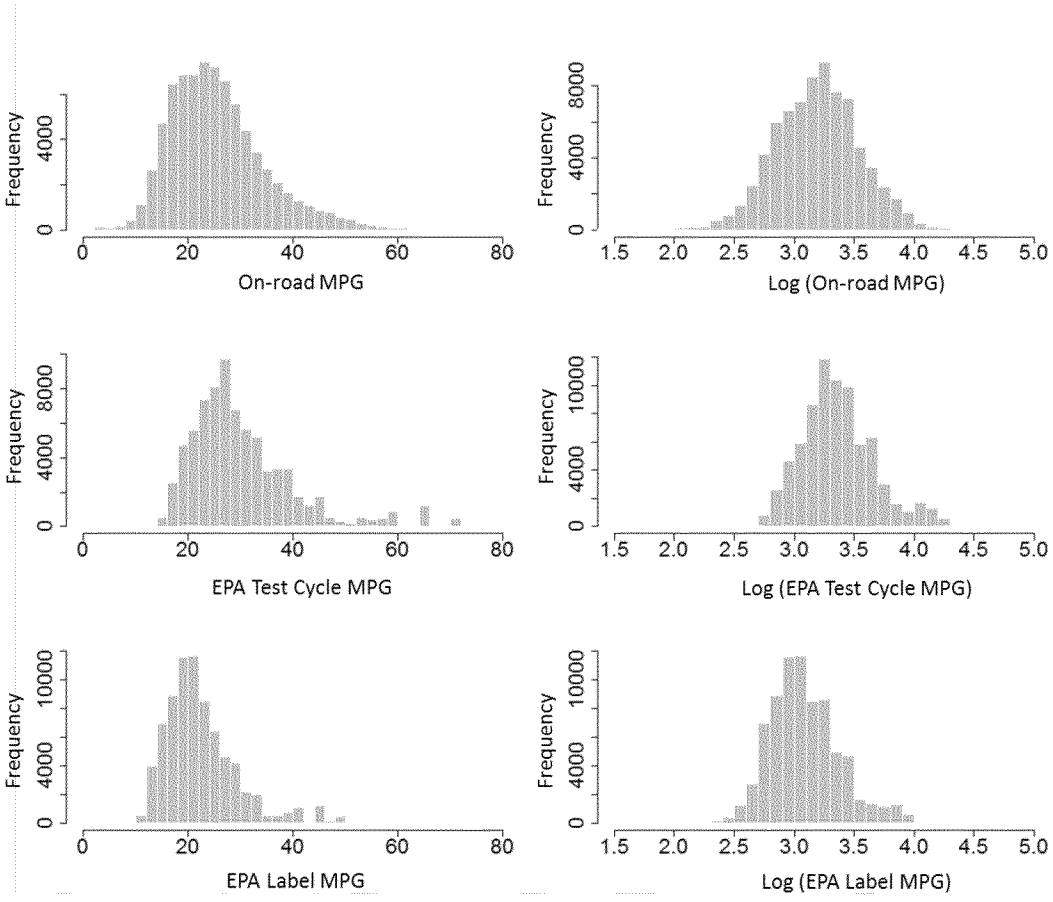

Figure 3 Distribution of My MPG, EPA Test Cycle and EPA Label estimates.

IV. Method

When estimating the relationships between MPG values measured on a dynamometer and those measured on the road, there are three reasons for preferring the log-log functional form. The first is that it treats fuel economy (miles per gallon) and fuel consumption (gallons per mile) symmetrically (log(mpg) = -log(gpm)). Estimated coefficients would have identical values and standard errors but opposite signs. Each coefficient represents the percent change in fuel economy for a 1% change in the respective variable. The second reason is that the effects of many of the factors influencing vehicle fuel consumption are multiplicative rather than additive. For example, the efficiency with which the chemical energy in fuel is converted into mechanical work at a vehicle's wheels is equal to the engine efficiency multiplied by the transmission efficiency, while the energy required to move a vehicle a given distance equals one over the drivetrain efficiency multiplied by the work that must be done to overcome aerodynamic drag, rolling resistance and inertia. The third reason, as will be shown below, is that the residuals from the log-log regression better approximate the more desirable properties of errors in regression models.

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The general estimating equation is therefore,

Equation 1

$$\log\left(MyMPG_i\right) = \alpha + \beta \log\left(testcycleMPG_i\right) + \sum_{j=1}^{n} b_j x_{ij} + \varepsilon_i$$

The coefficient β in the general equation represents the percent change in on-road MPG for a 1% change in test cycle MPG, controlling for the n variables x_{ij}. Alpha (α) is a common constant term, ε_i is a driver/vehicle-specific random error, and *i* is the index for each vehicle in the My MPG database. When the x_{ij} are (0,1) indicator variables, e^{b_j} is the multiplicative effect of factor j on MPG. For example, if $b_j = -0.05$, then $e^{b_j} = 0.951$, implying that the effect of factor j is to reduce fuel economy by 4.9%.

The unconditional value of β is also of interest as a measure of the average U.S. relationship between on-road and test cycle MPG.

Equation 2

$$\log\left(MyMPG_i\right) = \alpha + \beta \log\left(testcycleMPG_i\right) + \varepsilon_i$$

Finally, the linear relationship between on-road MPG and the EPA estimates posted on new vehicles' window stickers and used in advertising is also of interest because it describes the correlation between the information provided to consumers and what consumers experience. Larrick and Soll (2008) found that consumers interpret fuel economy information linearly in terms of miles per gallon rather than in terms of gallons per mile. A linear formulation is therefore used in this regression.

Equation 3

$$MyMPG_i = \alpha + b\left(labelMPG_i\right) + \varepsilon_i$$

All the regressions in this report were carried out using the STATA® "regress" procedure, with the "robust" correction for heteroskedastic errors.[10] Outliers for gasoline and diesel vehicles were identified by first regressing the log of observed MPG on the log of the combined test cycle fuel economy and a constant. The estimated variance of the residuals from the regression was used to detect potential outliers. Upper and lower bounds for outlier detection were increased in integer multiples of the MSE of regression until there was no evident truncation

10 STATA® is a registered trademark of StataCorp LP (2015).

in the graphs of residuals. The mean squared error (MSE) of the regression is relatively large, reflecting the degree of variance evident in Figures 1 and 2. Because the residuals from the regression were skewed towards negative values, the upper boundary was set at +5 standard errors while the lower boundary was set at -6 standard errors from the combined adjusted EPA label MPG estimate. Errors are multiplicative in the logarithmic model, so a lower bound of -6*0.336 allows a fuel economy estimate 87% below the regression line while an upper bound of +5*0.336 sets a limit of 5.4 times the regression line value. These outlier limits rejected only 302 observations (0.45%) from the gasoline vehicle sample. The MSE of the diesel regression is smaller but still large relative to predicted fuel economy. Only 13 hybrid records and five diesel records were deleted as outliers. The outlier detection regression results for gasoline and diesel vehicles are shown in Table 5.

Table 5. Outlier Detection Regressions of My MPG on EPA Test Cycle Combined MPG Estimates

Variable	Estimate	Standard Error	Significance Level	Root MSE	R-squared	No. Obs.
Gasoline Vehicles						
Test MPG	0.9990	0.0053	0.000	0.3360	0.34	67,679
Constant	-0.1807	0.0178	0.000			
Hybrid Vehicles						
Test MPG	0.8956	0.0155	0.000	0.2696	0.37	5,044
Constant	0.0974	0.0608	0.109			
Diesel Vehicles						
Test MPG	0.9327	0.0199	0.000	0.2012	0.51	2,267
Constant	0.1516	0.0735	0.039			

Analysis of the residuals from all the regressions reported below using the Stata™ hettest post-estimation tool indicated that they were heteroskedastic ($p = 0.000$) and skewed towards negative values. Therefore, all regressions reported below were estimated using the Stata™ variance covariance estimation procedure for robust errors.

V. Results

The simple regression model of equation (2) was estimated to determine the average relationship between test cycle and on-road MPG for all model years of gasoline, hybrid and diesel vehicles in the sample. Model year indicator variables were then added to the gasoline vehicle regression to explore the possibility of trends in the relationship over time. Next equation (3) was estimated for each of the three types of powertrains to measure the relationship between the information provided to consumers and their own fuel economy estimates. Finally, the more general equation (1) was estimated separately for each powertrain types and then again for only those gasoline vehicles with odometer based estimates.

Test Cycle and On-Road MPG Estimates

Relationships between the logarithms of reported on-road MPG and the EPA test cycle MPG without controlling for other variables were estimated to describe the average "shortfall" for all model years and vehicles implied by the My MPG estimates. Results are summarized in Table 6. Test Cycle MPG is significant at the 0.001 level, although the R^2 values are only 0.56 to 0.68, indicating a large amount of unexplained variance.

Table 6. Log-Log Regression of My MPG Estimates on EPA Test Cycle MPG Estimates (selected variables reported)

Variable	Estimate	Standard Error	Significance Level	Root MSE	R-squared	No. Obs.
Gasoline Vehicles						
Test Cycle MPG	0.9964	0.0034	0.000	0.214	0.56	67,377
Constant	-0.1566	0.0114	0.000			
Hybrid Vehicles						
Test Cycle MPG	0.9252	0.0098	0.000	0.160	0.64	5,031
Constant	-0.0115	0.0393	0.799			
Diesel Vehicles						
Test Cycle MPG	0.9511	0.0160	0.000	0.143	0.68	2,262
Constant	0.0858	0.0605	0.156			

The coefficient of Test Cycle MPG in the gasoline regression, 0.996, indicates that a 1% increase in fuel economy on the test cycle translated, on average, into almost exactly a 1% increase in fuel economy on the road. The shortfall is determined by both coefficients. For gasoline vehicles, the estimated shortfall from EPA test cycle estimates to My MPG on-road fuel economy estimates is approximately -15%. This is virtually identical to the approximately 15% reduction specified by the EPA's 1984 adjustment procedure (Hellman and Murrell, 1984), but somewhat less than the 19% to 20% shortfalls found by Mintz et al. (1993). It is also less than the approximately 20% average adjustment stipulated by the 2008 rule (EPA, 2006).

The hybrid results imply a shortfall of about 22% at an EPA test cycle MPG of 25, increasing to 27% at an EPA test cycle MPG of 60. For diesels, the shortfall is only about 7% at an EPA test cycle MPG of 25 and grows to 10% for a vehicle with an EPA test cycle MPG of 50. Both hybrids and diesels have MSE smaller than the gasoline vehicles. Still, even for diesels, a 2*MSE band would be approximately -23% to +30% of the predicted value.

Shortfalls for each drivetrain technology are shown in Figure 4 as a function of EPA test cycle MPG. The estimates are based on the regression results shown in Table 6 and represent the average relationship between test cycle and on-road MPG over the 1984-2015 model years. No

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model year effects or other variables were included in the regression. The estimated shortfalls for diesel and hybrid vehicles grow with increasing MPG, but the estimated shortfall for gasoline vehicles remains nearly constant at about 15% as MPG increases. Mathematically, this conclusion follows from the fact that the estimated coefficient of the logarithm of gasoline test cycle MPG is approximately 1.0 (0.9964). Early studies, in which carbureted gasoline engines predominated, indicated increasing shortfall with increasing MPG (e.g., McNutt et al., 1982).

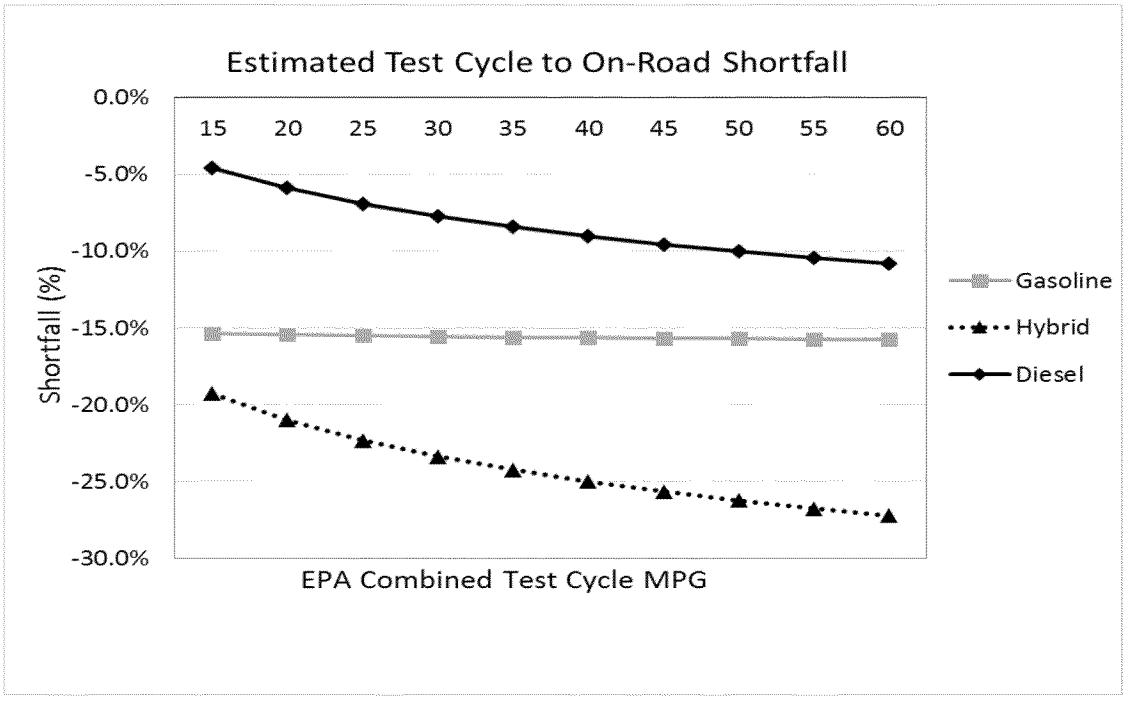

Figure 4. Estimated Shortfall as a Percentage of EPA Test Cycle MPG.

The My MPG data for gasoline vehicles indicates that the shortfall between on-road fuel economy and EPA test cycle estimates may have increased in recent years. A simple model was estimated that regressed the logarithm of My MPG versus the logarithm of EPA test cycle MPG, including model years 1984 to 2014 as indicator (0,1) variables. No other explanatory variables are included. An F-test indicated that the addition of the indicator variables was statistically significant at the 0.0001 level. The shortfall, Δ, is estimated as the ratio of the on-road MPG predicted by the model to the average test cycle MPG for light-duty vehicles reported by the EPA (2015, table 9.1) in the respective model year, minus 1. The MPG predicted by the model is the test cycle MPG raised to the power 1.042 (the coefficient of the log of test cycle MPG), multiplied by $e^{C+\delta_y}$, where C is the estimated constant term of the regression and δ_y is the estimated model year coefficient. Because the coefficient of the log of test cycle MPG is greater than 1.0, the shortfall is gradually reduced as MPG increases. The regression coefficients and related statistics can be found in the appendix.

The estimated fuel economy shortfalls for conventional gasoline vehicles by model year are shown as percent differences from the test cycle MPG in Figure 5. Upper and lower bounds based on the 95% confidence intervals of the model year coefficients are also shown. The estimated additional shortfall is very close to 15% from 1987 to at least 2006 and perhaps 2009.

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In 2010 it dips close to 20%, declines to over 25% in 2013 and then rebounds to about 22% in 2014 and 2015. Although the shortfall appears to have increased abruptly in recent years it may be stabilizing close to the 20% shortfall used by the EPA and NHTSA to estimate future benefits of the fuel economy and GHG emissions standards. As noted above, studies carried out in the 1970s and 1980s estimated that the shortfall increased from 1974 to 1977 and then stabilized in the vicinity of 15% to 20%. The U.S. trend is much less extreme than comparable shortfall estimates for vehicles sold in the EU, described above (Mock et al., 2014).

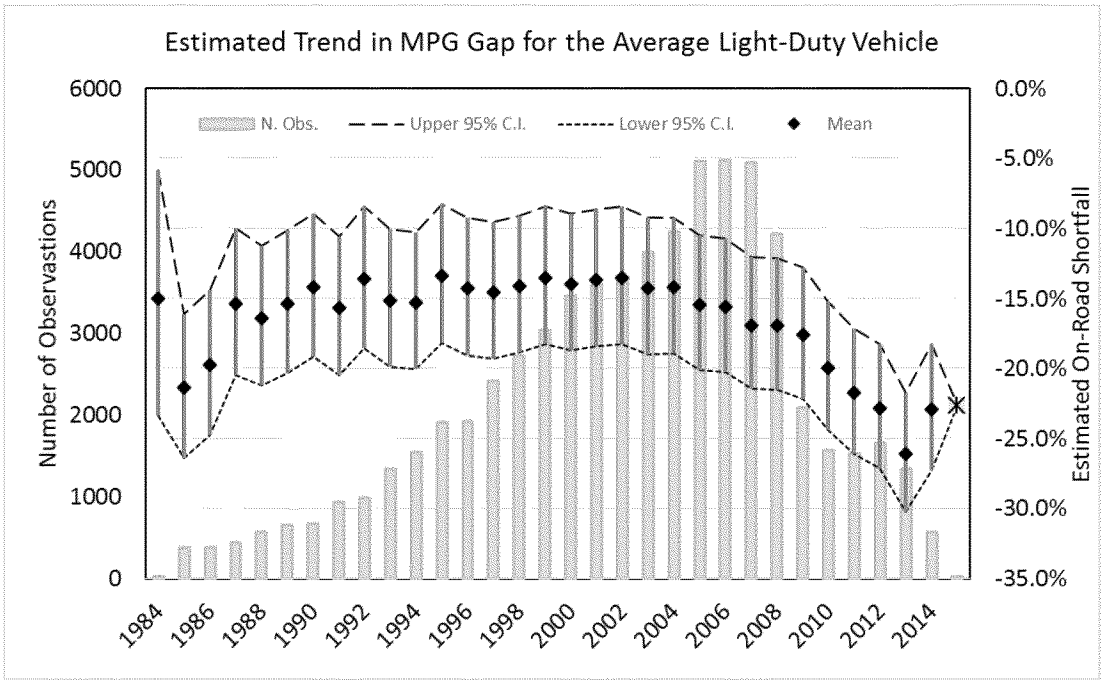

Figure 5. Estimated Fuel Economy Shortfall for Model Years 1984 to 2015.

Almost forty years ago, an apparent increase in shortfall followed the oil price shocks and gasoline shortages of 1973-74 and the adoption of the first fuel economy regulations in 1975. Similarly, the price of gasoline increased from about $2/gallon in 2004 to $3/gallon in 2008 and, after remaining nearly constant since 1985, the CAFE standards for light trucks were increased in 2005 and those for passenger cars in 2011. The timing of the increase in shortfall suggests the possibility that as standards are tightened (or gasoline prices increase) manufacturers increasingly design vehicles to perform well on the test cycle (and achieve higher label MPG), in the process increasing the gap between test cycle and on-road fuel economy. Blending of ethanol with gasoline approximately tripled between 2005 and 2011, at which point most gasoline contained approximately 10% ethanol by volume (EIA, 2015). Because ethanol has only 2/3 of the energy content of gasoline, this could increase the on-road shortfall by about 2%. The fuel economy estimates of recent model year vehicles would be based on fuel with approximately 10% ethanol while those of older model years would be more likely to be based on fuel with a lower ethanol content. Whether increasing gasoline prices or increasing fuel economy standards or ethanol use, or something else, caused the on-road gap to increase is an important topic for further investigation. Even more important is whether the gap will remain stable in the future, so that an increase in test cycle fuel economy continues to provide an equivalent percentage increase in on-road fuel economy. The apparent trend should be closely watched to insure that

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the gap does not increase further. Light-duty vehicle fuel economy on the test cycle increased from 24.0 MPG in 2004 to 30.6 in 2014, about 28% (EPA, 2014b). If the shortfall increased by about 7 percentage points over the same period, about one fourth of the test cycle fuel economy gain over that period may have been offset by the increased shortfall. However, because the rulemaking calculated the benefits of the standards assuming a 20% shortfall, the implication for the projected benefits is very small provided that the gap does not continue to grow.

Label and On-Road MPG Estimates

To estimate the potential bias and variance of individual estimates around the label numbers, linear regressions of the My MPG values on only the combined adjusted (2008) EPA label values and a constant were estimated. These regressions describe the correlation between the information provided to consumers and their reported on-road MPG (Table 7).

Table 7. Linear Regressions of My MPG Estimates on EPA Combined Adjusted Label MPG Estimates (selected variables reported)

Variable	Estimate	Standard Error	Significance Level	Root MSE	R-squared	No. Obs.
Gasoline Vehicles						
Label MPG	1.1521	0.0042	0.000	5.097	0.56	67,377
Constant	-0.4568	0.0879	0.000			
Hybrid Vehicles						
Label MPG	1.0757	0.0128	0.000	6.607	0.60	5,031
Constant	-1.5189	0.4888	0.002			
Diesel Vehicles						
Label MPG	1.2519	0.0188	0.000	5.709	0.60	2,262
Constant	-0.5601	0.5787	0.333			

In the gasoline vehicle regression, the coefficient of EPA label MPG implies that the on-road MPG of My MPG participants averages about 13% better than the EPA label rating at 20 MPG and increasing to 14% better at 50 MPG. The hybrid regression results imply a smaller bias, ranging from +2.5% at 30 MPG to +5% at 60 MPG. Because the constant term is not statistically significant, for practical purposes it would be reasonable for hybrid buyers to assume that average on-road MPG will equal the EPA label MPG. However, that is true only with respect to the national average MPG. An individual's experience is likely to differ greatly from the national average, as indicated by the MSE of more than 6 MPG. Diesels average +22% above the label values at 20 MPG, increasing to 24% at 50 MPG.

The fact that the fuel economy achieved by individuals will differ from the label estimate has long been recognized. Indeed, a statement to that effect is printed on every fuel economy label. The My MPG data indicate that the differences are relatively large. For a conventional gasoline vehicle with a label fuel economy of 25 MPG, the regression results indicate that a confidence

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bound of +/- 2*(root mean squared error) is +/- 40% of the label value. If a 25 MPG vehicle travels 10,000 miles per year and gasoline costs $2.50/gallon, the consumer can be 95% certain that its fuel costs will be somewhere between $600 and $1,400. Uncertainty of this magnitude can seriously hinder a consumer's ability to make informed choices about fuel economy (Greene, 2011; Greene et al., 2013).[11]

Factors Correlated with On-Road MPG

The following sections describe the results of an expanded regression analysis, including additional variables describing vehicle technologies and driver attributes, as shown in equation 1. As in equation 1, all the expanded models regress the My MPG estimates against the test cycle MPG estimates and other variables. Key results are highlighted in the following sections. Full listings of coefficient estimates and related model statistics for the regressions are provided in an appendix to the report.

Gasoline Internal Combustion Engine Vehicles

This section describes the results of the expanded regression on the subset of vehicles with conventional gasoline engines. Because test cycle fuel economy is one of the explanatory variables, the coefficients of the technology and driver variables do not measure their total impact on fuel economy but instead measure impacts on on-road fuel economy relative to the test cycle. A positive coefficient indicates that a technology increases on-road fuel economy relative to the typical on-road vs. test cycle relationship. A negative coefficient indicates on-road performance that is below average. For example, a technology that increased fuel economy by 5% on the test cycle but only 4% on the road would have a coefficient of about -0.01. The coefficient of -0.01 represents a 1 percentage point increase in the average shortfall, say from 15% to 16%.

When additional variables are included, the coefficient of test cycle fuel economy has a mean value of 0.74, with a 95% confidence interval of 0.72 to 0.76, indicating that a 1% increase in test cycle fuel economy corresponds to a 0.74% increase in on-road fuel economy, all else being equal. Other factors are not equal, however, and they have a substantial influence on on-road fuel economy. Vehicles with larger displacement engines do slightly worse on the road: a doubling of engine size reduces on-road performance by about 2.6% relative to the test cycle.[12] Vehicles with continuously variable transmissions (CVT) appear to get about the same miles per gallon on the road relative to their test values as vehicles with conventional transmissions. Manual transmissions do about 6.9% better than automatics in real world driving. Turbocharged engines are estimated to add about 1.7% to the on-road shortfall in comparison to naturally

11 An important, unanswered question is whether car buyers assume a high degree of correlation among fuel economy estimates for cars they are considering buying. This may depend on whether deviations from label fuel economy ratings are strongly correlated for vehicles owned by the same household. This issue is not analyzed in this report. Further analysis of the odometer and miles data are planned and may shed some light on this question.

12 All the results reported in this section have a level of statistical significance of 0.05 or better, except where noted otherwise. Detailed results may be found in the appendix.

aspirated engines. The shortfall for turbocharged pickups is about 6% larger, a result that is consistent with a recent study by AAA (2015) also based on the My MPG data. However there were a relatively small number (67) of turbocharged pickup trucks in the dataset. On the other hand, the 542 turbocharged SUVs in the dataset do not show a statistically significant increase in their on-road shortfall, suggesting that the pickup effect may be a result of differences in usage (e.g., towing and hauling). Vehicles with higher gear counts appear to have a somewhat reduced shortfall but this result has a significance level of only 0.094. Four-wheel drive performs about 1.8% worse on the road while front wheel drive does about 1.3% better. With the exception of manual transmissions, none of the technology impacts are greater than 3%, indicating that the test cycle results are not strongly biased relative to on-road performance by these technologies.

Driving style matters. The estimated coefficients are relative to the style of the majority of observations which do not include a description of driving style.[13] If the observations without an indication of driving style have driving styles similar to those that do, the driving style coefficients can be interpreted as differences from the typical driver. Drivers who described themselves as driving "for maximum fuel economy" or "more cautiously than most," reduced their on-road short-fall by about 12% in comparison to those who chose "accelerate quickly and pass whenever possible" and by 8-10% relative to the average driver. The benefit of the more cautious driving styles closely matches other estimates of what an average driver can achieve by "eco-driving" (Greene, 1986; Kurani et al., 2013; IEA, 2005; Kurani et al., 2005).

There are a few statistically significant effects associated with manufacturers, but they combine the unobserved effects of driver behavior and environment with the design and manufacture of the vehicles. In general, manufacturer effects are small. The estimated coefficients range from 2.7% to 5.1% decreases in on-road performance for Ford, Chrysler, Nissan and Hyundai vehicles to zero effects for GM, Honda, Toyota and Volkswagen, to 0.7% to 1.5% increases for BMW and Daimler. Again, it is not possible to attribute these effects to a vehicle's design and manufacture since they include unknown effects of behavior and environment.

Vehicle class effects (measured relative to compact cars) tend to be larger, with light trucks having greater shortfalls than passenger cars. The coefficients of minivans, SUVs, pickups, vans, and special purpose vehicles imply increased shortfalls of 6.4% to 11.5%, in comparison to compact passenger cars. Once again, the estimated effects cannot distinguish effects due to the way the vehicles are used (e.g., towing, hauling or off-road operation) from how they are designed.

In the expanded regression model the only model year effects significant at the 0.5 level are associated with the oldest two model years (1985, 1986) and model year 2013. Nonetheless, an F-test indicated that the model year effects, taken as a whole, are statistically significant at the 0.0001 level. The estimated effects for the oldest vehicles may reflect differences in usage patterns (e.g., shorter trips) and mechanical performance due to the age of the vehicles as much

13 The option to specify driving style was added in 2007 after the My MPG system had been in effect for several years. Thus, early participants did not have the opportunity to indicate their driving style.

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as model year specific effects. In general, the data do not indicate a deterioration of on-road fuel economy performance with age over the typical 15-year lifespan of a light-duty vehicle (Figure 6). Although most year effects are not individually statistically significant, the pattern of the model year coefficients is similar to that in Figure 5 which suggests the possibility of an increasing shortfall in the more recent model years when fuel economy standards have been increasing (Figure 6). Because these coefficients are generally not close to being statistically significant, conclusions cannot be drawn about their meaning. Considered together with the model year effects described above, this result suggests that the apparent increase in shortfall shown in Figure 5 can be statistically explained in part by the additional technology, vehicle class, and other variables included in the expanded regression model.

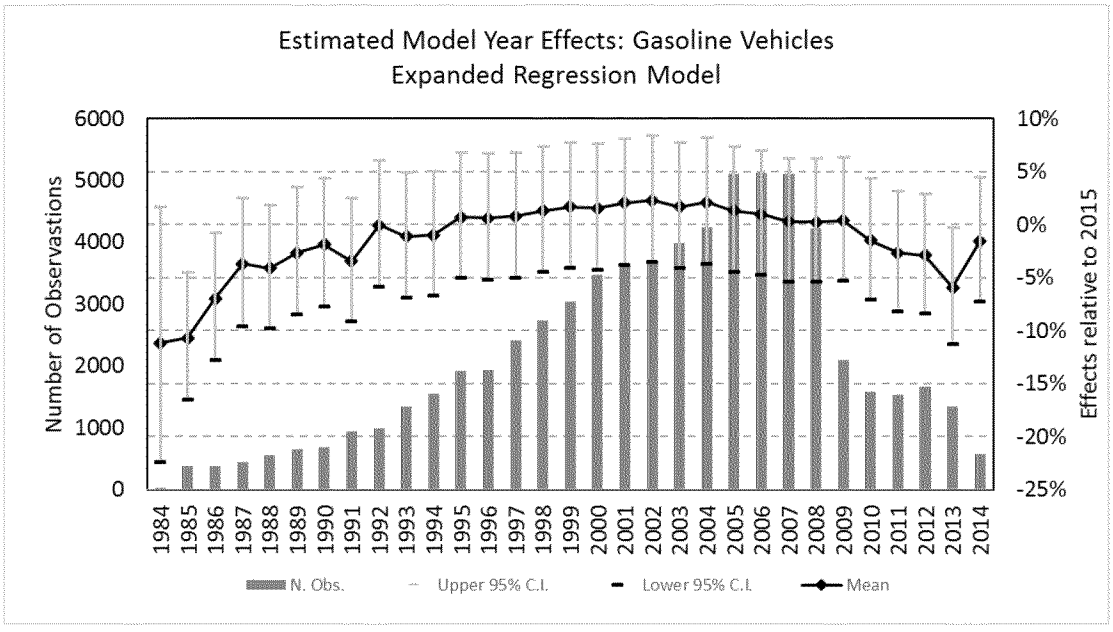

Figure 6. On-road Fuel Economy Performance Compared with Vehicles of 2015 Model Year

All but ten state effects are statistically significant at the 0.05 level. A positive state effect indicates that the shortfall in that state is less than the default shortfall. The default is no state specified, and nearly all states with statistically significant effects have effects that are greater than zero (CA, DC and HI are exceptions). The state effects represent a combination of impacts on fuel economy that vary geographically, including temperature, traffic congestion, speed and trip length. Because some factors reduce the on-road shortfall (e.g., longer trip lengths, mild temperatures) while others increase it (e.g., congested driving conditions, cold weather) it is difficult to discern consistent patterns in the state effects (Figure 7).

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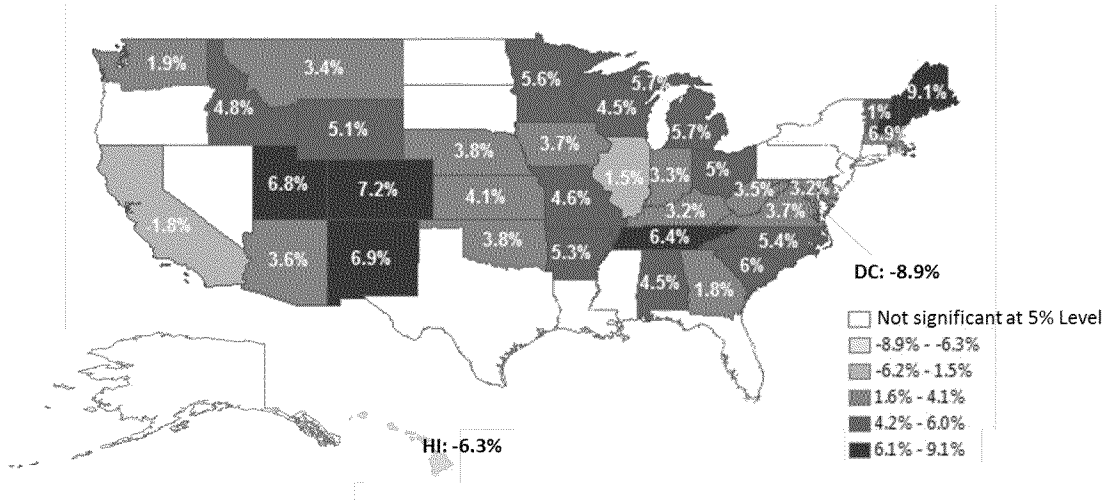

Figure 7. Estimated State Effects: Gasoline Regression Model

The impact of method of estimation is interesting in part because, like the effect of driving style, it is indirectly related to the issue of self-selection bias. Differences among estimation methods could reveal tendencies for those reporting MPG numbers to "self-enhance" in order to appear achieve better than expected fuel economy. Four methods of estimation were represented in the model:

1. Dash: MPG estimate obtained from a vehicle's dashboard display.

2. Miles: MPG estimated by dividing miles between fill-ups by gallons purchased. Participant supplies miles between fill-ups but not odometer readings.

3. Odometer: MPG estimated by fueleconomy.gov by subtracting the odometer reading at the current fill up from the reading at the previous fill up and dividing by gallons purchased at the current fill up. Most records consist of multiple fill ups and MPG is calculated as the sum of miles divided by the sum of gallons.

4. Math: MPG calculated by customer using own, unspecified method.

In the regression the default method is "did not answer", "other" or "guess". About 2.4% of the sample is in this category

Because of the error checking provided by www.fueleconomy.gov during the entry of odometer data, and because of the additional error checking performed for this study, the odometer and miles methods are believed to be the most reliable methods. In theory, the miles-based diary method should produce results similar to the odometer method, since both should be based on the same data: fuel purchases and miles traveled between fuel purchases. This seems to be the case. The estimated effects of the miles and odometer methods are close to each other, relative to the other methods. The "Odometer" method effect is statistically different from zero (at 2.1%), i.e., from the default category, although the "Miles" method effect is not. The effect of using a dashboard estimate is approximately 6.7% higher fuel economy than the default, while the "Math" method produces about 5.6% higher estimates.

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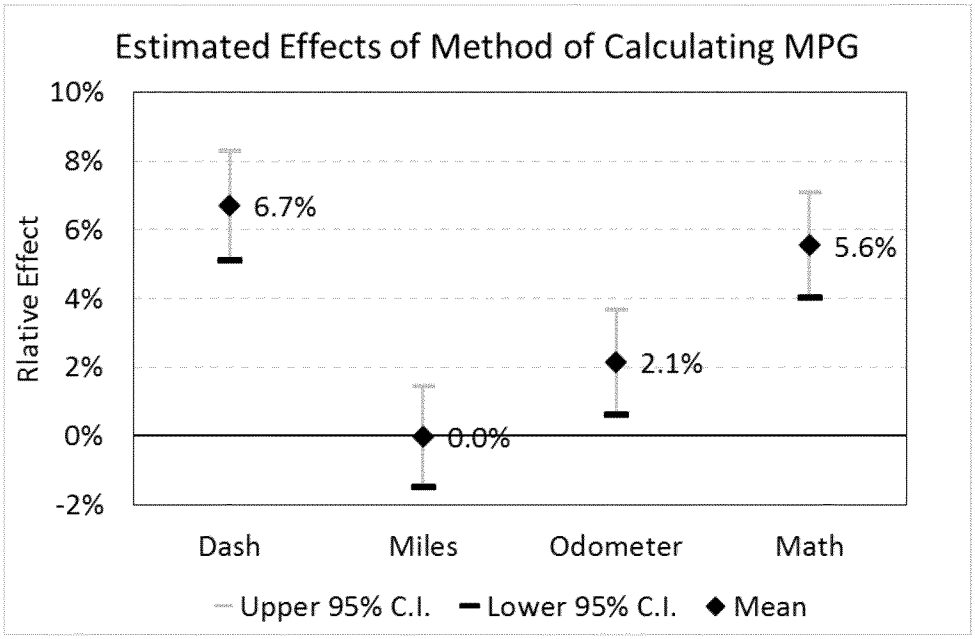

Figure 8. Estimated Effects of Method of Calculating MPG

Even after taking all the above factors into account, the unexplained variance in the My MPG estimates for conventional gasoline vehicles is substantial. A two MSE confidence interval would be +49% to -33% of the predicted value. For a vehicle with a predicted fuel economy of 25 MPG, the two MSE interval would be 17 to 37 MPG.

Following the discussion of results for hybrids and diesels, we report estimates based only on the odometer sample of conventional gasoline vehicles (12,268 records) for comparison with the full sample. A more detailed analysis of the odometer and miles-based data is planned for future study.

Hybrids

The usable sample of hybrid vehicles for the expanded regression is much smaller, 4,807 records, but it includes all years in which hybrids were sold in the U.S. from 1999 to 2015. The coefficient of test cycle MPG is smaller for hybrids than for gasoline vehicles: 0.67 vs. 0.74. The effect of (internal combustion) engine displacement is greater for hybrids: for every 10% increase in displacement fuel economy decreases by an average of 4.6%. The coefficient of CVT, is positive at 2.9%. The effect of a manual transmission is surprisingly large, a 13 percentage point reduction in the test cycle to on-road MPG shortfall; however, the early Honda Insights predominate in this group. Turbocharged hybrids are estimated to have a 20 percentage point greater shortfall but few hybrids are turbocharged. The effect of six or more gears is not significant. Four wheel or all-wheel drive vehicles have a 2.5 percentage point larger shortfall.

The effect of driving style is similar to that for gasoline vehicles. This may be surprising since many believe that hybrid vehicles are more sensitive to driving style than conventional gasoline vehicles. Like the drivers of conventional gasoline vehicles, those who drive "more

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cautiously than most" or "for maximum fuel economy" get 10% to 12% better fuel economy than those who "accelerate quickly and pass whenever possible".

Relative to compacts (the default vehicle class), two-seater (mostly Honda Insights), do about 11% better on the road. SUVs are estimated to have about 9.7% larger shortfalls and large cars 7.4% larger shortfalls. Most manufacturer effects are not statistically significant. Most of the model year and state fixed effects are not statistically significant, in part reflecting the smaller sample size.

With respect to the methods of estimating MPG for hybrids, none of the method effects are statistically significantly different from zero.

Diesel

The diesel sample for the expanded regression is even smaller than the hybrid sample, totaling 2,116 usable records. As a consequence there are many fewer statistically significant variables. The coefficient of test cycle MPG is only 0.62, indicating that on-road fuel economy increases more slowly with test cycle fuel economy than for gasoline vehicles, other things being equal. Vehicles with manual transmissions have a smaller shortfall by 5.4 percentage points, but none of the other technology coefficient estimates are statistically significant. The effect of driving style on diesel fuel economy is smaller than that for gasoline vehicles with the most efficient two styles getting 6% to 7% better on-road fuel economy than the most inefficient. For diesels, the effect of the odometer method is also not significantly different from the miles method. Those basing their estimates on dashboard readouts report about 10% higher fuel economy relative to their test cycle numbers than those using the odometer method. Among vehicle classes, pickups and vans are estimated to have significantly greater shortfalls: -17% and -38%, respectively. Again, usage patterns are likely an important reason for the increased shortfall. Only one manufacturer effect is significant at the 0.05 level. None of the model year effects was statistically significant at the 0.01 level.

Odometer Sample for Gasoline Vehicles

The expanded model was re-estimated on the subsample of gasoline vehicles using the odometer record (12,268 usable records). The coefficient of test cycle MPG was slightly smaller 0.68 vs. 0.74. The estimated coefficients of most other technology variables were similar, although fewer were statistically significant. Four of the five driving style coefficient estimates were significant (relative to no answer). Again, the self-described fuel economy maximizing and more cautious groups did about 9% to 10% better than the most aggressive drivers. Most vehicle class effects were significant and, again, passenger cars had somewhat smaller shortfalls than light trucks.

The odometer data show a trend of increasing shortfall in model years that is very similar to the full gasoline vehicle sample (Figure 9). Like the full gasoline sample estimates, the effects are relative to 2015. In general, the individual model year effects are not statistically significant but the combination of all model year effects is statistically significant at the 0.003 level. Individually, only the effect for 1998 appears to be statistically significant. When compared with the statistically significant model year effects illustrated in Figure 5, this result and that for

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the full gasoline sample indicate that the variables included in the expanded regression model explain much of the increase in on-road shortfall since 2004 or 2005.

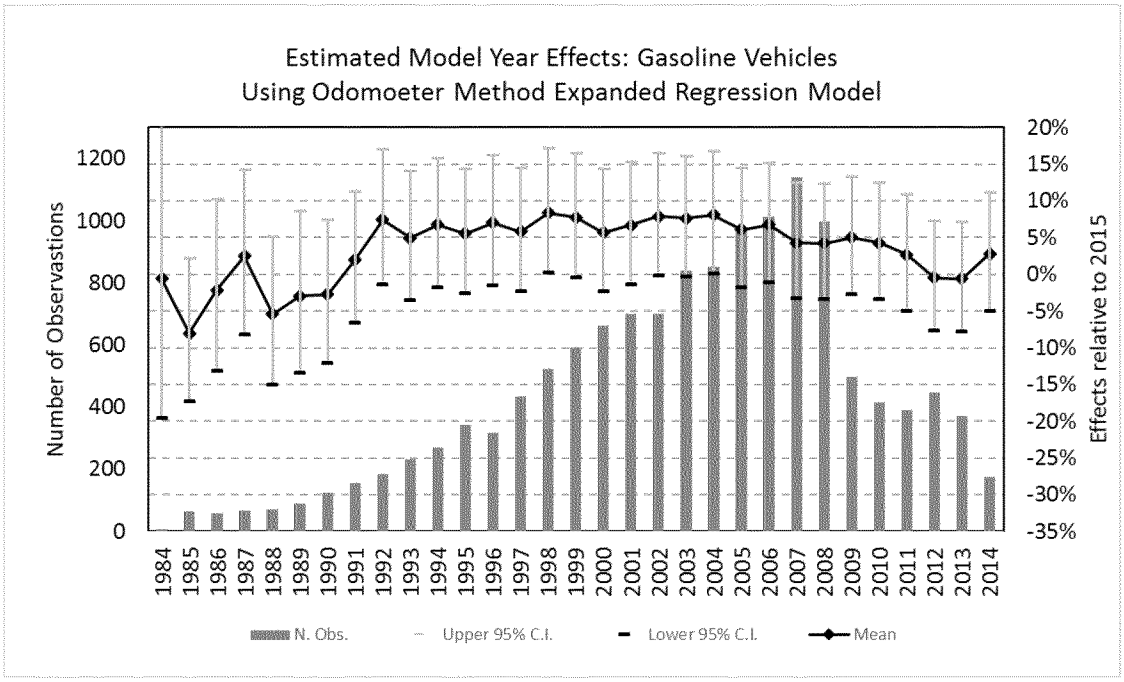

Figure 9. Estimated Fuel Economy Shortfall, Odometer Records: 1984-2014.

V. Conclusions

Perhaps the most important conclusion that can be confidently drawn from the My MPG data is that the variance of the fuel economy estimates reported by individuals is very large relative to the EPA MPG estimates for their vehicles. This conclusion is almost certainly valid whether the My MPG dataset is biased by self-selection or whether some individuals' estimates are inflated by self-enhancing behavior. A very large fraction of the variation in individual estimates could not be accounted for by the vehicle and driver variables included in our full regression models. As Greene et al. (2007) and Lin and Greene (2011) observed, it appears that the EPA MPG estimates are not strongly biased in comparison to the average fuel economy of all drivers, but that the estimates of individual drivers vary widely around the label estimates. This is to be expected given the variations in driving behavior, traffic conditions and other factors. Nonetheless, it reduces the value of fuel economy information in car buying decisions and could be an important explanation for why car buyers appear to undervalue fuel economy in car buying decisions (Sallee, 2013; Greene et al., 2013).

Modern information technology may offer a way to develop individualized fuel economy estimates. The information available from a modern vehicle's computer control system could be combined with existing information technology to generate individualized driving cycles. Driving cycles for individual motorists could be used with vehicle simulation models, calibrated to individual vehicles, to develop personal fuel economy estimates for both new and used

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vehicles. While it is not clear how much estimation errors could be reduced, we believe this is an important area for future research that has the potential to enhance the value of fuel economy information to consumers.

The simple gasoline, hybrid, and diesel regression models indicate that, on average, a 1% increase in test cycle fuel economy has translated into very nearly a 1% improvement in on-road MPG. This is important because it indicates that relative improvements on the test cycle have produced equal relative improvements in on-road MPG. However, simple regressions including fixed effects for recent model years suggest that the test cycle vs. on-road gap has been growing in those years in which fuel economy standards have been increasing. Taken at face value, these results suggest that roughly one-fourth of the gain on the test cycle may have been offset by an increased gap. However, the impact on the fuel consumption and greenhouse gas reductions estimated for the standards is very small because the EPA rulemaking assumed the gap had increased from 15% to 20%. On the other hand, model year effects estimated using the expanded model, whether based on the full gasoline vehicle sample or just those using the odometer method, do not show such a large increase in the shortfall. This suggests that the technology, vehicle class and other variables included in the expanded model explain most of the increased shortfall. Given the limitations of the sample design, the evidence for an increasing gap in the U.S. is not definitive and will have to be resolved by future research.

Driving style affects real-world fuel economy. Those who describe themselves as driving cautiously or attempting to maximize their fuel economy get about 10% more miles per gallon than average or aggressive drivers.

Turbo-charged engines appear to achieve slightly lower fuel economy in the real world than would be predicted based on their test cycle numbers. The same applies to 4-wheel drive vehicles and those with larger engines. The increases in the shortfall are small, however. In general, the on-road shortfalls for light trucks are greater than those for passenger cars. How much of this is due to how the vehicles are driven versus design and technological factors is not known.

Although the data analyzed in this report are based on a self-selected sample, there are reasons to believe that the inferences drawn from it may be reliable. First, the distribution of vehicle types in the sample is generally similar to that of the vehicle fleet as a whole. Second, the vast majority of drivers do not describe themselves as driving to maximize fuel economy or even as driving more cautiously than most. Third, the statistical inferences based only on the data from drivers using the most rigorous odometer method are not generally different from those using other methods. Fourth, the estimates of the MPG shortfall, technology effects and driving style effects are generally consistent with the existing literature.

Nevertheless, the importance of fuel economy numbers for the enforcement of CAFE and GHG emissions standards and for informing car buyers' decisions, together with the unresolved issues raised by this analysis, point to the need for further research. The authors plan to carry out a more detailed analysis of the odometer data to investigate how fuel economy varies over time, how errors relate to the length of the odometer diary record, and possible correlations among

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vehicles owned by the same household. Unfortunately, even this more detailed analysis will be limited by the sample design.

Ultimately, a new scientifically designed survey of in-use fuel economy is needed to insure that an unbiased sample is collected and that fuel economy is rigorously and consistently measured for all vehicles. In 2011 Transport Canada launched a Canadian Vehicle Use Study to measure the on-road fuel economy of Canadian vehicles by means of automated data loggers connected to each vehicle's computer system (Transport Canada, 2015). With lessons learned from the Canadian experience, the U.S. may be able to develop efficient and scientifically rigorous methods for measuring the relationship between test cycle fuel economy and consumers' experience in real world driving.

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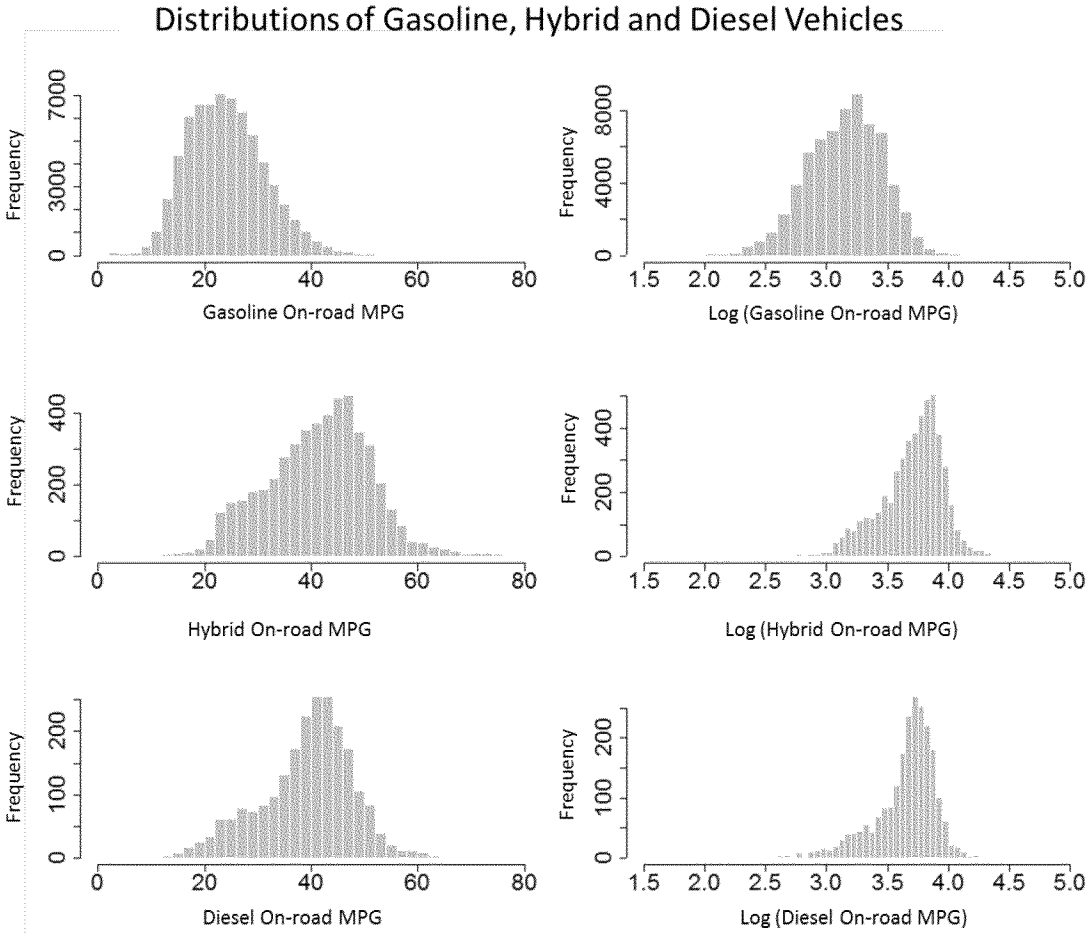
Appendix:

Complete Models for Gasoline, Hybrid and Diesel Vehicles and Distributions for Dependent Variables



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Gasoline Model			Hybrid Model			Diesel		
Variable	Estimate	P-value	Variable	Estimate	P-value	Variable	Estimate	P-value
lucombined	0.744**	0.000	lucombined	0.667**	0.000	lucombined	0.623**	0.000
cid	-0.026**	0.000	cid	-0.046**	0.000	cid	-0.023	0.281
cvt	-0.004	0.374	cvt	0.029*	0.049	manual	0.054**	0.000
manual	0.069**	0.000	manual	0.130**	0.000	turbo	-0.025	0.287
turbo	-0.017**	0.000	turbo	-0.200**	0.001	gears7	0.065	0.050
gears7	0.022	0.094	gear6	0.059**	0.009	fourwdr	-0.092*	0.028
fourwdr	-0.018**	0.000	fourwdr	-0.025*	0.035	allwdr	-0.110*	0.017
allwdr	-0.012	0.092	dash	0.014	0.720	dash	0.018	0.562
frontwdr	0.013**	0.000	miles	-0.001	0.983	miles	-0.061*	0.040
dash	0.065**	0.000	odom	-0.025	0.536	odom	-0.084**	0.006
miles	0.000	0.975	math	0.011	0.793	math	-0.032	0.278
odom	0.021**	0.005	style1	0.034*	0.026	style1	0.019	0.522
math	0.054**	0.000	style2	0.060**	0.000	style2	0.034**	0.006
style1	0.102**	0.000	style3	0.015*	0.014	style3	0.011	0.238
style2	0.083**	0.000	style4	-0.014*	0.022	style4	-0.027**	0.004
style3	0.029**	0.000	style5	-0.057**	0.000	style5	-0.036**	0.000
style4	-0.002	0.313	bmw	0.479**	0.000	bmw	0.014	0.861
style5	-0.033**	0.000	chrysler	-0.048	0.851	chrysler	-0.124	0.152
bmw	0.007	0.208	daimler	0.708**	0.000	daimler	-0.060	0.477
chrysler	-0.027**	0.000	ford	0.016	0.696	ford	-0.038	0.723
daimler	0.015	0.066	gm	-0.011	0.804	gm	0.027	0.745
ford	-0.028**	0.000	honda	0.011	0.791	nissan	0.199**	0.001
gm	-0.002	0.610	hyundai	-0.037	0.419	toyota	-0.008	0.936
honda	0.002	0.621	nissan	-0.049	0.285	vw	0.048	0.528
hyundai	-0.051**	0.000	toyota	0.021	0.610	class2	0.019	0.772
nissan	-0.035**	0.000	vw	0.066	0.261	class3	0.032*	0.010
toyota	0.002	0.546	class2	-0.074**	0.000	class4	-0.173*	0.036
vw	0.002	0.684	class3	-0.018	0.099	class5	-0.009	0.848
class2	-0.001	0.777	class4	-0.017	0.855	class6	-0.044	0.660
class3	-0.009**	0.001	class5	-0.097**	0.000	class7	-0.009	0.490
class4	-0.091**	0.000	class6	0.111**	0.000	class8	-0.378**	0.000
class5	-0.084**	0.000	modelyear1	0.022	0.506	class9	-0.043**	0.000
class6	-0.064**	0.000	modelyear2	0.053	0.071	modelyear1	-0.081	0.461
class7	-0.068**	0.000	modelyear3	0.056*	0.047	modelyear2	0.033	0.560
class8	0.003	0.285	modelyear4	0.042	0.132	modelyear3	0.060	0.330
class9	0.033**	0.000	modelyear5	0.054	0.056	modelyear4	0.055	0.314
class10	-0.115**	0.000	modelyear6	0.066*	0.016	modelyear5	-0.002	0.978
class11	-0.017**	0.000	modelyear7	0.067*	0.018	modelyear6	-0.061	0.344
modelyear1	-0.118	0.087	modelyear8	0.039	0.165	modelyear7	-0.018	0.774
modelyear2	-0.113**	0.001	modelyear9	0.066*	0.024	modelyear8	0.045	0.387
modelyear3	-0.072*	0.029	modelyear10	0.058*	0.031	modelyear9	0.074	0.143
modelyear4	-0.038	0.241	modelyear11	0.024	0.377	modelyear10	0.149	0.202

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modelyear5	-0.042	0.178	modelyear12	0.024	0.384	modelyear11	-0.030	0.661
modelyear6	-0.027	0.390	modelyear13	0.016	0.560	modelyear12	0.028	0.680
modelyear7	-0.019	0.551	modelyear14	0.016	0.600	modelyear13	-0.005	0.930
modelyear8	-0.035	0.254	stdum1	-0.173**	0.002	modelyear14	-0.024	0.681
modelyear9	-0.001	0.986	stdum2	-0.013	0.648	modelyear15	0.011	0.820
modelyear10	-0.011	0.706	stdum3	0.037	0.393	modelyear16	-0.022	0.645
modelyear11	-0.010	0.747	stdum4	0.035	0.093	modelyear17	-0.023	0.602
modelyear12	0.007	0.814	stdum5	-0.029	0.132	modelyear18	0.007	0.873
modelyear13	0.006	0.846	stdum6	0.026	0.238	modelyear19	-0.002	0.960
modelyear14	0.008	0.798	stdum7	-0.011	0.636	modelyear20	0.016	0.725
modelyear15	0.013	0.663	stdum8	-0.003	0.936	modelyear21	0.004	0.929
modelyear16	0.017	0.579	stdum9	-0.012	0.756	modelyear22	0.023	0.612
modelyear17	0.015	0.613	stdum10	0.009	0.682	modelyear23	0.020	0.661
modelyear18	0.020	0.500	stdum11	0.014	0.549	modelyear24	-0.051	0.360
modelyear19	0.023	0.447	stdum12	-0.002	0.948	modelyear25	-0.058	0.329
modelyear20	0.017	0.576	stdum13	-0.005	0.873	modelyear26	-0.041	0.368
modelyear21	0.021	0.485	stdum14	0.066	0.288	modelyear27	-0.017	0.691
modelyear22	0.013	0.661	stdum15	0.015	0.482	modelyear28	-0.010	0.823
modelyear23	0.010	0.738	stdum16	0.028	0.246	modelyear29	-0.012	0.793
modelyear24	0.003	0.922	stdum17	-0.059*	0.036	modelyear30	0.004	0.928
modelyear25	0.003	0.932	stdum18	-0.004	0.869	modelyear31	0.003	0.947
modelyear26	0.004	0.900	stdum19	0.017	0.554	stdum1	0.057	0.117
modelyear27	-0.015	0.613	stdum20	0.028	0.227	stdum2	-0.012	0.768
modelyear28	-0.027	0.368	stdum21	0.023	0.294	stdum3	0.052	0.459
modelyear29	-0.029	0.324	stdum22	0.012	0.758	stdum4	0.018	0.568
modelyear30	-0.061*	0.039	stdum23	0.013	0.564	stdum5	0.027	0.317
modelyear31	-0.016	0.606	stdum24	-0.014	0.524	stdum6	0.034	0.235
stdum1	-0.015	0.363	stdum25	-0.019	0.459	stdum7	0.055	0.062
stdum2	0.044**	0.000	stdum26	-0.046	0.376	stdum8	-0.129**	0.005
stdum3	0.052**	0.000	stdum27	0.020	0.593	stdum9	0.018	0.621
stdum4	0.035**	0.000	stdum28	0.021	0.326	stdum10	0.015	0.593
stdum5	-0.018**	0.006	stdum29	-0.061	0.376	stdum11	0.037	0.177
stdum6	0.069**	0.000	stdum30	-0.029	0.344	stdum12	-0.013	0.876
stdum7	0.007	0.402	stdum31	0.035	0.180	stdum13	0.071*	0.023
stdum8	-0.094*	0.010	stdum32	-0.011	0.638	stdum14	0.018	0.722
stdum9	0.037**	0.003	stdum33	0.038	0.144	stdum15	0.052	0.065
stdum10	-0.003	0.664	stdum34	-0.010	0.670	stdum16	0.040	0.252
stdum11	0.017*	0.025	stdum35	-0.017	0.425	stdum17	0.051	0.181
stdum12	-0.065**	0.000	stdum36	0.025	0.243	stdum18	0.019	0.483
stdum13	0.036**	0.000	stdum37	0.001	0.973	stdum19	0.027	0.534
stdum14	0.047**	0.001	stdum38	-0.039	0.189	stdum20	0.062*	0.032
stdum15	0.015*	0.043	stdum39	-0.015	0.525	stdum21	0.116**	0.000
stdum16	0.032**	0.000	stdum40	-0.002	0.966	stdum22	0.109**	0.007
stdum17	0.041**	0.000	stdum41	-0.015	0.681	stdum23	0.044	0.127

stdum18	0.032**	0.003	stdum42	-0.037	0.120	stdum24	0.068*	0.016
stdum19	-0.002	0.844	stdum43	0.052	0.020	stdum25	0.049	0.087
stdum20	0.024	0.005	stdum44	-0.016	0.436	stdum26	0.066	0.017
stdum21	0.032	0.000	stdum45	0.011	0.643	stdum27	0.075	0.315
stdum22	0.088	0.000	stdum46	-0.006	0.763	stdum28	0.065	0.020
stdum23	0.056	0.000	stdum47	0.009	0.743	stdum29	0.115	0.085
stdum24	0.054	0.000	stdum48	-0.017	0.412	stdum30	0.091	0.004
stdum25	0.045	0.000	stdum49	0.016	0.477	stdum31	0.154	0.000
stdum26	0.020	0.247	stdum50	0.001	0.978	stdum32	0.076	0.006
stdum27	0.033	0.018	stdum51	0.135	0.010	stdum33	0.022	0.495
stdum28	0.053	0.000	_cons	1.039	0.000	stdum34	0.044	0.248
stdum29	-0.010	0.524				stdum35	0.074	0.012
stdum30	0.037	0.002				stdum36	0.051	0.088
stdum31	0.067	0.000				stdum37	0.048	0.193
stdum32	-0.001	0.937				stdum38	0.007	0.808
stdum33	0.067	0.000				stdum39	0.062	0.024
stdum34	0.010	0.404				stdum40	0.063	0.095
stdum35	-0.007	0.332				stdum41	0.051	0.160
stdum36	0.049	0.000				stdum42	-0.017	0.673
stdum37	0.038	0.000				stdum43	0.017	0.584
stdum38	0.011	0.165				stdum44	0.017	0.539
stdum39	-0.002	0.818				stdum45	0.061	0.080
stdum40	0.058	0.000				stdum46	0.045	0.117
stdum41	0.058	0.000				stdum47	0.069	0.079
stdum42	0.007	0.694				stdum48	0.039	0.232
stdum43	0.062	0.000				stdum49	0.099	0.001
stdum44	0.013	0.057				stdum50	-0.050	0.138
stdum45	0.066	0.000				stdum51	0.092	0.003
stdum46	0.036	0.000				_cons	1.345	0.000
stdum47	0.050	0.000						
stdum48	0.019	0.012						
stdum49	0.044	0.000						
stdum50	0.034	0.015						
stdum51	0.050	0.008						
_cons	0.712	0.000						
No. of Observations		62059	No. of Observations		4807	No. of Observations		2116
R-Squared		0.622	R-Squared		0.731	R-Squared		0.755
Root MSE		0.1498	Root MSE		0.139	Root MSE		0.128

** = Significant at 1% confidence level; * = significant at 5% confidence level.

VW FOIA, EPA 06/20/2017 2017-FFP_028019

Model Year Regression Results for Conventional Gasoline Vehicles

Variable	Estimate	Std. Err.	t	P >|t|	Lower 95% C.I.	Upper 95% C.I.
lucombined	1.042	0.004	290.42	0.000	1.035	1.049
modelyear1	0.103	0.053	1.96	0.050	0.000	0.206
modelyear2	0.025	0.033	0.74	0.459	-0.041	0.090
modelyear3	0.044	0.033	1.35	0.179	-0.020	0.108
modelyear4	0.097	0.032	3.06	0.002	0.035	0.159
modelyear5	0.085	0.030	2.78	0.005	0.025	0.144
modelyear6	0.098	0.031	3.18	0.001	0.038	0.158
modelyear7	0.112	0.030	3.67	0.000	0.052	0.171
modelyear8	0.094	0.030	3.16	0.002	0.036	0.153
modelyear9	0.119	0.030	3.99	0.000	0.061	0.177
modelyear10	0.101	0.029	3.43	0.001	0.043	0.159
modelyear11	0.100	0.029	3.39	0.001	0.042	0.158
modelyear12	0.122	0.029	4.18	0.000	0.065	0.179
modelyear13	0.111	0.029	3.81	0.000	0.054	0.169
modelyear14	0.109	0.029	3.75	0.000	0.052	0.166
modelyear15	0.114	0.029	3.93	0.000	0.057	0.171
modelyear16	0.122	0.029	4.19	0.000	0.065	0.178
modelyear17	0.116	0.029	4.01	0.000	0.059	0.173
modelyear18	0.120	0.029	4.13	0.000	0.063	0.176
modelyear19	0.122	0.029	4.21	0.000	0.065	0.179
modelyear20	0.113	0.029	3.89	0.000	0.056	0.169
modelyear21	0.114	0.029	3.93	0.000	0.057	0.170
modelyear22	0.098	0.029	3.39	0.001	0.041	0.154
modelyear23	0.095	0.029	3.29	0.001	0.039	0.152
modelyear24	0.079	0.029	2.73	0.006	0.022	0.135
modelyear25	0.077	0.029	2.68	0.007	0.021	0.134
modelyear26	0.067	0.029	2.3	0.021	0.010	0.124
modelyear27	0.037	0.029	1.29	0.198	-0.020	0.095
modelyear28	0.015	0.029	0.51	0.607	-0.042	0.072
modelyear29	-0.001	0.029	-0.03	0.972	-0.058	0.056
modelyear30	-0.045	0.029	-1.55	0.121	-0.103	0.012
modelyear31	-0.003	0.030	-0.11	0.916	-0.062	0.056
_cons	-0.400	0.031	-12.71	0.000	-0.462	-0.338

No. of Observations	67377
R-Squared	0.5748
Root MSE	0.21086

VW FOIA, EPA 06/20/2017 2017-FFP_028021

VW FOIA, EPA 06/20/2017 2017-FFP_028022

VW FOIA, EPA 06/20/2017 2017-FFP_028023

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GREENWIRE — Wed., September 30, 2015

READ FULL EDITION

1.LAW:

'Mr. Clean Water Act' faces his biggest challenge

Veteran Justice Department attorney Steve Samuels -- the government's most recognizable expert on the Clean Water Act -- is facing the greatest challenge of his long career: defending the Obama administration's contentious new Waters of the U.S. rule. Challenges from 31 states, countless industry groups and even a few environmental nonprofits has sprung up in courts across the country, paving a road of litigation that seems almost certain to reach the Supreme Court.

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House Ag chairman's bill could draw big cash to district

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Bill would extend installation deadline for safety system

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Candidates looking to replace Whitfield don't waste a minute

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Rep. Salmon passes on primary challenge to McCain

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NATURAL RESOURCES

15.PUBLIC LANDS:
Greens sue to block gravel mine near 'cradle of conservation'

16.CALIFORNIA:

No fix in sight for delta's 'wicked problems' -- report
17.PUBLIC LANDS:
Tribe fights proposed expansion of Nev. gold mine
18.FISHERIES:
Conservationists boo new bull trout plan
19.WOLVES:
N.M. rejects feds' introduction plan
20.OCEANS:
Robots explore biodiversity hotspot
LAW
21.WATER POLLUTION:
Court upholds EPA livestock data rule in win for ag groups
22.PROPERTY RIGHTS:
Greens sue over Wyo. 'data-censorship' laws
23.KEYSTONE XL:
Neb. litigation likely to continue despite TransCanada's U-turn
24.AIR POLLUTION:
Exemption may stymie criminal case against Volkswagen
25.WILDLIFE:
3 arrested after vandal paints 'perv' on Cecil hunter's office
CLIMATE CHANGE
26.CLEAN POWER PLAN:
Court rejects latest salvo from EPA foes
27.BIOFUELS:
Biodiesel can help slash U.S. carbon emissions -- report
28.POLITICS:
'Democracy has been hacked' by industry -- Al Gore
29.WEATHER:
Notorious church to picket 'doomed' media convention
ENERGY
30.ARCTIC:
Locals demand icebreakers despite Shell's exit
31.NUCLEAR WASTE:
Former Idaho Gov. Andrus sues DOE over spent fuel plan
FEDERAL AGENCIES
32.EPA:
New rules boost agency's environmental justice efforts
33.FEDERAL AGENCIES:
GAO finds widespread vulnerabilities in securing data
34.FEDERAL WORKFORCE:
Employees to see largest health care spike in 5 years -- OPM
35.FEDERAL AGENCIES:
Behavioral science can improve government, save cash
AIR AND WATER
36.AIR POLLUTION:
New rule on oil refinery monitoring a long time coming
37.AIR POLLUTION:
NAM leader bashes mayors for supporting lower ozone limit
38.DRINKING WATER:
Lead levels spike in Mich. kids after tap source changes
PUBLIC HEALTH
39.CHEMICALS:
NYC plans to measure nail salon air quality
40.PESTICIDES:

Farm workers file 1st lawsuits against Monsanto over exposure

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41. HAWAII:

Interior proposal would recognize Native Hawaiian government

42. TEXAS:

Ex-Lt. Gov. Dewhurst settles with oilman over stolen funds

INTERNATIONAL

43. NIGERIA:

President wants to lead troubled oil ministry, too

E&ETV'S ONPOINT

44. STATES:

N.D. governor discusses two-track approach on power plan, shale oil's prospects amid price shift

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To: Grundler, Christopher[grundler.christopher@epa.gov]
From: E&E Publishing
Sent: Wed 9/30/2015 5:51:13 PM
Subject: September 30 -- Greenwire is ready

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To: Valentine, Julia[Valentine.Julia@epa.gov]; StClair, Christie[StClair.Christie@epa.gov]
Cc: Millett, John[Millett.John@epa.gov]; Allen, Laura[Allen.Laura@epa.gov]; Conger, Nick[Conger.Nick@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Hengst, Benjamin[Hengst.Benjamin@epa.gov]
From: Birgfeld, Erin
Sent: Wed 9/30/2015 5:52:24 PM
Subject: FW: VW PR Contacts

HI all,

Below are press contacts at VW to the extent that they may be useful. As we move forward with this there may be instance where we would need to point folks in their direction.

Thanks,

erin

From: Bunker, Byron
Sent: Wednesday, September 30, 2015 11:27 AM
To: Birgfeld, Erin
Cc: Hengst, Benjamin
Subject: FW: VW PR Contacts

Hi Erin,

See below. Ex. 7 and I complained to VW yesterday about VW's press release saying cars would be recalled when no heads up was given to either agency. In partial response, VW has shared the following contact names from their press team. I would think that we should develop some kind of press team to press team communications channel with VW apart from the recall channel (Ex. 7 - CARB, Byron-EPA and Ex. 7 -VW) and the enforcement channel (Ex. 7 -CARB, Phil Brooks-EPA and Ex. 7 -VW).

Can you see that this information is shared as appropriate?

Thanks,

Byron

****

Byron Bunker

Director Compliance Division

Office of Transportation and Air Quality

Environmental Protection Agency

2000 Traverwood Drive

Ann Arbor, MI 48105

Bunker.Byron@epa.gov

Phone: (734) 214-4155

Mobile: (734) 353-9623

****

From: Ex. 7
Sent: Wednesday, September 30, 2015 11:21 AM
To: Bunker, Byron; Ex. 7
Subject: VW PR Contacts

Hello Ex. 7 and Byron,

As we discussed yesterday, here are additional communications contacts.

Ex. 7

Best Regards,

Ex. 7

From: Stewart, Gwen
Required Attendees: Birgfeld, Erin; Bunker, Byron; Cohen, Janet
Optional Attendees: Jones, Jacqueline; Hengst, Benjamin; Purchia, Liz; Valentine, Julia; Allen, Laura; Conger, Nick; Millett, John; StClair, Christie
Location: CHRIS OFFICE DC/RM/. C-174 DOD AA
Importance: Normal
Subject: HOLD: Potential VW Press Interviews
Start Date/Time: Wed 9/30/2015 7:15:00 PM
End Date/Time: Wed 9/30/2015 7:45:00 PM

MEETING REQUEST:

HI Gwen,

We continue to get huge amounts of interest from reporters on the VW issue.

Can you block off some time for Chris for the next few days just so we have some time for him to talk with reporters if necessary. Here are suggested times but feel free to mak

Title: - HOLD for potential VW press interviews

Invitees: me, Byron, Janet, (optional Ben H.)2

Times:

Today at 3
Thursday at 2
Friday at 2

Thank you!

Erin Birgfeld
Communications Director
Office of Transportation and Air Quality
U.S. EPA

202-564-6741 (work)
202-255-4434 (cell)

From: Stewart, Gwen
Required Attendees: Birgfeld, Erin; Bunker, Byron; Cohen, Janet
Optional Attendees: Jones, Jacqueline; Hengst, Benjamin; Stewart, Gwen; Valentine, Julia; StClair, Christie
Location: RM. 6520 DC/RM. C-174 DOD AA - Call in: 1-866-299-3188 conf code Non-Responsive
Non-Responsive
Importance: Normal
Subject: CONFIRMED: Potential VW Press Interviews
Start Date/Time: Thur 10/1/2015 6:30:00 PM
End Date/Time: Thur 10/1/2015 7:30:00 PM

MEETING REQUEST:

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Erin Birgfeld
Communications Director
Office of Transportation and Air Quality
U.S. EPA

202-564-6741 (work)
202-255-4434 (cell)

From: Grundler, Christopher
Required Attendees: Birgfeld, Erin; Bunker, Byron; Cohen, Janet
Optional Attendees: Jones, Jacqueline; Hengst, Benjamin; Stewart, Gwen; Valentine, Julia; StClair, Christie
Location: RM. 6520 DC/RM. C-174 DOD AA - Call in: Non-Responsive conf code Non-Responsive Non-Responsive
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Communications Director
Office of Transportation and Air Quality
U.S. EPA

202-564-6741 (work)
202-255-4434 (cell)

Project Report 2:14
Baker Reports 4:15

How do Motorists' Own Fuel Economy Estimates Compare with Official Government Ratings?

A Statistical Analysis

David L. Greene
Senior Fellow, Energy & Environmental Policy Program
Howard H. Baker Jr. Center for Public Policy

Asad Khattak
Civil & Environmental Engineering

Matthew N. Murray, Director
Howard H. Baker Jr. Center for Public Policy

Charles Sims, Baker Faculty Fellow
Howard H. Baker Jr. Center for Public Policy

Bruce Tonn, Baker Fellow
The University of Tennessee, Knoxville

Jean Peretz, Baker Fellow
Howard H. Baker Jr. Center for Public Policy

Jeff Wallace, Ryan Hansen, and **Lew Alvarado**
Sparks Bureau of Business and Economic Research
University of Memphis

December 15, 2014

A Profile of the Energy Sector in Tennessee

A Report to the
Tennessee State General Assembly

By
Jun Liu
Civil & Environmental Engineering

Matthew N. Murray, Director
Howard H. Baker Jr. Center for Public Policy

Rachel L. Henson
Earth & Planetary Science

Bruce Tonn, Baker Fellow
The University of Tennessee, Knoxville

Charles Sims, Baker Faculty Fellow
Howard H. Baker Jr. Center for Public Policy

Xin Wang
Virginia Department of Transportation

Jean Peretz, Baker Fellow
Howard H. Baker Jr. Center for Public Policy

Rick Gee
Oak Ridge National Laboratory

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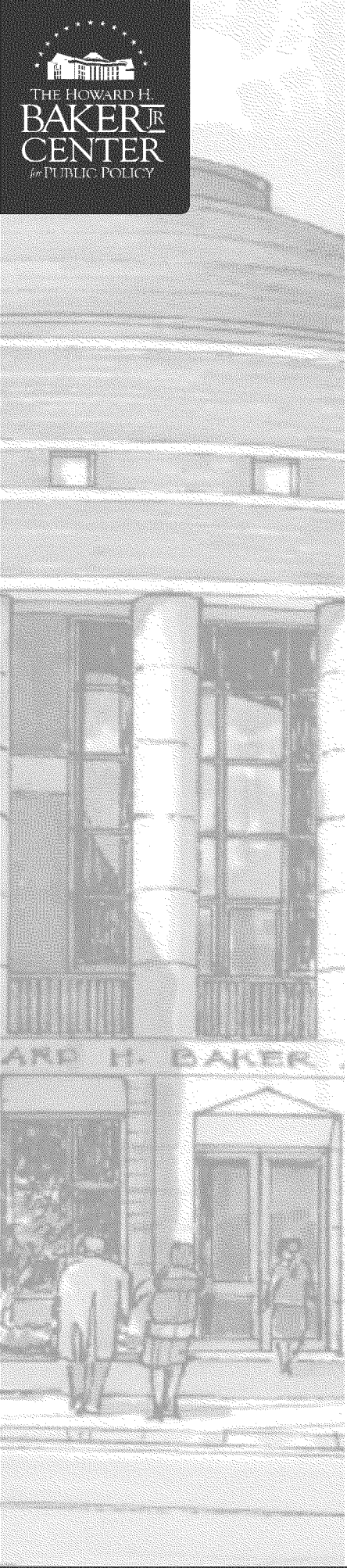
University of Memphis

December 15, 2014
September 30 2015

VW FOIA, EPA 06/20/2017 2017-FFP_028036



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Disclaimer

This research was funded by Oak Ridge National Laboratory (ORNL) and carried out by researchers at ORNL and the University of Tennessee's Howard H. Baker, Jr. Center for Public Policy and Department of Civil and Environmental Engineering. The views expressed herein are those of the authors alone and do not necessarily represent the views of Oak Ridge National Laboratory, UT-Battelle or the U.S. Department of Energy.

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VW FOIA, EPA 06/20/2017 2017-FFP_028038

Abstract

U.S. government fuel economy tests are used for two primary purposes: 1) to monitor automobile manufacturers' compliance with fuel economy and greenhouse gas emissions standards and 2) to inform consumers about the fuel economy of passenger cars and light trucks. This study analyzes a unique database of 75,000 fuel economy estimates self-reported by customers of the U.S. government website www.fueleconomy.gov to evaluate the effectiveness of the government's estimates for these two purposes. The analysis shows great variability in individuals' own fuel economy estimates relative to the official government estimates, but much smaller bias relative to the sample average. For consumers, the primary limitation of government fuel economy estimates is their uncertainty for a given individual rather than bias relative to the average individual. The analysis also examines correlations between individuals' fuel economy estimates and specific technologies, vehicle class, driving style, method used to calculate fuel economy, manufacturer, and state. There is some evidence that the shortfall between test cycle fuel economy estimates (used to measure compliance with regulations) and in-use fuel economy estimates (such as those provided by customers of www.fueleconomy.gov) has been increasing since 2005. The direction and magnitude of the trend is consistent with changes made by the Environmental Protection Agencies to its methods for calculating the benefits of the standards in the 2010 and 2012 rulemakings. However, if the trend continues, it could affect the benefits realized by fuel economy and greenhouse gas emissions standards. A scientifically designed survey of in-use fuel economy is needed to insure that an unbiased sample is collected and that fuel economy is rigorously and consistently measured for all vehicles. The potential for information technology to reduce the uncertainty in predicting individuals' on-road fuel economy should be explored.

Acknowledgements

This research was funded by Oak Ridge National Laboratory (ORNL) and carried out by researchers at ORNL and the University of Tennessee's Howard H. Baker, Jr. Center for Public Policy and Department of Civil and Environmental Engineering. The views expressed herein are those of the authors alone and do not necessarily represent the views of Oak Ridge National Laboratory, UT-Battelle or the U.S. Department of Energy.

VW FOIA, EPA 06/20/2017 2017-FFP_028039

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The University of Tennessee, Knoxville

Xin Wang
Virginia Department of Transportation

Rick Goeltz
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September 30, 2015

I. Introduction

The window sticker of every new passenger car or light truck sold in the U.S. bears a label with a prominently displayed government fuel economy rating. The intent is to provide consumers with consistent and reliable information they can use when comparing vehicles. Each label also contains the following caveat: "Actual results will vary for many reasons, including driving conditions and how you drive and maintain your vehicle." Differences between consumers' experiences with fuel economy and label values have been a source of discussion and dissatisfaction with the official government ratings since shortly after they were first introduced in 1975 (McNutt et al., 1978).

The U.S. Environmental Protection Agency (EPA) provides two sets of fuel economy estimates ("test cycle" and "label") for every make, model, engine and transmission configuration of passenger car and light truck sold in the U.S.[1] These estimates are important for two main reasons: (1) to enforce the Corporate Average Fuel Economy (CAFE) and greenhouse gas (GHG) emissions regulations for light-duty vehicles (EPA, 2012) the government needs test cycle estimates that are equitable to manufacturers, repeatable and proportional to real world experience and (2) consumers need accurate fuel economy estimates to make informed choices when buying vehicles.

1 In fact, most vehicle testing is done by the vehicle manufacturers, who certify to the EPA that the tests have been done in accordance with government procedures. The EPA tests 15-20% of vehicles each year to verify compliance (EPA, 2014a).

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In statistics, the terms accurate, precise and unbiased have specific, mathematical definitions. Accuracy measures the closeness of agreement between repeated measures of a given quantity and its true value. Precision measures the closeness of agreement between repeated measures of a given quantity and the mean of those measures. Bias measures the difference between the mean of a series of measurements or predictions and the true value of a quantity or the true mean of a population. The situation is somewhat different for government fuel economy estimates. A single number (e.g., a car's fuel economy label number) is proposed as a useful estimate of the actual fuel economies of all motorists using the same vehicle[2]. In this case, there is no "true value" but rather a distribution of values for individual drivers. Assuming that the government fuel economy estimate is intended to correspond to the average fuel economy of all drivers of a given vehicle, bias can be defined as the difference between the official estimate and the mean of the population.[3] Because there are not repeated measurements for an actual or even hypothetical true value of fuel economy, how to define accuracy and precision is less clear.[4] In this paper we will quantitatively describe the deviations of individual motorists' estimates from their vehicle's fuel economy rating as *variance*. At the same time, we recognize that from an individual motorist's perspective, the official rating might be perceived as biased or inaccurate.

The government is well aware of the issue of the variance of individual fuel economy results. Every fuel economy label contains the following caveat:

> "Actual results will vary for many reasons, including driving conditions and how you drive and maintain your vehicle."

It is quite possible for fuel economy ratings to be unbiased (reasonably predict the average fuel economy of all motorists) but poor predictors of the experiences of individuals. For the purposes of testing compliance with fuel economy standards, unbiased fuel economy estimates would be sufficient. If the expected fuel economy improvements are realized on average, the expected benefits in petroleum and greenhouse gas (GHG) reductions will be achieved. In fact, all that is necessary for the expected benefits to be realized is that a given percent increase in miles per gallon (MPG) on the test cycle produce the same percentage increase in on-road fuel economy. On the other hand, for the fuel economy label estimates to be of greatest value to consumers' car purchase decisions, they should accurately predict the fuel economy an individual will experience on the road. This is clearly not achievable with a single-number rating for each vehicle. However, modern information technology might possibly enable relatively accurate prediction of individuals' fuel economy.

The test cycle fuel economy estimates used to determine manufacturers' compliance with regulations are based on laboratory testing of vehicles over two (city and highway) driving

2 Here, a vehicle means a unique vehicle as defined for regulatory purposes, typically a specific configuration of make, model, model year, engine and transmission.

3 When fuel economy is measured in miles per gallon, the simple average of the fuel economies of a population of drivers will not equal the sum of all miles driven divided by the sum of all gallons consumed. The harmonic mean of the individual fuel economies, weighted by each vehicle's miles traveled will.

4 A single estimate for a range of values is absolutely precise because its variance is zero. On the other hand, it is inherently inaccurate; the only question being how inaccurate it is.

cycles as required by statute. These drive cycles have been in use since the Corporate Average Fuel Economy (CAFE) standards were enacted in 1975. The label fuel economy estimates provided on the window stickers of new vehicles and used in advertising and the media are based on five drive cycles, adjusted in an attempt to reflect average U.S. on-road experience. The five cycles include the "city" and "highway" cycles used to determine compliance with fuel economy and greenhouse gas emission standards plus additional cycles that reflect, 1) more aggressive driving behavior, 2) the impact of operating under colder ambient conditions and, 3) the impact of air conditioner use.

This study addresses how well the test cycle and label estimates serve their intended purposes though a statistical analysis of approximately 75,000 individual fuel economy estimates voluntarily submitted to the "My MPG" section of the government website www.fueleconomy.gov. The relationship between individuals' own fuel economy estimates (My MPG) and the EPA label estimates is analyzed to determine whether the adjusted EPA estimates are unbiased and to measure the variability of consumers' experiences relative to the label numbers. The relationship between individuals' My MPG estimates and EPA test cycle estimates is examined to shed light on whether the ratio of test cycle to on-road MPG has been changing with succeeding model years. A continually increasing gap would imply that the government's fuel economy standards might not achieve as much reduction in oil use and GHG emissions as intended.[5] The need to monitor on-road fuel economy was recognized by the Environmental Protection Agency (EPA) and the National Highway Traffic Safety Administration (NHTSA) in their fuel economy and greenhouse gas rule for light-duty vehicles.

> "The agencies recognize the potential for future changes in driver behavior or vehicle technology to change the on-road gap to be either larger or smaller." (Federal Register, 2012, p. 62715)

The agencies assumed that a gap of 20%, which is consistent with fuel economy labeling, would continue through 2025, with minor adjustments for fuel energy content (EPA, 2012, pp. 4-1 to 4-7). This represents an increase of 5% over the 15% gap that had been assumed in previous EPA analyses.

The impacts of fuel efficient technologies such as turbo-charging and transmissions with higher gear counts are estimated to see if they perform better or worse on the road in comparison to the test cycles. The analysis also attempts to take into account driving conditions that vary from state to state and other factors that might influence on-road fuel economy.

The scope of this study is limited to light-duty vehicles with conventional gasoline (gasoline), gasoline-electric hybrid (hybrid), and diesel powertrains due to the nature of the data available from www.fueleconomy.gov .

5 The agencies' rulemaking assumes the gap will remain at 20% through 2025, with some minor adjustments for fuel energy content and air conditioner efficiencies (EPA, 2012, pp. 4-2 to 4-7).

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II. Previous Research

When the EPA fuel economy estimates were first introduced in 1975, they were not adjusted for real-world driving conditions. Concern about the ability of the test cycle estimates to measure on-road fuel economy motivated assessments by government, industry and consumer groups. In the first year the CAFE Standards took effect (1978), researchers at the U.S. Department of Energy (DOE) published an analysis of over 5,000 fuel economy records for model year 1974 to 1977 vehicles, obtained from a variety of sources (McNutt et al., 1978). Noting that the test cycle estimates were "fairly representative" of the on-road values for the 1974 model year, the researchers observed a trend of increasing shortfall.

> "However, beginning in the 1975 model year and continuing through 1977 (the limits of existing data) the EPA certification values become an increasingly poorer representation of actual on-road fuel economy."

They estimated that the average shortfall had increased from 4% in model year 1974 to about 20% for model year 1977.

In 1980 and 1981, General Motors (GM) conducted surveys of private owners of 1981 model year vehicles and asked them to record odometer readings and fuel purchases at their next four fill-ups (Schneider et al., 1982). From the 38,466 forms mailed out in the 1981 survey, 4,923 (12.8%) usable responses were received. The EPA test cycle combined fuel economy estimate for the vehicles was 25.5 miles per gallon (MPG) while the respondents' average on-road fuel economy was 22.0 MPG, implying a shortfall of almost 14%. The earlier 1980 survey had produced an estimated shortfall of just over 16%. Front-wheel drive vehicles averaged a 6.4% smaller shortfall than rear-wheel drive vehicles, diesels had a 6.5% smaller shortfall than gasoline vehicles, and manual transmissions had 7.2% higher on-road fuel economy than automatic transmissions.

A study by Ford based on data from employees who leased Ford vehicles found that the shortfall for 1978 model year vehicles averaged 20%, but for 1979 and later model year vehicles, the shortfall was relatively stable at about 14% (McKenna and South, 1982). The Ford study also found that the shortfall for winter driving was 10% greater than for summer driving.

Analyzing a much larger data base of 56,395 vehicles amassed from a variety of sources, McNutt et al. (1982) found large variations in the fuel economy shortfall by model year but no consistent trend over time. They also found important differences between passenger cars and light trucks, rear-wheel drive and front-wheel drive vehicles, and manual and automatic transmissions. Their data showed a strong tendency for the percent shortfall to increase with increasing fuel economy. Overall, they estimated a shortfall of 21% for model year 1981 vehicles. Having quantified variations in the shortfall by technology, vehicle class, model year and make and model, the study was the first to analyze the implications of uncertainties about on-road fuel economy for car buyers:

> "These impacts include the inability of new car buyers to accurately compare different

model vehicles and the difficulty in projecting future fuel demand based on the EPA values."

These studies and other evidence led the U.S. EPA to adjust downward the fuel economy estimates reported to the public on window stickers and in advertising (Hellman and Murrell, 1984). A vehicle's fuel economy estimate on the city test cycle was multiplied by 0.90 and its highway cycle estimate was multiplied by 0.78. The effect on a typical vehicles combined[6] fuel economy estimate was approximately a 15% reduction relative to the test cycle numbers. However, the unadjusted test cycle numbers continued to be used to determine compliance with fuel economy standards, as required by statute, and they still are today.

At least one subsequent analysis of on-road fuel economy suggested that the on-road shortfall might have increased since the 1984 study. Mintz et al. (1993) analyzed data from the Energy Information Administration's (EIA) 1985 Residential Transportation Energy Consumption Surveys (RTECS). RTECS collected gasoline purchase and odometer reading diaries from 3,891 households representing 8,401 vehicles. Comparing the on-road estimates to the unadjusted EPA test cycle MPG values, they found a shortfall of 18.7% for passenger cars and 20.1% for light trucks, somewhat larger than Hellman and Murrell's (1984) 15%.

Despite the adjustments to EPA label estimates, the "shortfall" or "gap" between the EPA label estimates of new car fuel economy and what real people achieve in their day-to-day driving continued to be a topic of interest to the public and the media (e.g., O'Dell, 2012). Some media organizations conduct their own tests on public roads in order to compare "real-world" estimates to the EPA's label estimates. *Consumer Reports*, for example, has made such comparisons for years. In a 2005 study, it concluded that fuel economy for conventional gasoline vehicles averaged 9% worse than label estimates, while hybrids were 18% below the label estimates (ConsumerReports.org, 2013). In 2008, the EPA (2006a) made further downward adjustments to label estimates. Consequently, a 2013 *Consumer Reports* study found conventional gasoline vehicles averaged only 2% below the EPA label estimates while hybrids fell short by 10%.

In developing the new 2008 fuel economy label estimates, the EPA analyzed several sources of on-road fuel economy estimates (EPA, 2013, Ch. 2). One was a sample of 8,180 estimates for 4,092 vehicles from users of the My MPG section of the DOE/EPA website www.fueleconomy.gov. For conventional gasoline vehicles, the My MPG data indicated that the label numbers based on the 1984 adjustment procedures were still reasonable estimates of average on-road fuel economy. For conventional gasoline vehicles the average label to on-road shortfall was only 1.4%. However, the shortfall for hybrid vehicles averaged 8.2%. As discussed below, these results closely match those obtained by Greene et al. (2007) in an analysis of a similar sample of the My MPG data.

The EPA, the Coordinating Research Council (CRC), the Department of Transportation (DOT), and the DOE measured the fuel economy of 120 vehicles, including 30 hybrid vehicles,

6 The combined fuel economy estimate is a weighted harmonic mean of the city and highway estimates, equal to 1/((0.55/city)+(0.45/highway)). The adjusted formula is 1/((0.55/(0.90*city))+(0.45/(0.78*highway))).

in the Kansas City region (EPA, 2006, Ch. 2). The vehicles were driven by their owners, and data were collected over a 24-hour period by means of portable emissions measurement systems. A zero-intercept regression line predicting on-road fuel economy as a function of the 1984 EPA fuel economy label estimate indicated that conventional gasoline vehicles would average about 0.6% higher fuel economy on the road than the label values suggested. For hybrids, however, an average shortfall of 11% was observed

The problem of achieving a consistent, proportional relationship between fuel economy as measured on laboratory tests relative to what drivers will experience in the real world is not limited to the U.S. Similar shortfalls between test cycle and on-road fuel economy have also been observed in China and much larger shortfalls have been reported for the EU. Two recent studies by the International Council on Clean Transportation (ICCT) found that the on-road to certification test shortfall for vehicles sold in the European Union (EU) has been increasing rapidly (Mock et al., 2014; Mock et al., 2013).

> "All data sets we examined demonstrate the same over-arching trend: the discrepancy between type-approval and real-world CO_2 emissions is increasing. While in 2001 this gap was just 8 percent, it grew to 18 percent by 2008 and then to 38 percent in 2013." (Mock et al., 2014, p. 43)

The ICCT analyses conclude that the increasing gap is most likely due to increasing use of technologies that perform better on the certification ("type approval") test than in the real world, increasing use of flexibilities in the testing procedures, and external factors not accounted for in the test, such as increased use of air conditioning. On the other hand, increased use of strategies to maximize test results are cited by Dings (2013) as the most important factor. Dings attributes approximately half of the gap to permitted techniques for optimizing performance on the EU's test procedures that do not correspond to benefits in actual use. He allocates the remaining 50% equally among factors omitted from the test (e.g., air conditioner use), differences between the test cycle and actual driving behavior and conditions, and unknown factors.

Like the data used in this study, the ICCT data came from self-selected samples or business fleets. Potential sources of bias are acknowledged and briefly discussed in the report. However, the ICCT studies assert that model-year trends in the on-road shortfall should be insensitive to the sample design provided that the design does not change across model years. Because of this, the fact that their sample is self-selected should not affect inferences about the increasing on-road shortfall. The ICCT report also points to the fact that the trends are relatively consistent across different data sources.

Also relying on self-reported data obtained from customers of a fuel economy website, Chinese researchers measured the shortfall between official Chinese government estimates and the reported on-road fuel consumption (Huo et al., 2011). For 2009, they found that on-road fuel consumption (gallons per mile) averaged 15.5% above the test cycle numbers. For the 153 makes and models in their data base, the range of increased on-road fuel consumption was from -8% to +60%.

This study uses the My MPG data of www.fueleconomy.gov to analyze the relationships between both test cycle and label fuel economy and what motorists say they achieve in their real world driving. The My MPG data have been analyzed three times before but with fewer samples and model years than are included in this analysis. Greene et al. (2006) regressed reported My MPG numbers against the EPA label estimates using the first 3,221 estimates supplied by customers of www.fueleconomy.gov. The EPA label estimates were based on the 1984 adjustment method since the study predated the 2008 adjustment method. The study found that the adjusted label estimates were nearly unbiased predictors of the average fuel economy of My MPG customers. On the other hand, the EPA label estimates were highly imprecise predictors of any given customer's MPG estimate. This led to the following conclusion.

> "These results imply that what is needed is not less biased adjustment factors for the EPA estimates but rather more precise methods of predicting the fuel economy individual consumers will achieve in their own driving." (p. 99)

Greene et al. (2006) also recomputed EPA label estimates for those customers who provided estimates of their percentages of city and highway driving. Using customer-specific city and highway MPG weightings reduced the mean standard error (MSE) of their model from 3.42 to 2.89, or by about 15%.

Lin and Greene (2011) analyzed 31,227 My MPG records using linear models and ordinary least squares (OLS) regression with robust error estimation. Their goal was to develop models that could more accurately predict a given individual's on-road fuel economy using data that could readily be supplied by the motorist. They found that accuracy rather than bias remained the chief limitation of the EPA label estimates, and that the bias of the 2008 adjustment method, relative to the My MPG numbers, was greater than that of the 1984 method. Their best model, however, was able to reduce the mean squared error (MSE) of prediction by only about one third versus the "naïve" prediction that on-road fuel economy equals EPA label fuel economy.

The ICCT's study of EU experience (Mock et al., 2013) includes a brief analysis of an earlier version of the My MPG data set used in this study. They concluded that the gap between U.S. test estimates and the on-road data was relatively steady at about 20% until model year 2003. After 2003, they found that the gap increased, reaching about 35 percent for model year 2012.

III. Data

Data for this study were obtained from the joint DOE/EPA website www.fueleconomy.gov . Since 2005, the website's My MPG section has offered its customers the opportunity to select their vehicles from its database, enter their own fuel economy estimates, compare their estimates with the official EPA label estimates, and share their estimates with other users of the website. The site accepts fuel economy estimates derived by any method, but it provides guidance on how to measure fuel economy and checks data entered for errors and plausibility (Goeltz et al., 2005). For those who want to create fuel purchase diaries, the site provides templates for entering odometer readings (or miles traveled), fuel quantities purchased, price paid, percentage

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of city and highway driving, and date for any number of refueling events. Consistency checks are made as data are entered, and potential errors are brought to the customer's attention. Alternatively, customers may supply estimates based on their vehicles' dashboard readout, their own calculations, or by simply guessing.[7] The distribution of vehicle records in the My MPG database by type of estimation method is shown in Table 1.

Table 1. Distribution of My MPG Data by Participant's Method of Calculation

Method	Frequency	Percent
Vehicle's Computer Display (dash)	11,804	15.3
Miles & Fuel Purchase Diary (miles)	15,086	19.56
Odometer & Fuel Purchase Diary (odom)	15,854	20.56
Calculated by Own Method (math)	32,645	42.33
Guess	779	1.01
Other & Unknown	958	1.24
Total	77,126	

For estimates to be accepted, the customer must respond affirmatively to a return e-mail sent by the site, as a guard against spurious or repetitive entries. In order for customer-supplied estimates to be shown on fueleconomy.gov, they must pass validity tests. For this study, however, all e-mail validated data were accepted. Outlier detection was based on statistical criteria, as described below.

The My MPG data are susceptible to a variety of errors, including simple recording errors or calculation errors by those doing their own calculations. However, the website provides forms with built-in error checking for those entering odometer readings and fuel purchases at each fill up. MPG estimates based on long trips or summer driving tend to overestimate total annual fuel economy, while measurements taken under unfavorable conditions, such as towing or driving in congested traffic or on snowy winter roads, result in underestimates. The variance of the My MPG estimates around either of the EPA estimates is relatively large. On the other hand, the My MPG data may be the best source of information about motorists' beliefs about their vehicles' fuel economies.

Figure 1 shows My MPG data plotted against the EPA combined unadjusted test cycle fuel economy estimates. The unadjusted test cycle estimates are used to determine vehicle manufacturers' compliance with federal fuel economy and greenhouse gas emission regulations. Four different powertrain technologies are shown in different colors. Unfortunately, there is no information about how often owners of flexible fuel vehicles (FFVs) use E85 versus gasoline. In the figures below FFVs are compared to their fuel economies when using gasoline. In Figure 1

7 In 4,708 cases, estimates made by different methods were provided for the same vehicle. In the case of such repeated observations, each estimate was treated as a distinct observation, resulting in 77,126 total observations for the 72,211 vehicles.

the majority of the data points for every powertrain technology fall below the line on which test cycle = reported on-road MPG, reflecting the well-known bias of the test cycle estimates.

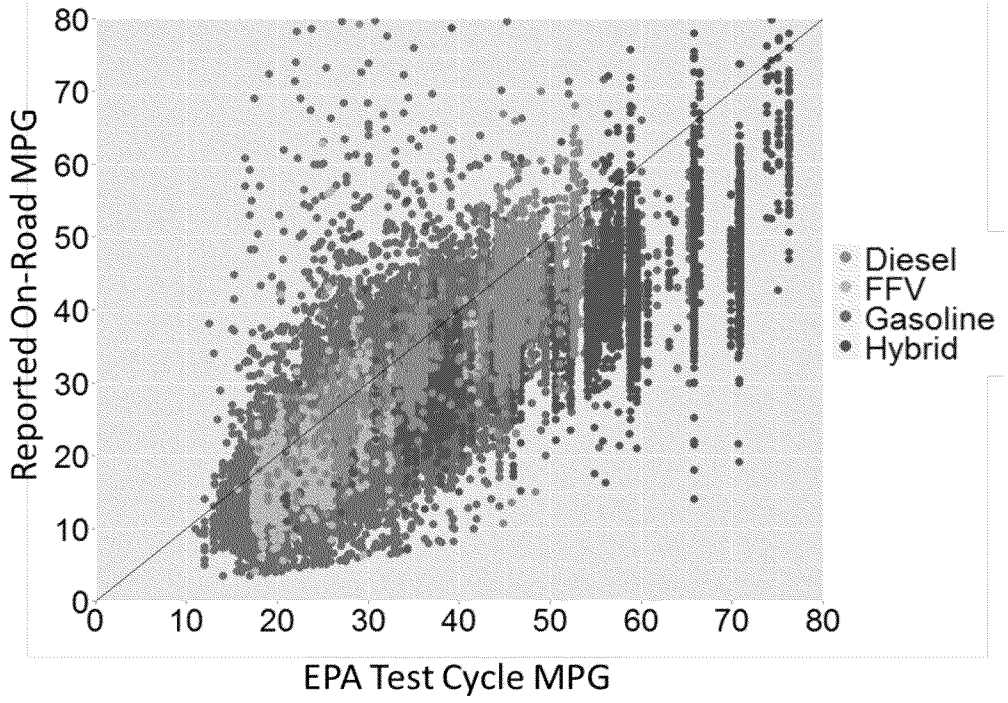

Figure 1. My MPG On-Road Estimates vs. EPA Test Cycle MPG Estimates for All Vehicle Types

Figure 2 shows My MPG data plotted against the current EPA label fuel economy estimate, which has been adjusted to better reflect average on-road fuel economy.[8] The adjusted label estimates are used to inform consumers in advertising and on the government website www.fueleconomy.gov. Bias is less evident in Figure 2, although for gasoline vehicles there appears to be a tendency for the label MPG to underestimate MPG at higher MPG values (most observations fall to the left of the line) and overestimate the reported on-road MPG at low MPG values (the majority of observations fall to the right of the line on which both values are equal and hence Label MPG > On-Road MPG). This tendency does not appear to apply to hybrid vehicles, however. Most estimates exceed the 2008 label MPG: 75% for gasoline vehicles, 93% for diesels and 60% for hybrids.

8 The 2008 adjustment method has been used for all model years, as implemented by www.fueleconomy.gov.

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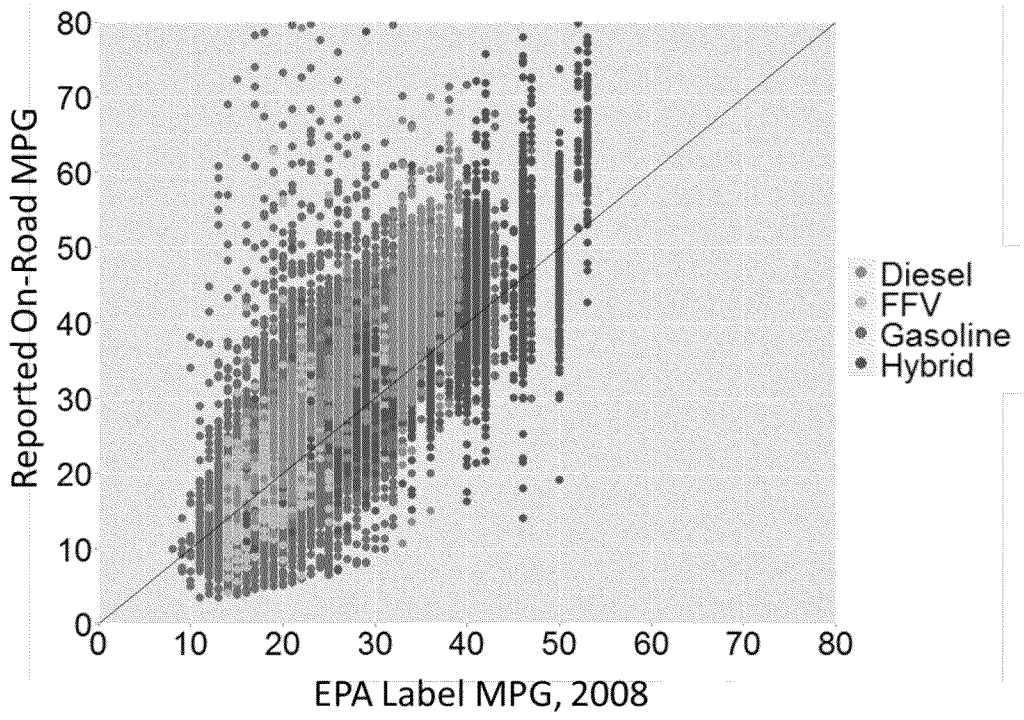

Figure 2. My MPG On-Road Estimates vs. EPA Label MPG Estimates for All Vehicle Types

The My MPG data have strengths and weaknesses. The large number of observations and detailed matches to the owners' vehicles by make, model, engine and transmission make this a unique publicly available source of information. There are observations from every state and for every model year of vehicle from 1984 to 2015. The information supplied by many participants about method of estimation and driving style enables additional inferences. A disadvantage of the My MPG data is that participants are a self-selected sample. While the distribution of the sample can be compared with other known distributions, there remains a potential for bias related to the participants' interest in fuel economy. The methods by which the data are provided by customers of www.fueleconomy.gov have not changed over time so that if there is a bias in the data it is likely to remain consistent over time.

While it is not possible to definitively establish bias or lack thereof, frequency distributions of the respondents give some indication of the representativeness of the sample. The distribution of respondents by type of vehicle is compared with model year sales by vehicle class from 2000 to 2014 (EPA, 2014b) in Table 2. Passenger cars appear to be over-represented in the My MPG sample and all types of light trucks somewhat under-represented.

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Table 2. Distribution of Vehicles by Vehicle Class for 2000-2014 Model Years

New vehicles as a share of production				Shares in My MPG sample	
	Mean	Min	Max		
Car	52.7%	47.7%	60.5%	Car	67.56%
SUV	27.7%	18.9%	35.7%	SUV	17.72%
Pickup	13.4%	10.1%	16.1%	Pickup	10.42%
Minivan/Van	6.2%	3.8%	10.2%	Minivan/Van	4.30%

The My MPG sample also appears to be reasonably geographically representative. A simple correlation of the sample frequencies by state with the 2010 Census state population estimates produced a correlation coefficient of 0.971. The correlation with the Federal Highway Administration's state motor vehicle registration estimates for 2010 was similar, 0.976.[9]

One might suspect that individuals who would monitor their vehicles' fuel economy and submit data to www.fueleconomy.gov would be more likely than the average driver to maximize fuel economy. Although the distribution of driving styles in the general population is not known, the distribution of participants by self-described driving style does not reveal a predominance of eco-drivers. Only 17% of the participants described themselves as more cautious than most drivers and only 2% said they drive to maximize fuel economy (Table 3). Nevertheless, the potential for bias in a self-selected sample remains. As a consequence, the results of this analysis must be interpreted with caution.

Table 3. Distribution of My MPG Participants by Self-Reported Driving Style

Driving Style of Primary Driver	Count	% 1 to 5	% of Total
Drives for maximum gas mileage (1)	602	2.23	0.78
Drives more cautiously than most (2)	4,709	17.43	6.11
Drives with the flow (3)	7,024	25.99	9.11
Drives a little faster than most (4)	9,709	35.93	12.59
Accelerates quickly and passes whenever possible (5)	4,978	18.42	6.45
Not reported	50,104	-	64.96
Total	77,126		

Three measures of fuel economy are used in the analysis below (Table 4). The corresponding distributions (including log-transformed distributions) are shown in Figure 3. The "My MPG" numbers are those reported by individuals throughout the U.S. using www.fueleconomy.gov's My MPG system. MPG numbers adjusted by the EPA for use on vehicle window stickers and for public information are termed "EPA Label" estimates. "EPA Test Cycle" estimates are the

9 Table MV-1, Highway Statistics 2010, accessed on 3/18/2015 at, http://www.fhwa.dot.gov/policyinformation/statistics/2010/mv1.cfm.

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unadjusted MPG estimates based on the EPA's city and highway cycle dynamometer tests. The test cycle estimates are used to certify manufacturers' compliance with fuel economy standards.

Table 4. Sample* Means of Three Fuel Economy Metrics

Fuel Economy Metric	Sample Mean	Std. Dev.
My MPG User Estimate	26.02	10.02
EPA Test Cycle Estimate	30.56	10.73
EPA Label Estimate	23.08	7.35

*Includes only gasoline, hybrid and diesel powertrains. Outliers deleted if My MPG > 150 or <2, or if more than 5 standard errors above or below regression line of My MPG on EPA Label Estimate. 76,755 observations remained in the sample.

Other variables describe vehicle attributes or represent fixed model year or state effects. The variable "cid" stands for cubic inch displacement but is actually a vehicle's engine size in cubic liters. Zero-one indicator variables include transmission type: "cvt" for continuously variable and "manual" for manual transmission. Transmissions with seven or more gears are designated by the variable "gears7", six or more by "gears6." Other indicator variables represent 4-wheel drive (fourwdr), all-wheel drive (allwdr), and front wheel drive (frontwdr). The categories of driving style are listed in Table 3, with the first five being represented by "style1" to "style5," consecutively. The methods by which participants estimated their fuel economies are represented by the (1,0) variables "dash," "miles," "odom" and "math," as shown in Table 1. The ten largest auto manufacturers are represented by (1,0) variables with the rest combined being the default. Model years 1984 to 2014 and the 50 states plus the District of Columbia are also represented by fixed effects, with 2015 and state not reported used as the default values.

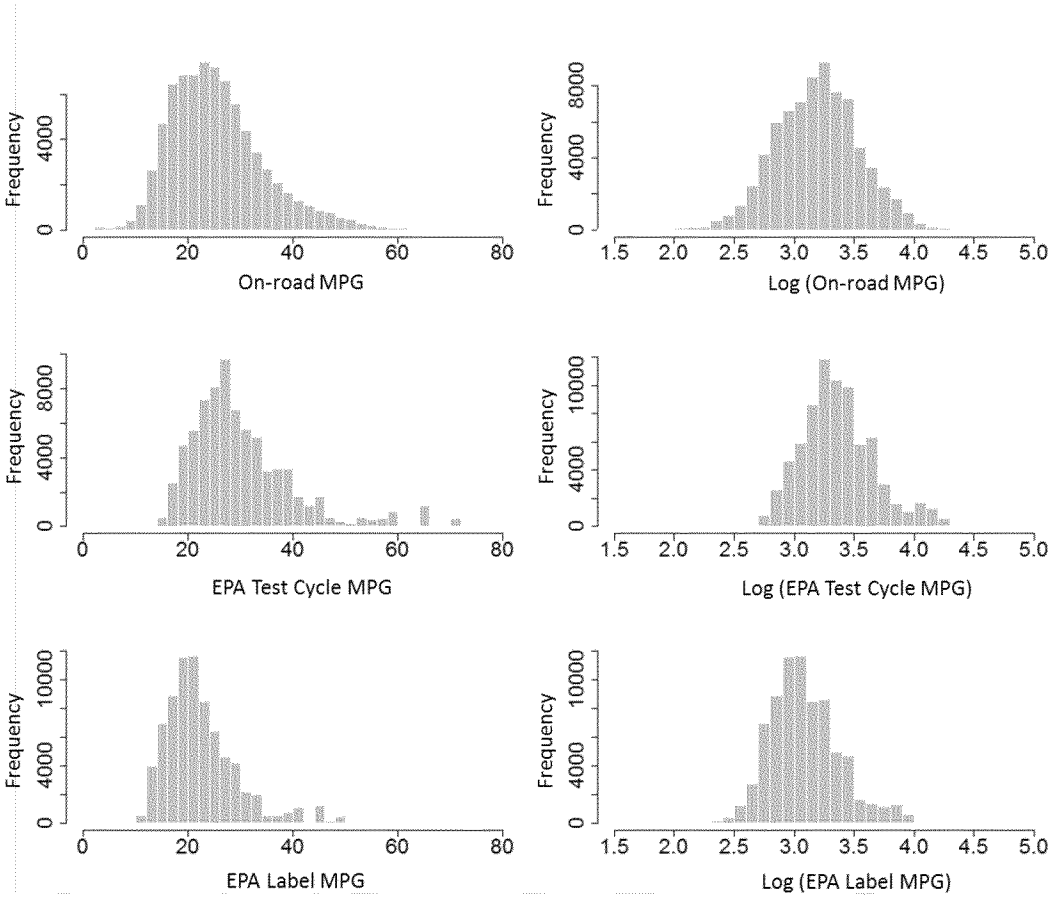

Figure 3 Distribution of My MPG, EPA Test Cycle and EPA Label estimates.

IV. Method

When estimating the relationships between MPG values measured on a dynamometer and those measured on the road, there are three reasons for preferring the log-log functional form. The first is that it treats fuel economy (miles per gallon) and fuel consumption (gallons per mile) symmetrically (log(mpg) = -log(gpm)). Estimated coefficients would have identical values and standard errors but opposite signs. Each coefficient represents the percent change in fuel economy for a 1% change in the respective variable. The second reason is that the effects of many of the factors influencing vehicle fuel consumption are multiplicative rather than additive. For example, the efficiency with which the chemical energy in fuel is converted into mechanical work at a vehicle's wheels is equal to the engine efficiency multiplied by the transmission efficiency, while the energy required to move a vehicle a given distance equals one over the drivetrain efficiency multiplied by the work that must be done to overcome aerodynamic drag, rolling resistance and inertia. The third reason, as will be shown below, is that the residuals from the log-log regression better approximate the more desirable properties of errors in regression models.

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The general estimating equation is therefore,

Equation 1

$$\log\left(MyMPG_i\right) = \alpha + \beta \log\left(testcycleMPG_i\right) + \sum_{j=1}^{n} b_j x_{ij} + \varepsilon_i$$

The coefficient β in the general equation represents the percent change in on-road MPG for a 1% change in test cycle MPG, controlling for the n variables x_{ij}. Alpha (α) is a common constant term, ε_i is a driver/vehicle-specific random error, and *i* is the index for each vehicle in the My MPG database. When the x_{ij} are (0,1) indicator variables, e^{b_j} is the multiplicative effect of factor j on MPG. For example, if $b_j = -0.05$, then $e^{b_j} = 0.951$, implying that the effect of factor j is to reduce fuel economy by 4.9%.

The unconditional value of β is also of interest as a measure of the average U.S. relationship between on-road and test cycle MPG.

Equation 2

$$\log\left(MyMPG_i\right) = \alpha + \beta \log\left(testcycleMPG_i\right) + \varepsilon_i$$

Finally, the linear relationship between on-road MPG and the EPA estimates posted on new vehicles' window stickers and used in advertising is also of interest because it describes the correlation between the information provided to consumers and what consumers experience. Larrick and Soll (2008) found that consumers interpret fuel economy information linearly in terms of miles per gallon rather than in terms of gallons per mile. A linear formulation is therefore used in this regression.

Equation 3

$$MyMPG_i = \alpha + b\left(labelMPG_i\right) + \varepsilon_i$$

All the regressions in this report were carried out using the STATA® "regress" procedure, with the "robust" correction for heteroskedastic errors.[10] Outliers for gasoline and diesel vehicles were identified by first regressing the log of observed MPG on the log of the combined test cycle fuel economy and a constant. The estimated variance of the residuals from the regression was used to detect potential outliers. Upper and lower bounds for outlier detection were increased in integer multiples of the MSE of regression until there was no evident truncation

10 STATA® is a registered trademark of StataCorp LP (2015).

in the graphs of residuals. The mean squared error (MSE) of the regression is relatively large, reflecting the degree of variance evident in Figures 1 and 2. Because the residuals from the regression were skewed towards negative values, the upper boundary was set at +5 standard errors while the lower boundary was set at -6 standard errors from the combined adjusted EPA label MPG estimate. Errors are multiplicative in the logarithmic model, so a lower bound of -6*0.336 allows a fuel economy estimate 87% below the regression line while an upper bound of +5*0.336 sets a limit of 5.4 times the regression line value. These outlier limits rejected only 302 observations (0.45%) from the gasoline vehicle sample. The MSE of the diesel regression is smaller but still large relative to predicted fuel economy. Only 13 hybrid records and five diesel records were deleted as outliers. The outlier detection regression results for gasoline and diesel vehicles are shown in Table 5.

Table 5. Outlier Detection Regressions of My MPG on EPA Test Cycle Combined MPG Estimates

Variable	Estimate	Standard Error	Significance Level	Root MSE	R-squared	No. Obs.
Gasoline Vehicles						
Test MPG	0.9990	0.0053	0.000	0.3360	0.34	67,679
Constant	-0.1807	0.0178	0.000			
Hybrid Vehicles						
Test MPG	0.8956	0.0155	0.000	0.2696	0.37	5,044
Constant	0.0974	0.0608	0.109			
Diesel Vehicles						
Test MPG	0.9327	0.0199	0.000	0.2012	0.51	2,267
Constant	0.1516	0.0735	0.039			

Analysis of the residuals from all the regressions reported below using the Stata™ hettest post-estimation tool indicated that they were heteroskedastic ($p = 0.000$) and skewed towards negative values. Therefore, all regressions reported below were estimated using the Stata™ variance covariance estimation procedure for robust errors.

V. Results

The simple regression model of equation (2) was estimated to determine the average relationship between test cycle and on-road MPG for all model years of gasoline, hybrid and diesel vehicles in the sample. Model year indicator variables were then added to the gasoline vehicle regression to explore the possibility of trends in the relationship over time. Next equation (3) was estimated for each of the three types of powertrains to measure the relationship between the information provided to consumers and their own fuel economy estimates. Finally, the more general equation (1) was estimated separately for each powertrain types and then again for only those gasoline vehicles with odometer based estimates.

Test Cycle and On-Road MPG Estimates

Relationships between the logarithms of reported on-road MPG and the EPA test cycle MPG without controlling for other variables were estimated to describe the average "shortfall" for all model years and vehicles implied by the My MPG estimates. Results are summarized in Table 6. Test Cycle MPG is significant at the 0.001 level, although the R^2 values are only 0.56 to 0.68, indicating a large amount of unexplained variance.

Table 6. Log-Log Regression of My MPG Estimates on EPA Test Cycle MPG Estimates (selected variables reported)

Variable	Estimate	Standard Error	Significance Level	Root MSE	R-squared	No. Obs.
Gasoline Vehicles						
Test Cycle MPG	0.9964	0.0034	0.000	0.214	0.56	67,377
Constant	-0.1566	0.0114	0.000			
Hybrid Vehicles						
Test Cycle MPG	0.9252	0.0098	0.000	0.160	0.64	5,031
Constant	-0.0115	0.0393	0.799			
Diesel Vehicles						
Test Cycle MPG	0.9511	0.0160	0.000	0.143	0.68	2,262
Constant	0.0858	0.0605	0.156			

The coefficient of Test Cycle MPG in the gasoline regression, 0.996, indicates that a 1% increase in fuel economy on the test cycle translated, on average, into almost exactly a 1% increase in fuel economy on the road. The shortfall is determined by both coefficients. For gasoline vehicles, the estimated shortfall from EPA test cycle estimates to My MPG on-road fuel economy estimates is approximately -15%. This is virtually identical to the approximately 15% reduction specified by the EPA's 1984 adjustment procedure (Hellman and Murrell, 1984), but somewhat less than the 19% to 20% shortfalls found by Mintz et al. (1993). It is also less than the approximately 20% average adjustment stipulated by the 2008 rule (EPA, 2006).

The hybrid results imply a shortfall of about 22% at an EPA test cycle MPG of 25, increasing to 27% at an EPA test cycle MPG of 60. For diesels, the shortfall is only about 7% at an EPA test cycle MPG of 25 and grows to 10% for a vehicle with an EPA test cycle MPG of 50. Both hybrids and diesels have MSE smaller than the gasoline vehicles. Still, even for diesels, a 2*MSE band would be approximately -23% to +30% of the predicted value.

Shortfalls for each drivetrain technology are shown in Figure 4 as a function of EPA test cycle MPG. The estimates are based on the regression results shown in Table 6 and represent the average relationship between test cycle and on-road MPG over the 1984-2015 model years. No

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model year effects or other variables were included in the regression. The estimated shortfalls for diesel and hybrid vehicles grow with increasing MPG, but the estimated shortfall for gasoline vehicles remains nearly constant at about 15% as MPG increases. Mathematically, this conclusion follows from the fact that the estimated coefficient of the logarithm of gasoline test cycle MPG is approximately 1.0 (0.9964). Early studies, in which carbureted gasoline engines predominated, indicated increasing shortfall with increasing MPG (e.g., McNutt et al., 1982).

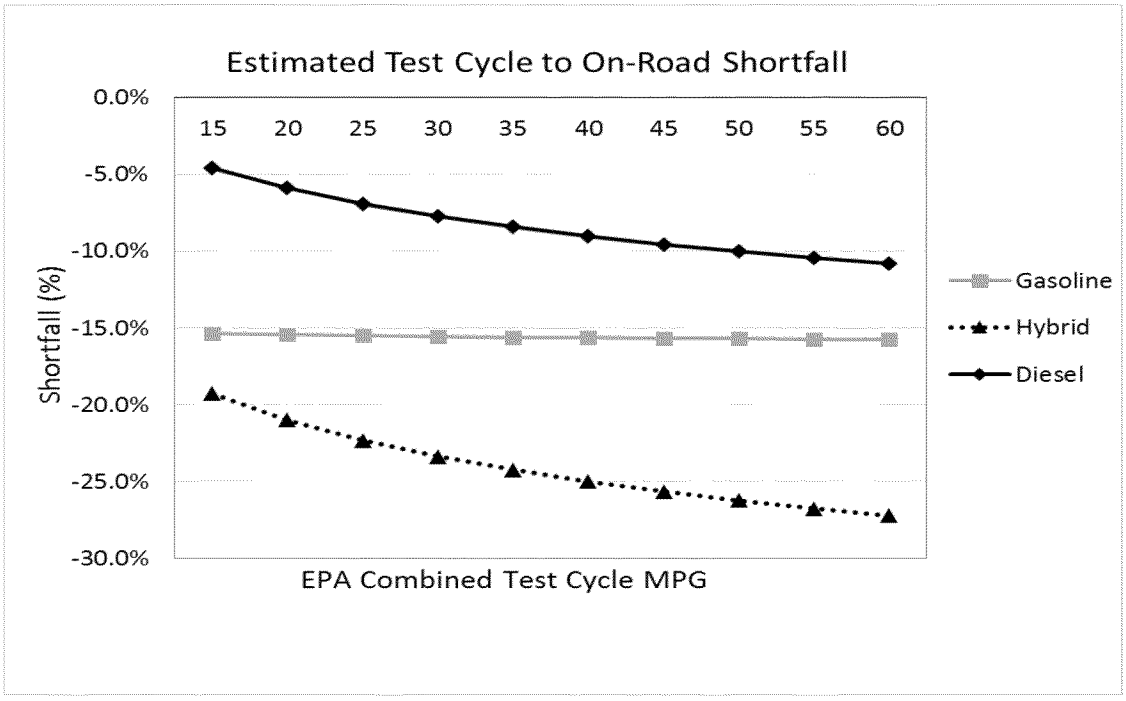

Figure 4. Estimated Shortfall as a Percentage of EPA Test Cycle MPG.

The My MPG data for gasoline vehicles indicates that the shortfall between on-road fuel economy and EPA test cycle estimates may have increased in recent years. A simple model was estimated that regressed the logarithm of My MPG versus the logarithm of EPA test cycle MPG, including model years 1984 to 2014 as indicator (0,1) variables. No other explanatory variables are included. An F-test indicated that the addition of the indicator variables was statistically significant at the 0.0001 level. The shortfall, Δ, is estimated as the ratio of the on-road MPG predicted by the model to the average test cycle MPG for light-duty vehicles reported by the EPA (2015, table 9.1) in the respective model year, minus 1. The MPG predicted by the model is the test cycle MPG raised to the power 1.042 (the coefficient of the log of test cycle MPG), multiplied by $e^{C+\delta_y}$, where C is the estimated constant term of the regression and δ_y is the estimated model year coefficient. Because the coefficient of the log of test cycle MPG is greater than 1.0, the shortfall is gradually reduced as MPG increases. The regression coefficients and related statistics can be found in the appendix.

The estimated fuel economy shortfalls for conventional gasoline vehicles by model year are shown as percent differences from the test cycle MPG in Figure 5. Upper and lower bounds based on the 95% confidence intervals of the model year coefficients are also shown. The estimated additional shortfall is very close to 15% from 1987 to at least 2006 and perhaps 2009.

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In 2010 it dips close to 20%, declines to over 25% in 2013 and then rebounds to about 22% in 2014 and 2015. Although the shortfall appears to have increased abruptly in recent years it may be stabilizing close to the 20% shortfall used by the EPA and NHTSA to estimate future benefits of the fuel economy and GHG emissions standards. As noted above, studies carried out in the 1970s and 1980s estimated that the shortfall increased from 1974 to 1977 and then stabilized in the vicinity of 15% to 20%. The U.S. trend is much less extreme than comparable shortfall estimates for vehicles sold in the EU, described above (Mock et al., 2014).

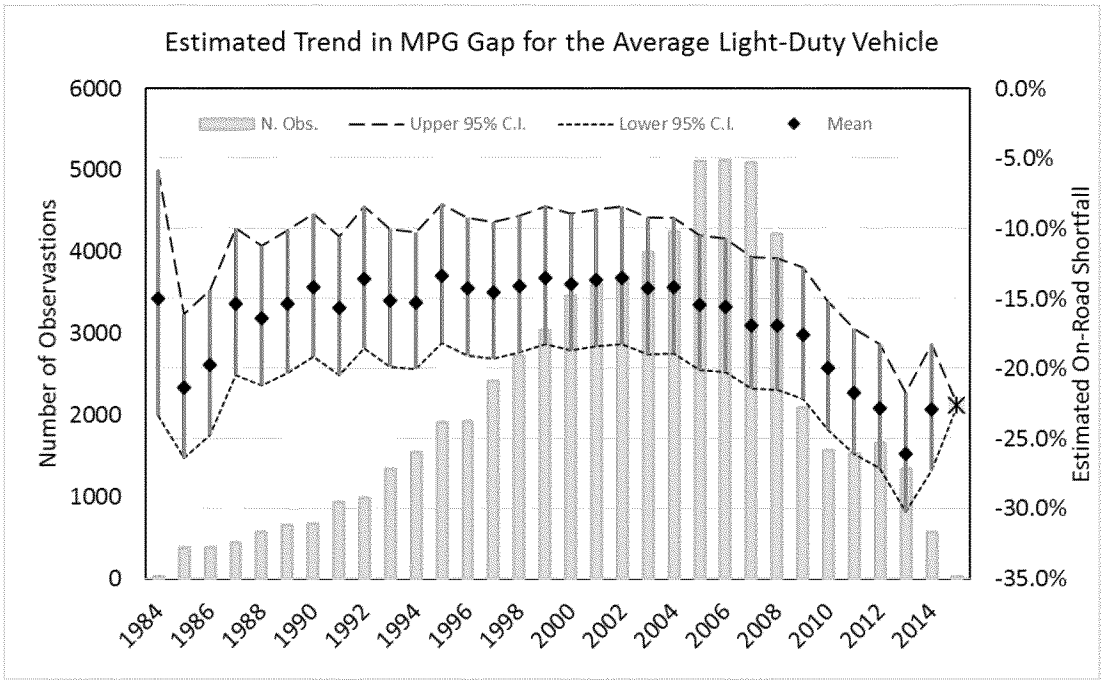

Figure 5. Estimated Fuel Economy Shortfall for Model Years 1984 to 2015.

Almost forty years ago, an apparent increase in shortfall followed the oil price shocks and gasoline shortages of 1973-74 and the adoption of the first fuel economy regulations in 1975. Similarly, the price of gasoline increased from about $2/gallon in 2004 to $3/gallon in 2008 and, after remaining nearly constant since 1985, the CAFE standards for light trucks were increased in 2005 and those for passenger cars in 2011. The timing of the increase in shortfall suggests the possibility that as standards are tightened (or gasoline prices increase) manufacturers increasingly design vehicles to perform well on the test cycle (and achieve higher label MPG), in the process increasing the gap between test cycle and on-road fuel economy. Blending of ethanol with gasoline approximately tripled between 2005 and 2011, at which point most gasoline contained approximately 10% ethanol by volume (EIA, 2015). Because ethanol has only 2/3 of the energy content of gasoline, this could increase the on-road shortfall by about 2%. The fuel economy estimates of recent model year vehicles would be based on fuel with approximately 10% ethanol while those of older model years would be more likely to be based on fuel with a lower ethanol content. Whether increasing gasoline prices or increasing fuel economy standards or ethanol use, or something else, caused the on-road gap to increase is an important topic for further investigation. Even more important is whether the gap will remain stable in the future, so that an increase in test cycle fuel economy continues to provide an equivalent percentage increase in on-road fuel economy. The apparent trend should be closely watched to insure that

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the gap does not increase further. Light-duty vehicle fuel economy on the test cycle increased from 24.0 MPG in 2004 to 30.6 in 2014, about 28% (EPA, 2014b). If the shortfall increased by about 7 percentage points over the same period, about one fourth of the test cycle fuel economy gain over that period may have been offset by the increased shortfall. However, because the rulemaking calculated the benefits of the standards assuming a 20% shortfall, the implication for the projected benefits is very small provided that the gap does not continue to grow.

Label and On-Road MPG Estimates

To estimate the potential bias and variance of individual estimates around the label numbers, linear regressions of the My MPG values on only the combined adjusted (2008) EPA label values and a constant were estimated. These regressions describe the correlation between the information provided to consumers and their reported on-road MPG (Table 7).

Table 7. Linear Regressions of My MPG Estimates on EPA Combined Adjusted Label MPG Estimates (selected variables reported)

Variable	Estimate	Standard Error	Significance Level	Root MSE	R-squared	No. Obs.
Gasoline Vehicles						
Label MPG	1.1521	0.0042	0.000	5.097	0.56	67,377
Constant	-0.4568	0.0879	0.000			
Hybrid Vehicles						
Label MPG	1.0757	0.0128	0.000	6.607	0.60	5,031
Constant	-1.5189	0.4888	0.002			
Diesel Vehicles						
Label MPG	1.2519	0.0188	0.000	5.709	0.60	2,262
Constant	-0.5601	0.5787	0.333			

In the gasoline vehicle regression, the coefficient of EPA label MPG implies that the on-road MPG of My MPG participants averages about 13% better than the EPA label rating at 20 MPG and increasing to 14% better at 50 MPG. The hybrid regression results imply a smaller bias, ranging from +2.5% at 30 MPG to +5% at 60 MPG. Because the constant term is not statistically significant, for practical purposes it would be reasonable for hybrid buyers to assume that average on-road MPG will equal the EPA label MPG. However, that is true only with respect to the national average MPG. An individual's experience is likely to differ greatly from the national average, as indicated by the MSE of more than 6 MPG. Diesels average +22% above the label values at 20 MPG, increasing to 24% at 50 MPG.

The fact that the fuel economy achieved by individuals will differ from the label estimate has long been recognized. Indeed, a statement to that effect is printed on every fuel economy label. The My MPG data indicate that the differences are relatively large. For a conventional gasoline vehicle with a label fuel economy of 25 MPG, the regression results indicate that a confidence

bound of +/- 2*(root mean squared error) is +/- 40% of the label value. If a 25 MPG vehicle travels 10,000 miles per year and gasoline costs $2.50/gallon, the consumer can be 95% certain that its fuel costs will be somewhere between $600 and $1,400. Uncertainty of this magnitude can seriously hinder a consumer's ability to make informed choices about fuel economy (Greene, 2011; Greene et al., 2013).[11]

Factors Correlated with On-Road MPG

The following sections describe the results of an expanded regression analysis, including additional variables describing vehicle technologies and driver attributes, as shown in equation 1. As in equation 1, all the expanded models regress the My MPG estimates against the test cycle MPG estimates and other variables. Key results are highlighted in the following sections. Full listings of coefficient estimates and related model statistics for the regressions are provided in an appendix to the report.

Gasoline Internal Combustion Engine Vehicles

This section describes the results of the expanded regression on the subset of vehicles with conventional gasoline engines. Because test cycle fuel economy is one of the explanatory variables, the coefficients of the technology and driver variables do not measure their total impact on fuel economy but instead measure impacts on on-road fuel economy relative to the test cycle. A positive coefficient indicates that a technology increases on-road fuel economy relative to the typical on-road vs. test cycle relationship. A negative coefficient indicates on-road performance that is below average. For example, a technology that increased fuel economy by 5% on the test cycle but only 4% on the road would have a coefficient of about -0.01. The coefficient of -0.01 represents a 1 percentage point increase in the average shortfall, say from 15% to 16%.

When additional variables are included, the coefficient of test cycle fuel economy has a mean value of 0.74, with a 95% confidence interval of 0.72 to 0.76, indicating that a 1% increase in test cycle fuel economy corresponds to a 0.74% increase in on-road fuel economy, all else being equal. Other factors are not equal, however, and they have a substantial influence on on-road fuel economy. Vehicles with larger displacement engines do slightly worse on the road: a doubling of engine size reduces on-road performance by about 2.6% relative to the test cycle.[12] Vehicles with continuously variable transmissions (CVT) appear to get about the same miles per gallon on the road relative to their test values as vehicles with conventional transmissions. Manual transmissions do about 6.9% better than automatics in real world driving. Turbocharged engines are estimated to add about 1.7% to the on-road shortfall in comparison to naturally

11 An important, unanswered question is whether car buyers assume a high degree of correlation among fuel economy estimates for cars they are considering buying. This may depend on whether deviations from label fuel economy ratings are strongly correlated for vehicles owned by the same household. This issue is not analyzed in this report. Further analysis of the odometer and miles data are planned and may shed some light on this question.

12 All the results reported in this section have a level of statistical significance of 0.05 or better, except where noted otherwise. Detailed results may be found in the appendix.

aspirated engines. The shortfall for turbocharged pickups is about 6% larger, a result that is consistent with a recent study by AAA (2015) also based on the My MPG data. However there were a relatively small number (67) of turbocharged pickup trucks in the dataset. On the other hand, the 542 turbocharged SUVs in the dataset do not show a statistically significant increase in their on-road shortfall, suggesting that the pickup effect may be a result of differences in usage (e.g., towing and hauling). Vehicles with higher gear counts appear to have a somewhat reduced shortfall but this result has a significance level of only 0.094. Four-wheel drive performs about 1.8% worse on the road while front wheel drive does about 1.3% better. With the exception of manual transmissions, none of the technology impacts are greater than 3%, indicating that the test cycle results are not strongly biased relative to on-road performance by these technologies.

Driving style matters. The estimated coefficients are relative to the style of the majority of observations which do not include a description of driving style.[13] If the observations without an indication of driving style have driving styles similar to those that do, the driving style coefficients can be interpreted as differences from the typical driver. Drivers who described themselves as driving "for maximum fuel economy" or "more cautiously than most," reduced their on-road short-fall by about 12% in comparison to those who chose "accelerate quickly and pass whenever possible" and by 8-10% relative to the average driver. The benefit of the more cautious driving styles closely matches other estimates of what an average driver can achieve by "eco-driving" (Greene, 1986; Kurani et al., 2013; IEA, 2005; Kurani et al., 2005).

There are a few statistically significant effects associated with manufacturers, but they combine the unobserved effects of driver behavior and environment with the design and manufacture of the vehicles. In general, manufacturer effects are small. The estimated coefficients range from 2.7% to 5.1% decreases in on-road performance for Ford, Chrysler, Nissan and Hyundai vehicles to zero effects for GM, Honda, Toyota and Volkswagen, to 0.7% to 1.5% increases for BMW and Daimler. Again, it is not possible to attribute these effects to a vehicle's design and manufacture since they include unknown effects of behavior and environment.

Vehicle class effects (measured relative to compact cars) tend to be larger, with light trucks having greater shortfalls than passenger cars. The coefficients of minivans, SUVs, pickups, vans, and special purpose vehicles imply increased shortfalls of 6.4% to 11.5%, in comparison to compact passenger cars. Once again, the estimated effects cannot distinguish effects due to the way the vehicles are used (e.g., towing, hauling or off-road operation) from how they are designed.

In the expanded regression model the only model year effects significant at the 0.5 level are associated with the oldest two model years (1985, 1986) and model year 2013. Nonetheless, an F-test indicated that the model year effects, taken as a whole, are statistically significant at the 0.0001 level. The estimated effects for the oldest vehicles may reflect differences in usage patterns (e.g., shorter trips) and mechanical performance due to the age of the vehicles as much

13 The option to specify driving style was added in 2007 after the My MPG system had been in effect for several years. Thus, early participants did not have the opportunity to indicate their driving style.

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as model year specific effects. In general, the data do not indicate a deterioration of on-road fuel economy performance with age over the typical 15-year lifespan of a light-duty vehicle (Figure 6). Although most year effects are not individually statistically significant, the pattern of the model year coefficients is similar to that in Figure 5 which suggests the possibility of an increasing shortfall in the more recent model years when fuel economy standards have been increasing (Figure 6). Because these coefficients are generally not close to being statistically significant, conclusions cannot be drawn about their meaning. Considered together with the model year effects described above, this result suggests that the apparent increase in shortfall shown in Figure 5 can be statistically explained in part by the additional technology, vehicle class, and other variables included in the expanded regression model.

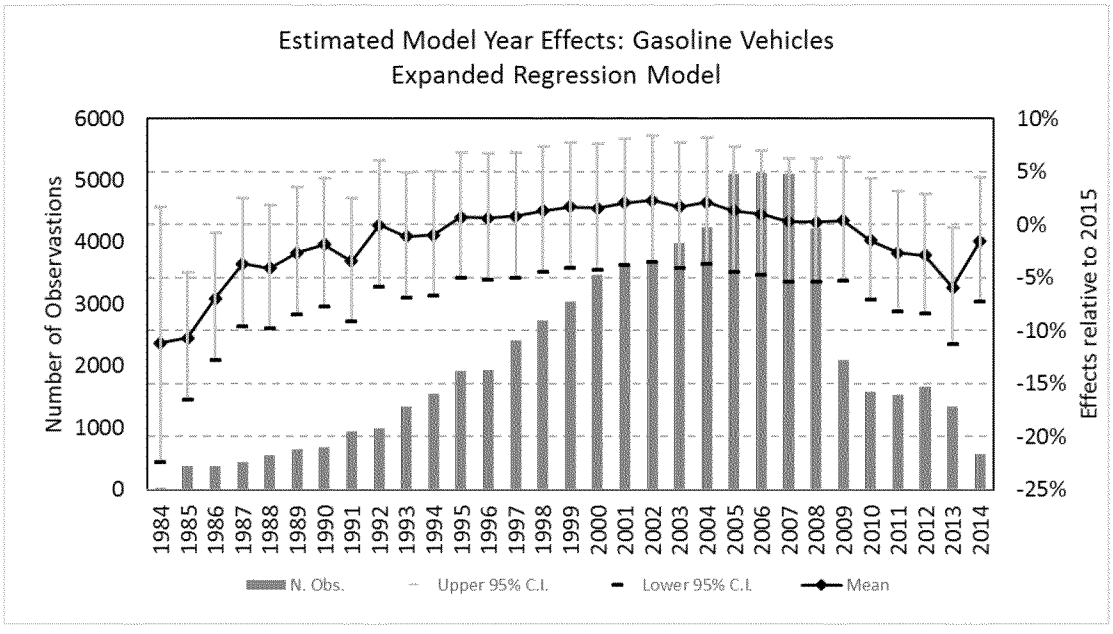

Figure 6. On-road Fuel Economy Performance Compared with Vehicles of 2015 Model Year

All but ten state effects are statistically significant at the 0.05 level. A positive state effect indicates that the shortfall in that state is less than the default shortfall. The default is no state specified, and nearly all states with statistically significant effects have effects that are greater than zero (CA, DC and HI are exceptions). The state effects represent a combination of impacts on fuel economy that vary geographically, including temperature, traffic congestion, speed and trip length. Because some factors reduce the on-road shortfall (e.g., longer trip lengths, mild temperatures) while others increase it (e.g., congested driving conditions, cold weather) it is difficult to discern consistent patterns in the state effects (Figure 7).

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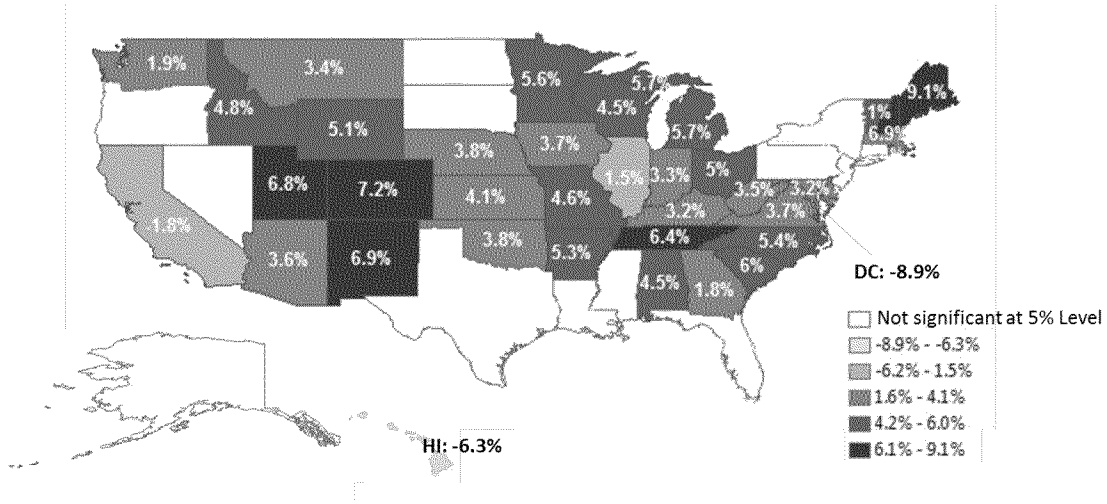

Figure 7. Estimated State Effects: Gasoline Regression Model

The impact of method of estimation is interesting in part because, like the effect of driving style, it is indirectly related to the issue of self-selection bias. Differences among estimation methods could reveal tendencies for those reporting MPG numbers to "self-enhance" in order to appear achieve better than expected fuel economy. Four methods of estimation were represented in the model:

1. Dash: MPG estimate obtained from a vehicle's dashboard display.

2. Miles: MPG estimated by dividing miles between fill-ups by gallons purchased. Participant supplies miles between fill-ups but not odometer readings.

3. Odometer: MPG estimated by fueleconomy.gov by subtracting the odometer reading at the current fill up from the reading at the previous fill up and dividing by gallons purchased at the current fill up. Most records consist of multiple fill ups and MPG is calculated as the sum of miles divided by the sum of gallons.

4. Math: MPG calculated by customer using own, unspecified method.

In the regression the default method is "did not answer", "other" or "guess". About 2.4% of the sample is in this category

Because of the error checking provided by www.fueleconomy.gov during the entry of odometer data, and because of the additional error checking performed for this study, the odometer and miles methods are believed to be the most reliable methods. In theory, the miles-based diary method should produce results similar to the odometer method, since both should be based on the same data: fuel purchases and miles traveled between fuel purchases. This seems to be the case. The estimated effects of the miles and odometer methods are close to each other, relative to the other methods. The "Odometer" method effect is statistically different from zero (at 2.1%), i.e., from the default category, although the "Miles" method effect is not. The effect of using a dashboard estimate is approximately 6.7% higher fuel economy than the default, while the "Math" method produces about 5.6% higher estimates.

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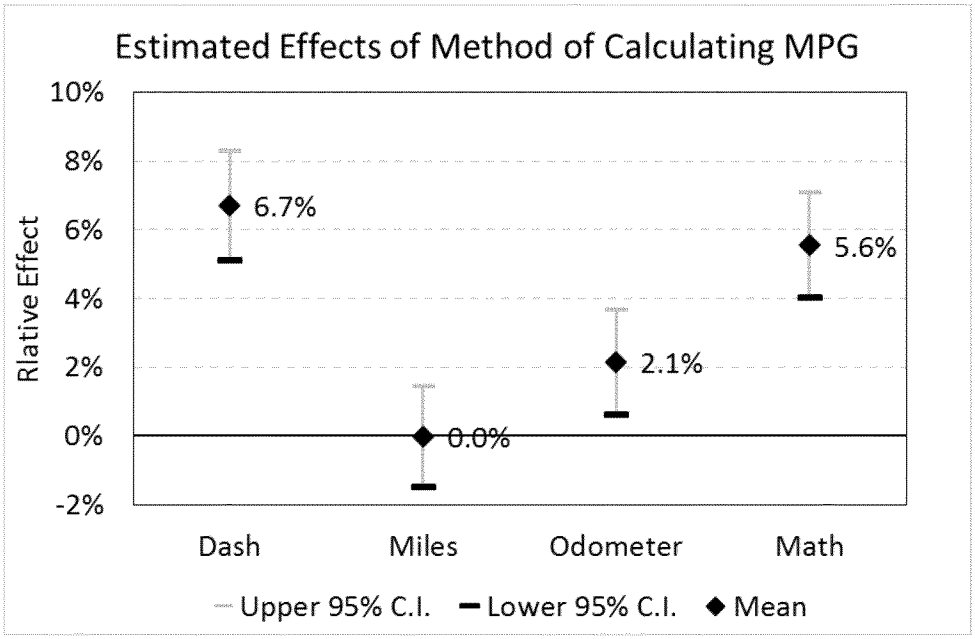

Figure 8. Estimated Effects of Method of Calculating MPG

Even after taking all the above factors into account, the unexplained variance in the My MPG estimates for conventional gasoline vehicles is substantial. A two MSE confidence interval would be +49% to -33% of the predicted value. For a vehicle with a predicted fuel economy of 25 MPG, the two MSE interval would be 17 to 37 MPG.

Following the discussion of results for hybrids and diesels, we report estimates based only on the odometer sample of conventional gasoline vehicles (12,268 records) for comparison with the full sample. A more detailed analysis of the odometer and miles-based data is planned for future study.

Hybrids

The usable sample of hybrid vehicles for the expanded regression is much smaller, 4,807 records, but it includes all years in which hybrids were sold in the U.S. from 1999 to 2015. The coefficient of test cycle MPG is smaller for hybrids than for gasoline vehicles: 0.67 vs. 0.74. The effect of (internal combustion) engine displacement is greater for hybrids: for every 10% increase in displacement fuel economy decreases by an average of 4.6%. The coefficient of CVT, is positive at 2.9%. The effect of a manual transmission is surprisingly large, a 13 percentage point reduction in the test cycle to on-road MPG shortfall; however, the early Honda Insights predominate in this group. Turbocharged hybrids are estimated to have a 20 percentage point greater shortfall but few hybrids are turbocharged. The effect of six or more gears is not significant. Four wheel or all-wheel drive vehicles have a 2.5 percentage point larger shortfall.

The effect of driving style is similar to that for gasoline vehicles. This may be surprising since many believe that hybrid vehicles are more sensitive to driving style than conventional gasoline vehicles. Like the drivers of conventional gasoline vehicles, those who drive "more

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cautiously than most" or "for maximum fuel economy" get 10% to 12% better fuel economy than those who "accelerate quickly and pass whenever possible".

Relative to compacts (the default vehicle class), two-seater (mostly Honda Insights), do about 11% better on the road. SUVs are estimated to have about 9.7% larger shortfalls and large cars 7.4% larger shortfalls. Most manufacturer effects are not statistically significant. Most of the model year and state fixed effects are not statistically significant, in part reflecting the smaller sample size.

With respect to the methods of estimating MPG for hybrids, none of the method effects are statistically significantly different from zero.

Diesel

The diesel sample for the expanded regression is even smaller than the hybrid sample, totaling 2,116 usable records. As a consequence there are many fewer statistically significant variables. The coefficient of test cycle MPG is only 0.62, indicating that on-road fuel economy increases more slowly with test cycle fuel economy than for gasoline vehicles, other things being equal. Vehicles with manual transmissions have a smaller shortfall by 5.4 percentage points, but none of the other technology coefficient estimates are statistically significant. The effect of driving style on diesel fuel economy is smaller than that for gasoline vehicles with the most efficient two styles getting 6% to 7% better on-road fuel economy than the most inefficient. For diesels, the effect of the odometer method is also not significantly different from the miles method. Those basing their estimates on dashboard readouts report about 10% higher fuel economy relative to their test cycle numbers than those using the odometer method. Among vehicle classes, pickups and vans are estimated to have significantly greater shortfalls: -17% and -38%, respectively. Again, usage patterns are likely an important reason for the increased shortfall. Only one manufacturer effect is significant at the 0.05 level. None of the model year effects was statistically significant at the 0.01 level.

Odometer Sample for Gasoline Vehicles

The expanded model was re-estimated on the subsample of gasoline vehicles using the odometer record (12,268 usable records). The coefficient of test cycle MPG was slightly smaller 0.68 vs. 0.74. The estimated coefficients of most other technology variables were similar, although fewer were statistically significant. Four of the five driving style coefficient estimates were significant (relative to no answer). Again, the self-described fuel economy maximizing and more cautious groups did about 9% to 10% better than the most aggressive drivers. Most vehicle class effects were significant and, again, passenger cars had somewhat smaller shortfalls than light trucks.

The odometer data show a trend of increasing shortfall in model years that is very similar to the full gasoline vehicle sample (Figure 9). Like the full gasoline sample estimates, the effects are relative to 2015. In general, the individual model year effects are not statistically significant but the combination of all model year effects is statistically significant at the 0.003 level. Individually, only the effect for 1998 appears to be statistically significant. When compared with the statistically significant model year effects illustrated in Figure 5, this result and that for

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the full gasoline sample indicate that the variables included in the expanded regression model explain much of the increase in on-road shortfall since 2004 or 2005.

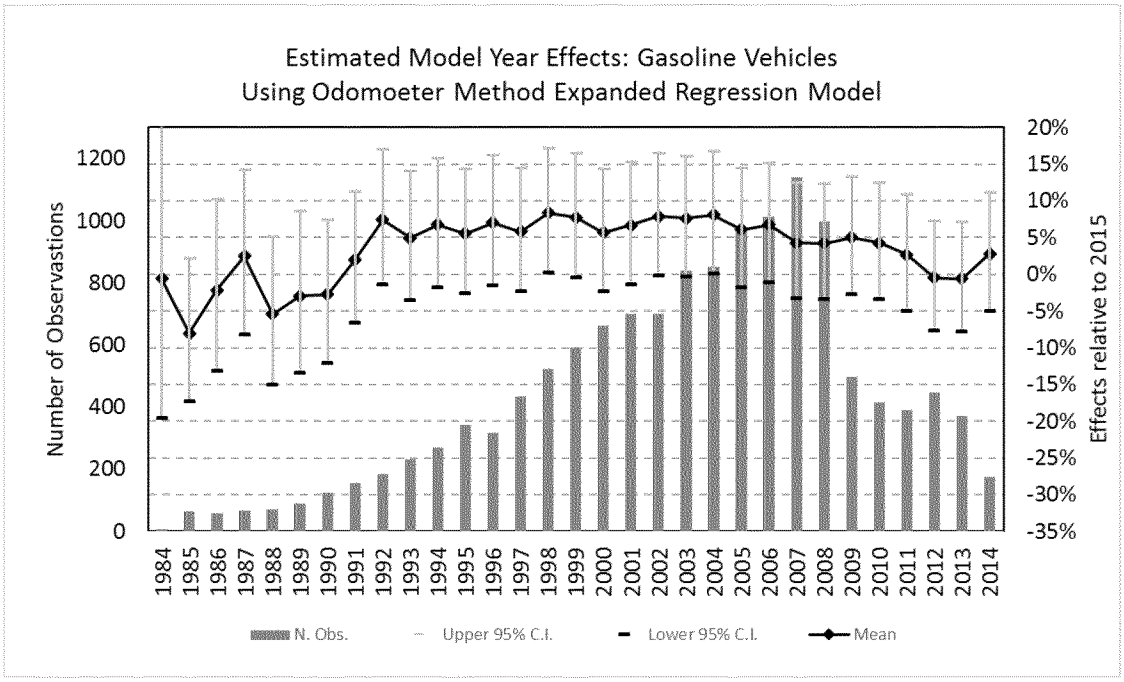

Figure 9. Estimated Fuel Economy Shortfall, Odometer Records: 1984-2014.

V. Conclusions

Perhaps the most important conclusion that can be confidently drawn from the My MPG data is that the variance of the fuel economy estimates reported by individuals is very large relative to the EPA MPG estimates for their vehicles. This conclusion is almost certainly valid whether the My MPG dataset is biased by self-selection or whether some individuals' estimates are inflated by self-enhancing behavior. A very large fraction of the variation in individual estimates could not be accounted for by the vehicle and driver variables included in our full regression models. As Greene et al. (2007) and Lin and Greene (2011) observed, it appears that the EPA MPG estimates are not strongly biased in comparison to the average fuel economy of all drivers, but that the estimates of individual drivers vary widely around the label estimates. This is to be expected given the variations in driving behavior, traffic conditions and other factors. Nonetheless, it reduces the value of fuel economy information in car buying decisions and could be an important explanation for why car buyers appear to undervalue fuel economy in car buying decisions (Sallee, 2013; Greene et al., 2013).

Modern information technology may offer a way to develop individualized fuel economy estimates. The information available from a modern vehicle's computer control system could be combined with existing information technology to generate individualized driving cycles. Driving cycles for individual motorists could be used with vehicle simulation models, calibrated to individual vehicles, to develop personal fuel economy estimates for both new and used

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vehicles. While it is not clear how much estimation errors could be reduced, we believe this is an important area for future research that has the potential to enhance the value of fuel economy information to consumers.

The simple gasoline, hybrid, and diesel regression models indicate that, on average, a 1% increase in test cycle fuel economy has translated into very nearly a 1% improvement in on-road MPG. This is important because it indicates that relative improvements on the test cycle have produced equal relative improvements in on-road MPG. However, simple regressions including fixed effects for recent model years suggest that the test cycle vs. on-road gap has been growing in those years in which fuel economy standards have been increasing. Taken at face value, these results suggest that roughly one-fourth of the gain on the test cycle may have been offset by an increased gap. However, the impact on the fuel consumption and greenhouse gas reductions estimated for the standards is very small because the EPA rulemaking assumed the gap had increased from 15% to 20%. On the other hand, model year effects estimated using the expanded model, whether based on the full gasoline vehicle sample or just those using the odometer method, do not show such a large increase in the shortfall. This suggests that the technology, vehicle class and other variables included in the expanded model explain most of the increased shortfall. Given the limitations of the sample design, the evidence for an increasing gap in the U.S. is not definitive and will have to be resolved by future research.

Driving style affects real-world fuel economy. Those who describe themselves as driving cautiously or attempting to maximize their fuel economy get about 10% more miles per gallon than average or aggressive drivers.

Turbo-charged engines appear to achieve slightly lower fuel economy in the real world than would be predicted based on their test cycle numbers. The same applies to 4-wheel drive vehicles and those with larger engines. The increases in the shortfall are small, however. In general, the on-road shortfalls for light trucks are greater than those for passenger cars. How much of this is due to how the vehicles are driven versus design and technological factors is not known.

Although the data analyzed in this report are based on a self-selected sample, there are reasons to believe that the inferences drawn from it may be reliable. First, the distribution of vehicle types in the sample is generally similar to that of the vehicle fleet as a whole. Second, the vast majority of drivers do not describe themselves as driving to maximize fuel economy or even as driving more cautiously than most. Third, the statistical inferences based only on the data from drivers using the most rigorous odometer method are not generally different from those using other methods. Fourth, the estimates of the MPG shortfall, technology effects and driving style effects are generally consistent with the existing literature.

Nevertheless, the importance of fuel economy numbers for the enforcement of CAFE and GHG emissions standards and for informing car buyers' decisions, together with the unresolved issues raised by this analysis, point to the need for further research. The authors plan to carry out a more detailed analysis of the odometer data to investigate how fuel economy varies over time, how errors relate to the length of the odometer diary record, and possible correlations among

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vehicles owned by the same household. Unfortunately, even this more detailed analysis will be limited by the sample design.

Ultimately, a new scientifically designed survey of in-use fuel economy is needed to insure that an unbiased sample is collected and that fuel economy is rigorously and consistently measured for all vehicles. In 2011 Transport Canada launched a Canadian Vehicle Use Study to measure the on-road fuel economy of Canadian vehicles by means of automated data loggers connected to each vehicle's computer system (Transport Canada, 2015). With lessons learned from the Canadian experience, the U.S. may be able to develop efficient and scientifically rigorous methods for measuring the relationship between test cycle fuel economy and consumers' experience in real world driving.

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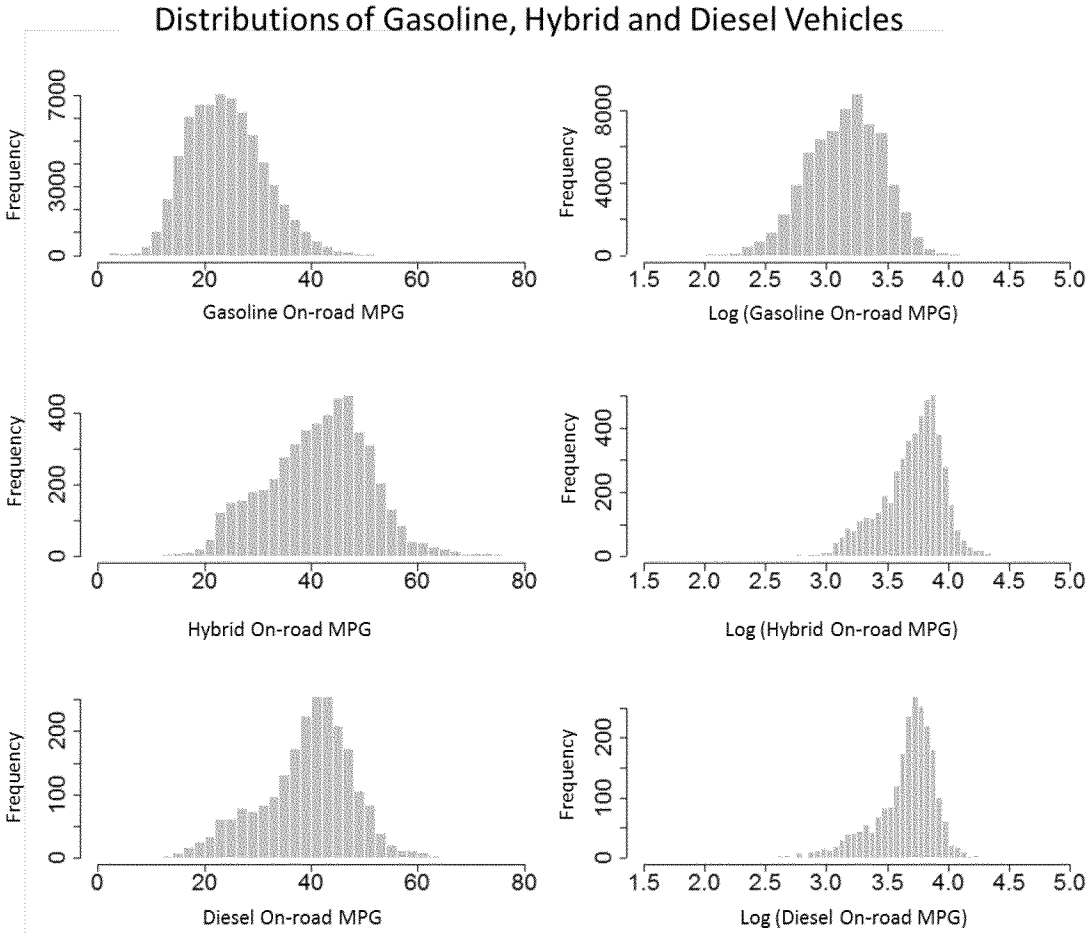
Appendix:

Complete Models for Gasoline, Hybrid and Diesel Vehicles and Distributions for Dependent Variables



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Gasoline Model			Hybrid Model			Diesel		
Variable	Estimate	P-value	Variable	Estimate	P-value	Variable	Estimate	P-value
lucombined	0.744**	0.000	lucombined	0.667**	0.000	lucombined	0.623**	0.000
cid	-0.026**	0.000	cid	-0.046**	0.000	cid	-0.023	0.281
cvt	-0.004	0.374	cvt	0.029*	0.049	manual	0.054**	0.000
manual	0.069**	0.000	manual	0.130**	0.000	turbo	-0.025	0.287
turbo	-0.017**	0.000	turbo	-0.200**	0.001	gears7	0.065	0.050
gears7	0.022	0.094	gear6	0.059**	0.009	fourwdr	-0.092*	0.028
fourwdr	-0.018**	0.000	fourwdr	-0.025*	0.035	allwdr	-0.110*	0.017
allwdr	-0.012	0.092	dash	0.014	0.720	dash	0.018	0.562
frontwdr	0.013**	0.000	miles	-0.001	0.983	miles	-0.061*	0.040
dash	0.065**	0.000	odom	-0.025	0.536	odom	-0.084**	0.006
miles	0.000	0.975	math	0.011	0.793	math	-0.032	0.278
odom	0.021**	0.005	style1	0.034*	0.026	style1	0.019	0.522
math	0.054**	0.000	style2	0.060**	0.000	style2	0.034**	0.006
style1	0.102**	0.000	style3	0.015*	0.014	style3	0.011	0.238
style2	0.083**	0.000	style4	-0.014*	0.022	style4	-0.027**	0.004
style3	0.029**	0.000	style5	-0.057**	0.000	style5	-0.036**	0.000
style4	-0.002	0.313	bmw	0.479**	0.000	bmw	0.014	0.861
style5	-0.033**	0.000	chrysler	-0.048	0.851	chrysler	-0.124	0.152
bmw	0.007	0.208	daimler	0.708**	0.000	daimler	-0.060	0.477
chrysler	-0.027**	0.000	ford	0.016	0.696	ford	-0.038	0.723
daimler	0.015	0.066	gm	-0.011	0.804	gm	0.027	0.745
ford	-0.028**	0.000	honda	0.011	0.791	nissan	0.199**	0.001
gm	-0.002	0.610	hyundai	-0.037	0.419	toyota	-0.008	0.936
honda	0.002	0.621	nissan	-0.049	0.285	vw	0.048	0.528
hyundai	-0.051**	0.000	toyota	0.021	0.610	class2	0.019	0.772
nissan	-0.035**	0.000	vw	0.066	0.261	class3	0.032*	0.010
toyota	0.002	0.546	class2	-0.074**	0.000	class4	-0.173*	0.036
vw	0.002	0.684	class3	-0.018	0.099	class5	-0.009	0.848
class2	-0.001	0.777	class4	-0.017	0.855	class6	-0.044	0.660
class3	-0.009**	0.001	class5	-0.097**	0.000	class7	-0.009	0.490
class4	-0.091**	0.000	class6	0.111**	0.000	class8	-0.378**	0.000
class5	-0.084**	0.000	modelyear1	0.022	0.506	class9	-0.043**	0.000
class6	-0.064**	0.000	modelyear2	0.053	0.071	modelyear1	-0.081	0.461
class7	-0.068**	0.000	modelyear3	0.056*	0.047	modelyear2	0.033	0.560
class8	0.003	0.285	modelyear4	0.042	0.132	modelyear3	0.060	0.330
class9	0.033**	0.000	modelyear5	0.054	0.056	modelyear4	0.055	0.314
class10	-0.115**	0.000	modelyear6	0.066*	0.016	modelyear5	-0.002	0.978
class11	-0.017**	0.000	modelyear7	0.067*	0.018	modelyear6	-0.061	0.344
modelyear1	-0.118	0.087	modelyear8	0.039	0.165	modelyear7	-0.018	0.774
modelyear2	-0.113**	0.001	modelyear9	0.066*	0.024	modelyear8	0.045	0.387
modelyear3	-0.072*	0.029	modelyear10	0.058*	0.031	modelyear9	0.074	0.143
modelyear4	-0.038	0.241	modelyear11	0.024	0.377	modelyear10	0.149	0.202

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modelyear5	-0.042	0.178	modelyear12	0.024	0.384	modelyear11	-0.030	0.661
modelyear6	-0.027	0.390	modelyear13	0.016	0.560	modelyear12	0.028	0.680
modelyear7	-0.019	0.551	modelyear14	0.016	0.600	modelyear13	-0.005	0.930
modelyear8	-0.035	0.254	stdum1	-0.173**	0.002	modelyear14	-0.024	0.681
modelyear9	-0.001	0.986	stdum2	-0.013	0.648	modelyear15	0.011	0.820
modelyear10	-0.011	0.706	stdum3	0.037	0.393	modelyear16	-0.022	0.645
modelyear11	-0.010	0.747	stdum4	0.035	0.093	modelyear17	-0.023	0.602
modelyear12	0.007	0.814	stdum5	-0.029	0.132	modelyear18	0.007	0.873
modelyear13	0.006	0.846	stdum6	0.026	0.238	modelyear19	-0.002	0.960
modelyear14	0.008	0.798	stdum7	-0.011	0.636	modelyear20	0.016	0.725
modelyear15	0.013	0.663	stdum8	-0.003	0.936	modelyear21	0.004	0.929
modelyear16	0.017	0.579	stdum9	-0.012	0.756	modelyear22	0.023	0.612
modelyear17	0.015	0.613	stdum10	0.009	0.682	modelyear23	0.020	0.661
modelyear18	0.020	0.500	stdum11	0.014	0.549	modelyear24	-0.051	0.360
modelyear19	0.023	0.447	stdum12	-0.002	0.948	modelyear25	-0.058	0.329
modelyear20	0.017	0.576	stdum13	-0.005	0.873	modelyear26	-0.041	0.368
modelyear21	0.021	0.485	stdum14	0.066	0.288	modelyear27	-0.017	0.691
modelyear22	0.013	0.661	stdum15	0.015	0.482	modelyear28	-0.010	0.823
modelyear23	0.010	0.738	stdum16	0.028	0.246	modelyear29	-0.012	0.793
modelyear24	0.003	0.922	stdum17	-0.059*	0.036	modelyear30	0.004	0.928
modelyear25	0.003	0.932	stdum18	-0.004	0.869	modelyear31	0.003	0.947
modelyear26	0.004	0.900	stdum19	0.017	0.554	stdum1	0.057	0.117
modelyear27	-0.015	0.613	stdum20	0.028	0.227	stdum2	-0.012	0.768
modelyear28	-0.027	0.368	stdum21	0.023	0.294	stdum3	0.052	0.459
modelyear29	-0.029	0.324	stdum22	0.012	0.758	stdum4	0.018	0.568
modelyear30	-0.061*	0.039	stdum23	0.013	0.564	stdum5	0.027	0.317
modelyear31	-0.016	0.606	stdum24	-0.014	0.524	stdum6	0.034	0.235
stdum1	-0.015	0.363	stdum25	-0.019	0.459	stdum7	0.055	0.062
stdum2	0.044**	0.000	stdum26	-0.046	0.376	stdum8	-0.129**	0.005
stdum3	0.052**	0.000	stdum27	0.020	0.593	stdum9	0.018	0.621
stdum4	0.035**	0.000	stdum28	0.021	0.326	stdum10	0.015	0.593
stdum5	-0.018**	0.006	stdum29	-0.061	0.376	stdum11	0.037	0.177
stdum6	0.069**	0.000	stdum30	-0.029	0.344	stdum12	-0.013	0.876
stdum7	0.007	0.402	stdum31	0.035	0.180	stdum13	0.071*	0.023
stdum8	-0.094*	0.010	stdum32	-0.011	0.638	stdum14	0.018	0.722
stdum9	0.037**	0.003	stdum33	0.038	0.144	stdum15	0.052	0.065
stdum10	-0.003	0.664	stdum34	-0.010	0.670	stdum16	0.040	0.252
stdum11	0.017*	0.025	stdum35	-0.017	0.425	stdum17	0.051	0.181
stdum12	-0.065**	0.000	stdum36	0.025	0.243	stdum18	0.019	0.483
stdum13	0.036**	0.000	stdum37	0.001	0.973	stdum19	0.027	0.534
stdum14	0.047**	0.001	stdum38	-0.039	0.189	stdum20	0.062*	0.032
stdum15	0.015*	0.043	stdum39	-0.015	0.525	stdum21	0.116**	0.000
stdum16	0.032**	0.000	stdum40	-0.002	0.966	stdum22	0.109**	0.007
stdum17	0.041**	0.000	stdum41	-0.015	0.681	stdum23	0.044	0.127

stdum18	0.032**	0.003	stdum42	-0.037	0.120	stdum24	0.068*	0.016
stdum19	-0.002	0.844	stdum43	0.052	0.020	stdum25	0.049	0.087
stdum20	0.024	0.005	stdum44	-0.016	0.436	stdum26	0.066	0.017
stdum21	0.032	0.000	stdum45	0.011	0.643	stdum27	0.075	0.315
stdum22	0.088	0.000	stdum46	-0.006	0.763	stdum28	0.065	0.020
stdum23	0.056	0.000	stdum47	0.009	0.743	stdum29	0.115	0.085
stdum24	0.054	0.000	stdum48	-0.017	0.412	stdum30	0.091	0.004
stdum25	0.045	0.000	stdum49	0.016	0.477	stdum31	0.154	0.000
stdum26	0.020	0.247	stdum50	0.001	0.978	stdum32	0.076	0.006
stdum27	0.033	0.018	stdum51	0.135	0.010	stdum33	0.022	0.495
stdum28	0.053	0.000	_cons	1.039	0.000	stdum34	0.044	0.248
stdum29	-0.010	0.524				stdum35	0.074	0.012
stdum30	0.037	0.002				stdum36	0.051	0.088
stdum31	0.067	0.000				stdum37	0.048	0.193
stdum32	-0.001	0.937				stdum38	0.007	0.808
stdum33	0.067	0.000				stdum39	0.062	0.024
stdum34	0.010	0.404				stdum40	0.063	0.095
stdum35	-0.007	0.332				stdum41	0.051	0.160
stdum36	0.049	0.000				stdum42	-0.017	0.673
stdum37	0.038	0.000				stdum43	0.017	0.584
stdum38	0.011	0.165				stdum44	0.017	0.539
stdum39	-0.002	0.818				stdum45	0.061	0.080
stdum40	0.058	0.000				stdum46	0.045	0.117
stdum41	0.058	0.000				stdum47	0.069	0.079
stdum42	0.007	0.694				stdum48	0.039	0.232
stdum43	0.062	0.000				stdum49	0.099	0.001
stdum44	0.013	0.057				stdum50	-0.050	0.138
stdum45	0.066	0.000				stdum51	0.092	0.003
stdum46	0.036	0.000				_cons	1.345	0.000
stdum47	0.050	0.000						
stdum48	0.019	0.012						
stdum49	0.044	0.000						
stdum50	0.034	0.015						
stdum51	0.050	0.008						
_cons	0.712	0.000						
No. of Observations		62059	No. of Observations		4807	No. of Observations		2116
R-Squared		0.622	R-Squared		0.731	R-Squared		0.755
Root MSE		0.1498	Root MSE		0.139	Root MSE		0.128

** = Significant at 1% confidence level; * = significant at 5% confidence level.

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Model Year Regression Results for Conventional Gasoline Vehicles

Variable	Estimate	Std. Err.	t	P >|t|	Lower 95% C.I.	Upper 95% C.I.
lucombined	1.042	0.004	290.42	0.000	1.035	1.049
modelyear1	0.103	0.053	1.96	0.050	0.000	0.206
modelyear2	0.025	0.033	0.74	0.459	-0.041	0.090
modelyear3	0.044	0.033	1.35	0.179	-0.020	0.108
modelyear4	0.097	0.032	3.06	0.002	0.035	0.159
modelyear5	0.085	0.030	2.78	0.005	0.025	0.144
modelyear6	0.098	0.031	3.18	0.001	0.038	0.158
modelyear7	0.112	0.030	3.67	0.000	0.052	0.171
modelyear8	0.094	0.030	3.16	0.002	0.036	0.153
modelyear9	0.119	0.030	3.99	0.000	0.061	0.177
modelyear10	0.101	0.029	3.43	0.001	0.043	0.159
modelyear11	0.100	0.029	3.39	0.001	0.042	0.158
modelyear12	0.122	0.029	4.18	0.000	0.065	0.179
modelyear13	0.111	0.029	3.81	0.000	0.054	0.169
modelyear14	0.109	0.029	3.75	0.000	0.052	0.166
modelyear15	0.114	0.029	3.93	0.000	0.057	0.171
modelyear16	0.122	0.029	4.19	0.000	0.065	0.178
modelyear17	0.116	0.029	4.01	0.000	0.059	0.173
modelyear18	0.120	0.029	4.13	0.000	0.063	0.176
modelyear19	0.122	0.029	4.21	0.000	0.065	0.179
modelyear20	0.113	0.029	3.89	0.000	0.056	0.169
modelyear21	0.114	0.029	3.93	0.000	0.057	0.170
modelyear22	0.098	0.029	3.39	0.001	0.041	0.154
modelyear23	0.095	0.029	3.29	0.001	0.039	0.152
modelyear24	0.079	0.029	2.73	0.006	0.022	0.135
modelyear25	0.077	0.029	2.68	0.007	0.021	0.134
modelyear26	0.067	0.029	2.3	0.021	0.010	0.124
modelyear27	0.037	0.029	1.29	0.198	-0.020	0.095
modelyear28	0.015	0.029	0.51	0.607	-0.042	0.072
modelyear29	-0.001	0.029	-0.03	0.972	-0.058	0.056
modelyear30	-0.045	0.029	-1.55	0.121	-0.103	0.012
modelyear31	-0.003	0.030	-0.11	0.916	-0.062	0.056
_cons	-0.400	0.031	-12.71	0.000	-0.462	-0.338

No. of Observations	67377
R-Squared	0.5748
Root MSE	0.21086

VW FOIA, EPA 06/20/2017 2017-FFP_028076

VW FOIA, EPA 06/20/2017 2017-FFP_028077

VW FOIA, EPA 06/20/2017 2017-FFP_028078

To: Grundler, Christopher[grundler.christopher@epa.gov]; Blubaugh, Jim[Blubaugh.Jim@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]
From: Simon, Karl
Sent: Wed 9/30/2015 6:10:06 PM
Subject: Fwd: VW case - Request for information
EPA_22208 R.U..pdf
ATT00001.htm
letter EPA_September 2015 EN.doc
ATT00002.htm

Add Italy to the list.

Driving Innovation in Clean Transportation

Begin forwarded message:

From: Erario Antonio <antonio.erario@mit.gov.it>
Date: September 30, 2015 at 1:06:21 PM EDT
To: "simon.karl@epa.gov" <simon.karl@epa.gov>
Subject: VW case - Request for information

Dear Karl,
First of all I hope you are well.
Please find attached a letter signed by my Director general, accompanied by a translation in English.
As you can see we are looking for some help about the detection of defeat devices, you experienced in the VW case
I am not sure you are the right person to be contacted. If this is not the case I would be grateful if you could forward this note to the competent office
Thank you in advance
Regards
Antonio Erario

Antonio Erario
Head of Division, International Regulatory Affairs
Ministry of Infrastructure and Transport
Department for Transport
via G. Caraci 36, 00157 Rome (Italy)
ph. +39 06 4158 6228
fax. + 39 06 4158 3253
email: antonio.erario@mit.gov.it

Ministero delle Infrastrutture e dei Trasporti
DIPARTIMENTO DEI TRASPORTI, LA NAVIGAZIONE
GLI AFFARI GENERALI ED IL PERSONALE
DIREZIONE GENERALE PER LA MOTORIZZAZIONE

Prot. 22208 RU

Roma, 30 settembre 2015

Mr. Karl Simon,
Director, Office of Air and Radiation, Transportation and Climate Division
Environmental Protection Agency
1200 Pennsylvania Avenue, NW
William Jefferson Clinton North,
M/C 6401A
20005 Washington, DC 20460
United States of America
simon.karl@epa.gov

Oggetto : Richiesta di informazione in merito alla non conformità alle normative USA di alcuni veicoli per ciò che concerne le emissioni inquinanti.

Questa Amministrazione è stata recentemente informata in merito ai risultati delle verifiche condotte da codesta Agenzia su alcuni modelli di autovettura del costruttore Volkswagen.

In particolare, sembrerebbe che i veicoli oggetto del controllo non siano risultati conformi alle normative sulle emissioni da gas di scarico vigenti negli USA e che il costruttore abbia fatto ricorso all'impiego di strategie elettroniche in grado di permettere al veicolo di superare le prove di laboratorio, in sede di certificazione.

Al riguardo, questa Amministrazione, esprime preoccupazione in merito all'accaduto, in relazione alla protezione dell'ambiente ed alle possibili ripercussioni di quanto accaduto sul sistema legislativo vigente nell'Unione europea.

Per tale ragione nei prossimi giorni è nostra intenzione avviare una campagna di prove di laboratorio e su strada al fine di verificare se vi siano altri modelli di veicoli diesel che presentino le stesse non conformità riscontrate negli USA.

Ciò premesso, si sarà grati se codesta Agenzia vorrà fornire informazioni più dettagliate in merito al tipo di verifiche effettuate sui veicoli del gruppo VW che hanno permesso di riscontrare le anomalie sopra citate; ciò sarebbe molto importante per questa Amministrazione al fine di poter organizzare proprie sessioni di prove utili a evidenziare possibili non conformità dovute all'impiego di dispositivi di manipolazione

Si ringrazia per la collaborazione.

IL DIRETTORE GENERALE
(dott. arch. Maurizio Vitelli)

Ministero delle Infrastrutture e dei Trasporti

DIPARTIMENTO DEI TRASPORTI, LA NAVIGAZIONE
GLI AFFARI GENERALI ED IL PERSONALE
DIREZIONE GENERALE PER LA MOTORIZZAZIONE

Our ref: 22208 RU

Rome, 30 September 2015

Mr. Karl Simon,
Director, Office of Air and Radiation, Transportation and Climate Division
Environmental Protection Agency
1200 Pennsylvania Avenue, NW
William Jefferson Clinton North, M/C 6401A
20005 Washington, DC 20460
United States of America
simon.karl@epa.gov

Subject: Request for information about the non-compliance of some vehicles with US emissions standards.

Dear Sir,

This Administration has recently been informed about the results of checks carried out by your Agency on some vehicles manufactured by Volkswagen.

In particular, it would seem that the vehicles inspected did not meet the US emission regulations and that the manufacturer made use of electronic strategies allowing the vehicle to pass the laboratory tests, at the time of certification.

In this regard, this Administration, expresses its concern, in relation to the environmental protection and the possible implication on the legal system in force in the European Union.

For this reason, in the coming days we intend to launch a campaign of laboratory tests as well on road tests in order to check whether there are other models of diesel vehicles showing the same non-conformities detected in the USA.

In this respect, we will be grateful if you could provide more detailed information on the type of checks carried out on vehicles of Volkswagen which made it possible to detect the anomalies mentioned above; this would be very important for our Administration to be able to organize our test campaign with the aim to detect possible non-compliance due to the use of defeat devices.

Thank you for your cooperation.

Regards

Maurizio Vitelli
Director General

To: Allen, Laura[Allen.Laura@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]; Birgfeld, Erin[Birgfeld.Erin@epa.gov]; Valentine, Julia[Valentine.Julia@epa.gov]; Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Cohen, Janet[cohen.janet@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]
From: Conger, Nick
Sent: Wed 9/30/2015 7:00:53 PM
Subject: RE: Re:Your story- one clarification

Byron,

A quick follow-up from Bloomberg:

Just to be extra sure here, the testing of every light-duty diesel model for defeat devices includes a road test?

From: Allen, Laura
Sent: Wednesday, September 30, 2015 1:44 PM
To: Grundler, Christopher; Birgfeld, Erin; Valentine, Julia; Conger, Nick; Hengst, Benjamin; Cohen, Janet; Bunker, Byron
Subject: FW: Re:Your story- one clarification

#WIN

Thanks to everyone on the chain for the help on this one.

From: Jeff Plungis (BLOOMBERG/ NEWSROOM:) [mailto:jplungis@bloomberg.net]
Sent: Wednesday, September 30, 2015 1:36 PM
To: Conger, Nick
Cc: Allen, Laura
Subject: RE: Re:Your story- one clarification

Nick, Laura:

With EPA's strong on-the-record statement, we have discussed further and are preparing a correction. I'll forward it when it's out. --JP

Jeff Plungis
Bloomberg News
1399 New York Avenue, NW
Washington, DC 20005
202/624-1835 (direct)
202/744-9768 (mobile)
jplungis@bloomberg.net
Twitter: @jplungis

From: Conger.Nick@epa.gov At: Sep 30 2015 12:19:39

To: JEFF PLUNGIS (BLOOMBERG/ NEWSROOM:)
Cc: Allen.Laura@epa.gov
Subject: RE: Re:Your story- one clarification

> Jeff, here are responses to questions you posed earlier. Hoping this helps. Let us know if you're able to update/clarify your statement that EPA is wary about doing more on the road tests. And if not, let us know what specifically makes you think we are wary.

> So you're saying the agency is now testing EVERY light-duty diesel vehicle for defeat devices? This isn't just a few spot checks on cars borrowed from owners or taken off factory assembly lines? It is a systematic, on-the-road evaluation of every diesel car or light truck using portable emissions measuring equipment?

> The Agency is doing two things. In partnership with the California Air Resources Board (CARB) and Environment Canada (EC), the agencies will be testing every unique light-duty diesel vehicle model to screen the vehicles for potential defeat devices similar to Volkswagen. To be absolutely clear, we don't mean literally every diesel vehicle that comes off of an assembly line but rather representative samples of every unique diesel engine and emission system combination. Secondly, last week, we informed automakers that we are implementing new tests to complement our existing test procedures that will apply to vehicles we test at the National Vehicle and Fuel Emissions Laboratory at part of our confirmatory test programs. We are not revealing to the automakers how we will be conducting either of these test programs. We can say the tests we will be applying are designed to detect the kind of defeat device implemented by VW.

Also, is it a fair characterization to say the agency is open to additional changes to the testing program if warranted?

Yes as we said on Friday, the agency has in the past and will continue to adapt its compliance program to help deliver the environmental benefits of our regulatory programs.

And isn't it true that road checks are costly? The ICCT says it spent $75,000 on its study that triggered the VW investigation, and that only covered three cars. Is there anything you can say about the cost, like the current EPA budget is sufficient to cover it, if that's accurate?

The additional tests are being conducted at EPA's National Vehicle and Fuel Emissions Laboratory (NVFEL) using existing facilities and staffing at EPA. The Agency has the resources to conduct this additional work but will of course then not be able to execute other compliance investigations with the allocated staffing and facilities. EPA constantly retargets compliance oversight resources both to address greatest air quality concerns and to establish a visible compliance presence among all the industry sectors we oversee. EPA also makes full use of its regulatory partnerships, especially with the California Air Resources Board and Environment Canada, to more broadly oversee regulatory compliance.

Nick Conger

Deputy Press Secretary

Office of the Administrator

U.S. Environmental Protection Agency

Office: (202) 564-6287

Cell: (202) 412-2655

From: Allen, Laura
Sent: Wednesday, September 30, 2015 11:02 AM
To: Jeff Plungis

Cc: Conger, Nick
Subject: RE: Re:Your story- one clarification

Jeff- We are working on getting together information for the questions you sent earlier so you have a more full picture moving forward. However, we feel strongly that the word "wary" should be removed as it is not accurate. You alluded to the fact that the agency is not wary of doing more on the road tests in the recent paragraph that you sent from the press call. This supports the update that I am looking for.

We are "upping our game." Today we are putting vehicle manufacturers on notice that our confirmatory testing is now going to include additional evaluations designed to look for potential defeat devices. We aren't going to tell them what these tests are, they don't need to know. They only need to know we will be keeping their vehicles longer and driving them more. We will be continuing to review with our partners at the California Air Resources Board what we can learn from this VW case and will adapt and improve as we always have to ensure we deliver on the Agency's mission.

AND Chris Grundler also said this during the press call, which further supports that we are "upping our game" and not "wary" of doing more on road testing:

But technologies evolve and circumstances change, and we are continuously looking at ways to improve our compliance and oversight programs. In the past, we have added new procedures, like high-speed driving and air-conditioning use, to ensure our lab tests better replicate real-world driving conditions. And we will continue to adapt. As EPA Administrator McCarthy said a few days ago, we are "upping our game." Today we are putting vehicle manufacturers on notice that our confirmatory testing is now going to include additional evaluations designed to look for potential defeat devices. We aren't going to tell them what these tests are, they don't need to know. They only need to know we will be keeping their vehicles longer and driving them more. We will be continuing to review with our partners at the California Air Resources Board what we can learn from this VW case and will adapt and improve as we always have to ensure we deliver on the Agency's mission.

We'll get you the info you requested asap but please let us know if this is enough to update. Thank you!

Laura Allen

Deputy Press Secretary
Office of the Administrator
U.S. Environmental Protection Agency

Email: Allen.Laura@epa.gov

Office: 202-564-1175

Mobile: 202-731-3005

Please consider the environment before printing this email.

From: Jeff Plungis (BLOOMBERG/ NEWSROOM:) [mailto:jplungis@bloomberg.net]
Sent: Wednesday, September 30, 2015 10:38 AM
To: Allen, Laura
Subject: Re:Your story- one clarification

Laura:

The initial response from editors is that there isn't enough to justify correcting or updating the two-day-old story.

If you can respond to the follow-up questions I sent in the earlier e-mail back to you, let me know. If there's new information that adds to the picture of how the revised test program will work, that may cause us to reevaluate. It could also lead to a new story emphasizing how the EPA changes could be more effective at catching cheating.

And if Chris wants to do a quick interview, that would definitely lead to a new story.

If you want to press for the correction or the update immediately, here's my editor's contact information: jmorgan987@bloomberg.net or 202/654-7370.

Jeff Plungis
Bloomberg News
1399 New York Avenue, NW
Washington, DC 20005
202/624-1835 (direct)
202/744-9768 (mobile)
jplungis@bloomberg.net
Twitter: @jplungis

From: Allen.Laura@epa.gov At: Sep 30 2015 08:17:03

To: JEFF PLUNGIS (BLOOMBERG/ NEWSROOM:)
Subject: Re:Your story- one clarification

> Hey Jeff- I saw your story yesterday evening. I wanted to clarify this point and see if you'd be able to update your story:
>
> We are emphatically not wary of doing more on the road tests. We have said on the record that we have focused our on-road testing on 1)heavy duty diesel emissions and 2)light duty fuel economy. We are now testing every light duty diesel vehicle for defeat devices.
>
> Let me know if you need anything else. Thank you!
>
> Laura Allen
>
> Deputy Press Secretary
> Office of the Administrator
> U.S. Environmental Protection Agency
>
> Email: Allen.Laura@epa.gov

Office: 202-564-1175

Mobile: 202-731-3005

Please consider the environment before printing this email.

From: Grundler, Christopher
Required Attendees: Birgfeld, Erin; Bunker, Byron; Cohen, Janet
Optional Attendees: Jones, Jacqueline; Hengst, Benjamin; Purchia, Liz; Valentine, Julia; Allen, Laura; Conger, Nick; Millett, John; StClair, Christie
Location: CHRIS OFFICE DC/RM/. C-174 DOD AA
Importance: Normal
Subject: HOLD: Potential VW Press Interviews
Start Date/Time: Wed 9/30/2015 7:15:00 PM
End Date/Time: Wed 9/30/2015 7:45:00 PM

MEETING REQUEST:

HI Gwen,

We continue to get huge amounts of interest from reporters on the VW issue.

Can you block off some time for Chris for the next few days just so we have some time for him to talk with reporters if necessary. Here are suggested times but feel free to mak

Title: - HOLD for potential VW press interviews

Invitees: me, Byron, Janet, (optional Ben H.)2

Times:

Today at 3
Thursday at 2
Friday at 2

Thank you!

Erin Birgfeld
Communications Director
Office of Transportation and Air Quality
U.S. EPA

202-564-6741 (work)
202-255-4434 (cell)

To: Grundler, Christopher[grundler.christopher@epa.gov]
Cc: Preuss, Peter[Preuss.Peter@epa.gov]
From: Carlos Hernandez
Sent: Wed 9/30/2015 7:21:49 PM
Subject: Emissions Standards

Christopher-

I wanted to talk to you about some findings we have discovered with our technology autopro when we connect to VW manufactured cars. I figured you might be the right person to see about making sure we can monitor vehicles for emissions real-time. Right now the way vehicles monitor emissions will never improve the leading cause of over half the cancers when it comes to vehicle emissions. I was pointed in your direction by Peter Preuss, and hope we can talk soon thanks for your time.

Carlos Hernandez / CEO/CIO
703-728-2725/ carlos@itsautopro.com

GSS LLC Office: 703-728-2725
22375 Broderick Dr, Sterling VA, 20166
http://itsautopro.com

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To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Automotive News
Sent: Wed 9/30/2015 7:39:52 PM
Subject: P.M. NEWSCAST: VW tax breaks may help U.S. build case | Porsche leadership change | Critics on EPA test procedures | Ford recall | GM-Navistar deal | U.S. summons automakers | UAW leaders regroup

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Detroit, MI 48207-2997 United States
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To: Grundler, Christopher[grundler.christopher@epa.gov]
Cc: Birgfeld, Erin[Birgfeld.Erin@epa.gov]
From: Alson, Jeff
Sent: Wed 9/30/2015 7:52:47 PM
Subject: Chris, FYI--you are on Automotive News' daily video news summary--audio quote plus picture--along with Becker

From: Automotive News [mailto:autonews@CrainAlerts.com]
Sent: Wednesday, September 30, 2015 3:40 PM
To: Alson, Jeff
Subject: P.M. NEWSCAST: VW tax breaks may help U.S. build case | Porsche leadership change | Critics on EPA test procedures | Ford recall | GM-Navistar deal | U.S. summons automakers | UAW leaders regroup

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Detroit, MI 48207-2997 United States
customerservice@autonews.com

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Preuss, Peter
Sent: Wed 9/30/2015 8:03:44 PM
Subject: FW: Emissions Standards

Chris,

If you have the time, I think this fellow is worth talking to.

Peter

Peter Preuss, PhD

Chief Innovation Officer

Office of Research and Development

US Environmental Protection Agency

202-564-2255, or

202-253-3139 (cell)

From: Carlos Hernandez [mailto:carlos@itsautopro.com]
Sent: Wednesday, September 30, 2015 3:22 PM
To: Grundler, Christopher
Cc: Preuss, Peter
Subject: Emissions Standards

Christopher-

I wanted to talk to you about some findings we have discovered with our technology autopro when we connect to VW manufactured cars. I figured you might be the right person to see about making sure we can monitor vehicles for emissions real-time. Right now the way vehicles monitor emissions will never improve the leading cause of over half the cancers when it comes to vehicle emissions. I was pointed in your direction by Peter Preuss, and hope we can talk soon thanks for your time.

Carlos Hernandez / CEO/CIO
703-728-2725/ carlos@itsautopro.com

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http://itsautopro.com

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To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Automotive News
Sent: Wed 9/30/2015 8:38:56 PM
Subject: DAILY: FCA strike threat grows as UAW contract falters | VW braces for scandal's impact | Which court will get VW litigation? | Tesla Model X questions answered | JLR sticks with U.S. diesel rollout

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FCA strike threat grows as UAW contract falters

The specter of a UAW strike looms at Fiat Chrysler after the company's 40,000 hourly workers rejected a four-year labor deal covering wages and benefits. UAW local leaders at FCA plants are scheduled to meet Thursday in Detroit to determine next steps.

VW braces for hit to business from emissions scandal

VW imposed a hiring freeze at its financing business and cut a shift at a German engine factory as it braces for a hit to business from cheating in diesel emissions tests.

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NEWS ANALYSIS

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All your Tesla Model X questions finally answered

Honda follows Tesla's lead, lays out its carmaker's lineup with paper

Tesla gave journalists a chance to drive the new Model X and fiddle with the crossover's avant-garde features, from the "falcon-wing" doors to the motorized second-row seats. The basic design has hardly changed since a prototype debuted in early 2012, but Tesla kept some surprises up its sleeve.

Honda follows in the vein of its successful "Hands" video from two years ago by emphasizing the product categories the automaker has dominated in.

Jaguar Land Rover to stick with diesel rollout in U.S.

Jaguar Land Rover North America, which is just introducing its first diesel-powered SUVs in the U.S., won't adjust its diesel strategy in the wake of Volkswagen's emissions scandal, CEO Joe Eberhardt said Wednesday.

Automakers summoned to Washington amid reporting lapses, fines

Ford recalls new F-150s for cruise control glitch, older Windstars for rear axle problem

2016 Chevy Volt rollout includes attack ads on Nissan Leaf, Toyota Prius

Honda will show fuel cell, autonomous driving vehicles in Tokyo

Google sees 'top-tier OEMs' as partners on self-driving cars

GM and Navistar to develop and make commercial trucks

Audi details U.S. diesel models with 'defeat device' software

THE VW DIESEL CRISIS

Audi investigated by German prosecutors over emissions, report says

Illegal VW diesel emission systems may require 2 solutions

THE VW DIESEL CRISIS

Porsche names Blume as CEO, N.A. boss von Platen as global sales chief

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THE VW DIESEL CRISIS

VW's diesel tax breaks could be a focus for U.S. prosecutors

Fisker Automotive changes name to Karma Automotive

Ferrari IPO said to be on track to sell out

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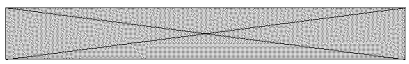

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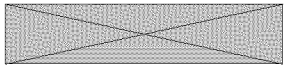

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From: Phillips, Anna
Sent: Wed 9/30/2015 9:08:41 PM
Subject: AIR POLLUTION: Exemption may stymie criminal case against Volkswagen

AN E&E PUBLISHING SERVICE

AIR POLLUTION:
Exemption may stymie criminal case against Volkswagen

Published: Wednesday, September 30, 2015

Federal prosecutors may face challenges in bringing criminal charges against Volkswagen AG over its role in an emissions testing scandal because of exemptions in the Clean Air Act.

No automaker has ever faced criminal charges for skirting emissions standards. In part, that's because of a carve-out from criminal penalties inserted in the Clean Air Act of 1970 by industry-friendly lawmakers. That could force prosecutors to turn to other criminal statutes, such as charging Volkswagen with lying to regulators.

Sen. Richard Blumenthal (D-Conn.) pledged to introduce legislation to close the exemption. Rep. Fred Upton (R-Mich.), chairman of the House Energy and Commerce Committee, has called for hearings on the matter.

Former Rep. John Dingell (D-Mich.), a supporter of the auto industry who helped pass the Clean Air Act, said it was appropriate to focus on civil penalties.

"It's easier, speedier, quicker," Dingell said.

Volkswagen will still face significant enforcement action, he said.

"The cost to Volkswagen is going to be unbelievable," Dingell said. "The risk of them going out of business is very real" (Harder/Viswanatha, ***Wall Street Journal***, Sept. 29). **-- SP**

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On-road emissions of light-duty vehicles in Europe

Real Road, Real Driving, and Real Emissions Seminar

National Institute of Environmental Research (NIER)

8 June 2012, Seoul, Republic of Korea

Martin Weiss

Pierre Bonnel

DG - Joint Research Centre (JRC)

IET - Institute for Energy and Transport

Content

- **The Joint Research Centre**

Content

- The Joint Research Centre
- **Vehicle emissions legislation in the European Union**

Content

- The Joint Research Centre
- Vehicle emissions legislation in the European Union
- **On-road emissions testing at the JRC**
  - **Design**
  - **Results**

Content

- The Joint Research Centre
- Vehicle emissions legislation in the European Union
- On-road emissions testing at the JRC
  - Design
  - Results
- Implications

The Joint Research Centre

The Joint Research Centre (JRC) is the in-house scientific and technical service of the European Commission

VW FOIA, EPA 06/20/2017 2017-FFP_028108

The Joint Research Centre

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Mission:

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The Joint Research Centre

The Joint Research Centre (JRC) is the in-house scientific and technical service of the European Commission

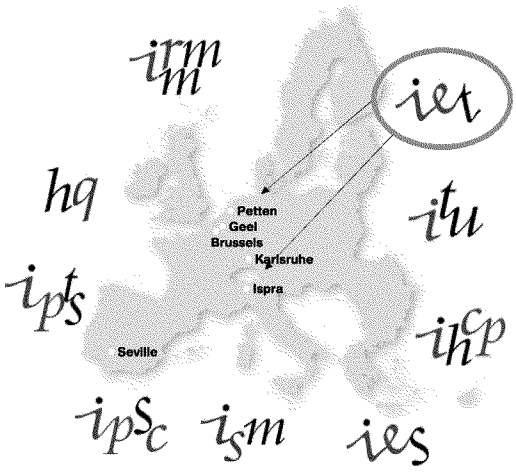
Mission:

- **to provide scientific advice and technical know-how to the European Commission**
- **to support a wide range of EU policies independent of private or national interests**

The Joint Research Centre

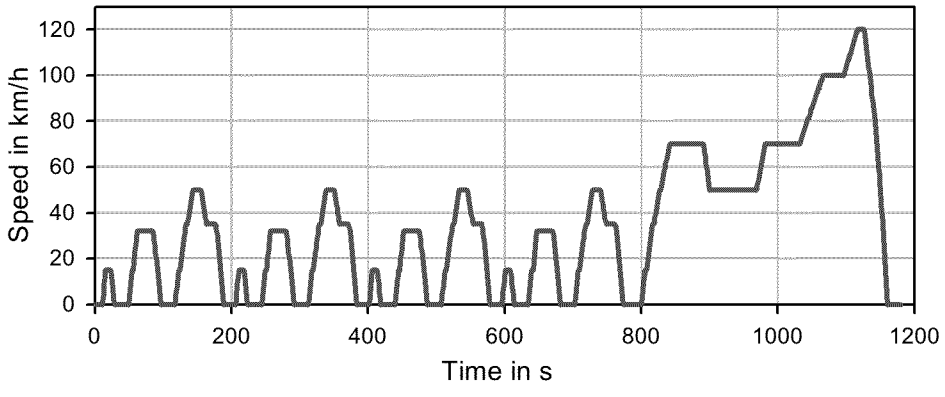
Headquarters located in Brussels

7 institutes; 2750 employees; annual budget of €330 million ($430 million)



European emissions legislation

Type 1 Test - Tail-pipe emissions: type approval and in-service conformity testing in the laboratory based on the New European Driving Cycle (NEDC)



VW FOIA, EPA 06/20/2017 2017-FFP_028110

European emissions legislation

Type I: Tailpipe emissions after cold start

Light-duty vehicles

CO, NO_X, HC, particles

Euro 1 (1993)
.
.
Euro 4 (2005)

European emissions legislation

Type I: Tailpipe emissions after cold start

Light-duty vehicles

CO, NO_X, HC, particles

Euro 1 (1993)
.
.
Euro 4 (2005)

Regulation 715/2007

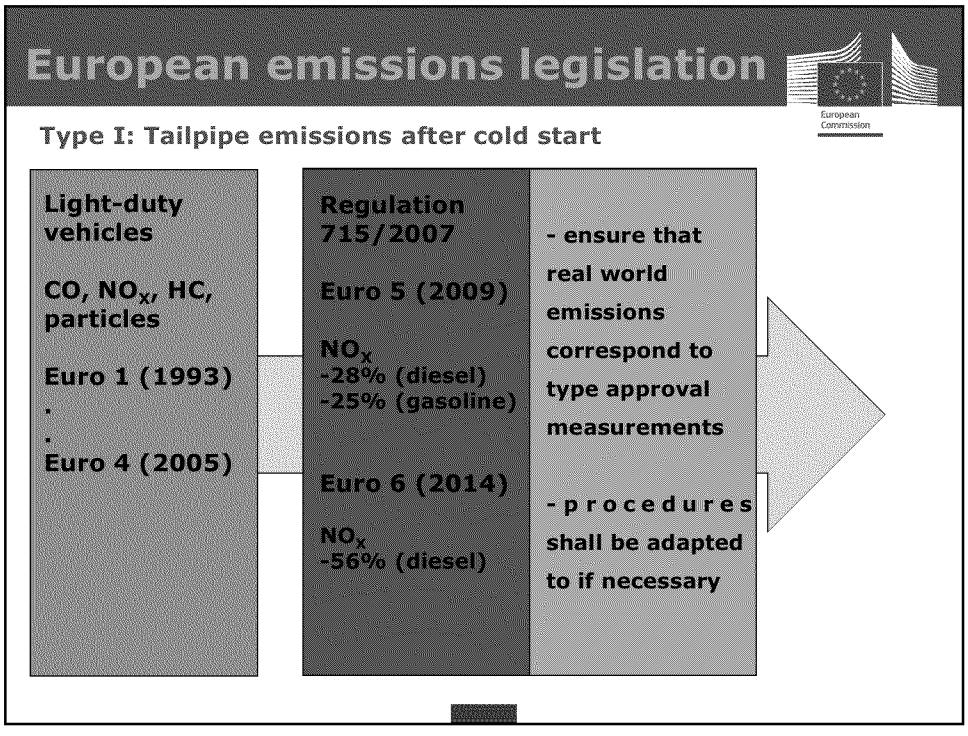
Euro 5 (2009)

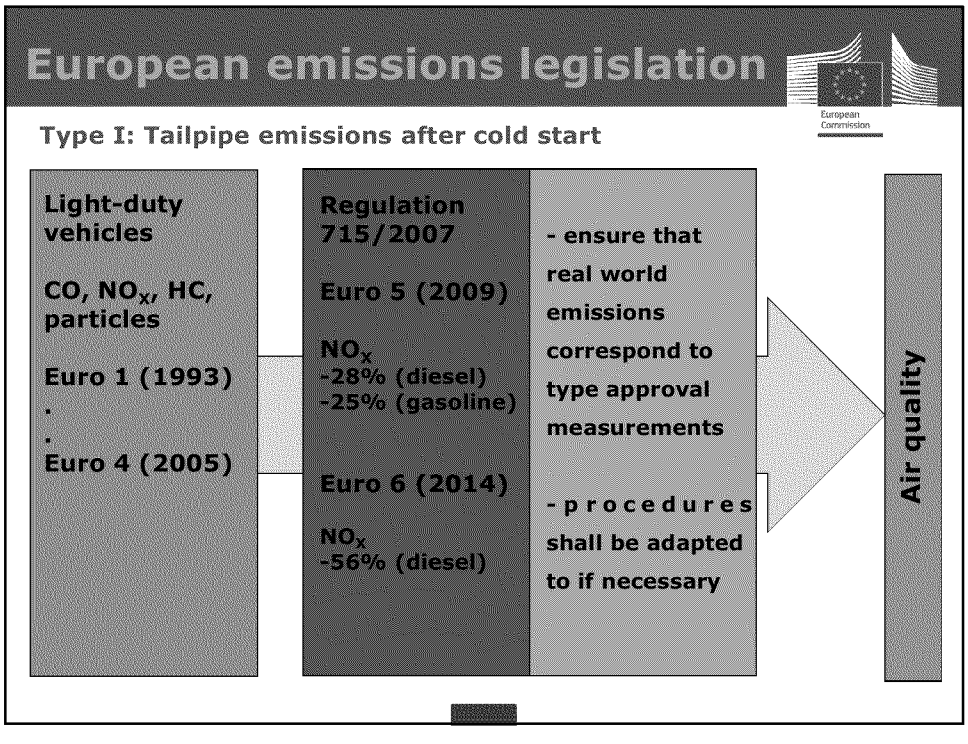
NO_X
-28% (diesel)
-25% (gasoline)

Euro 6 (2014)

NO_X
-56% (diesel)

VW FOIA, EPA 06/20/2017 2017-FFP_028111



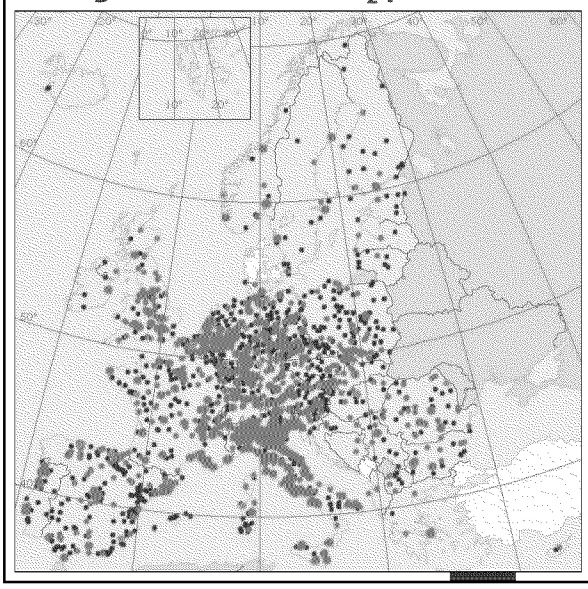


VW FOIA, EPA 06/20/2017 2017-FFP_028112

European emissions legislation

European Commission

Background: Urban NO_2 pollution in the EU



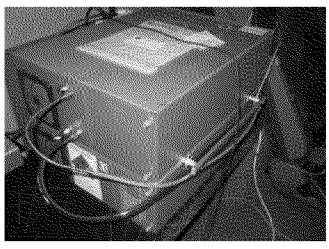
Annual mean, nitrogen dioxide, 2009, based on daily averages with percentage of valid measurements 75 % in µg/m³

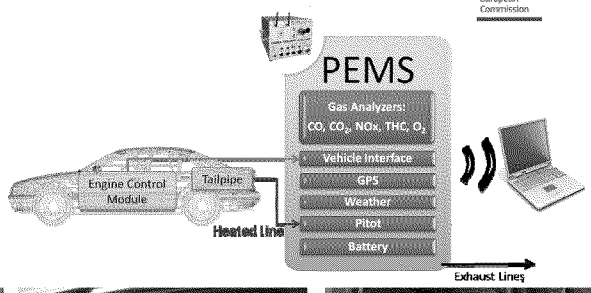
- ≤ 20
- 20–40
- 40–42
- ≥ 42
- No data
- Outside data coverage

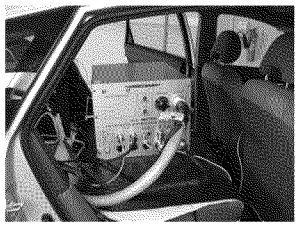
Source: Copyright EEA (2011)

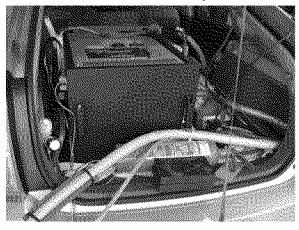
PEMS equipment

European Commission





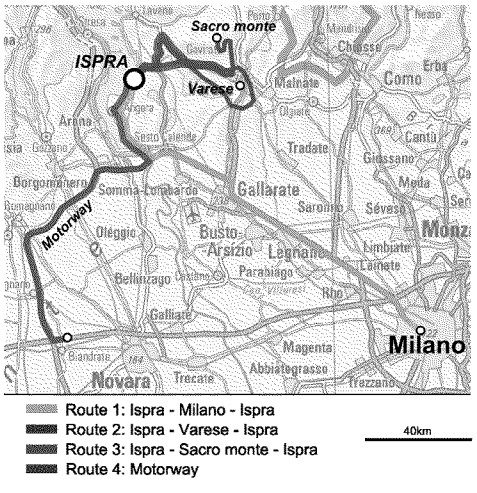


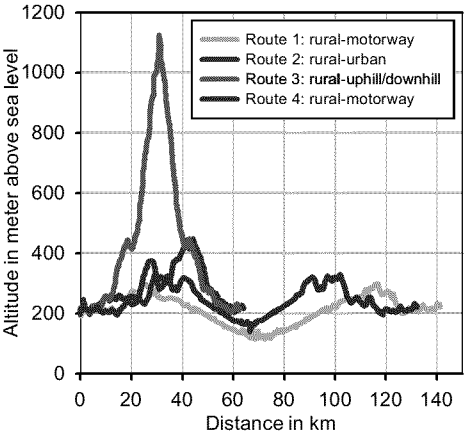


- **Power supply by batteries for test durations of up to 2 h**
- **PEMS (including batteries) 120 kg + 80 kg of the co-driver**

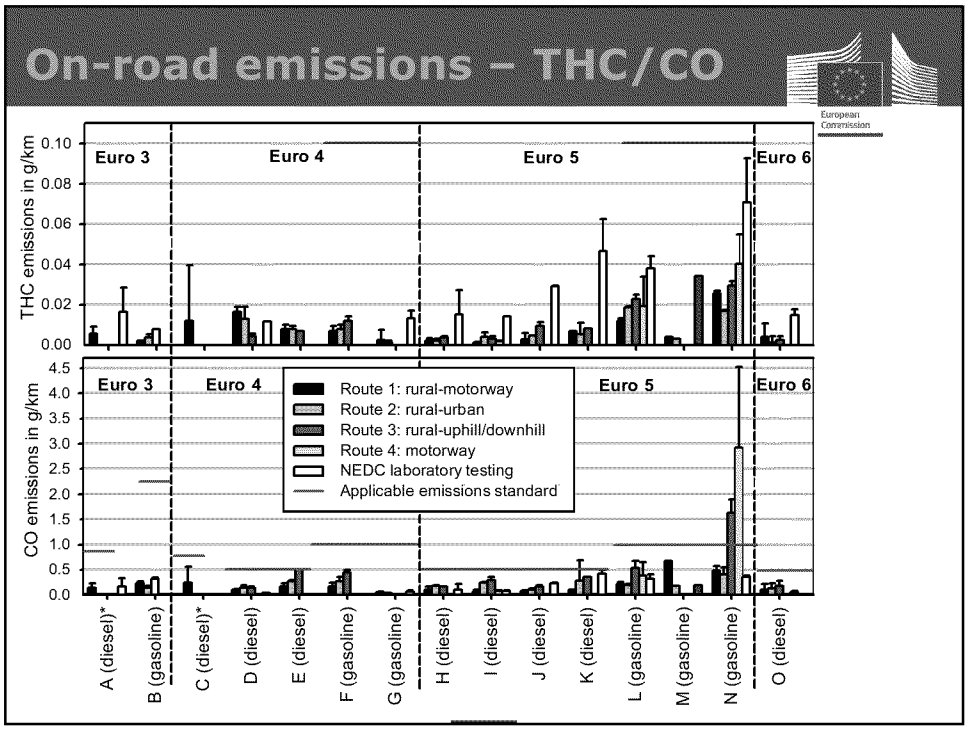
VW FOIA, EPA 06/20/2017 2017-FFP_028113

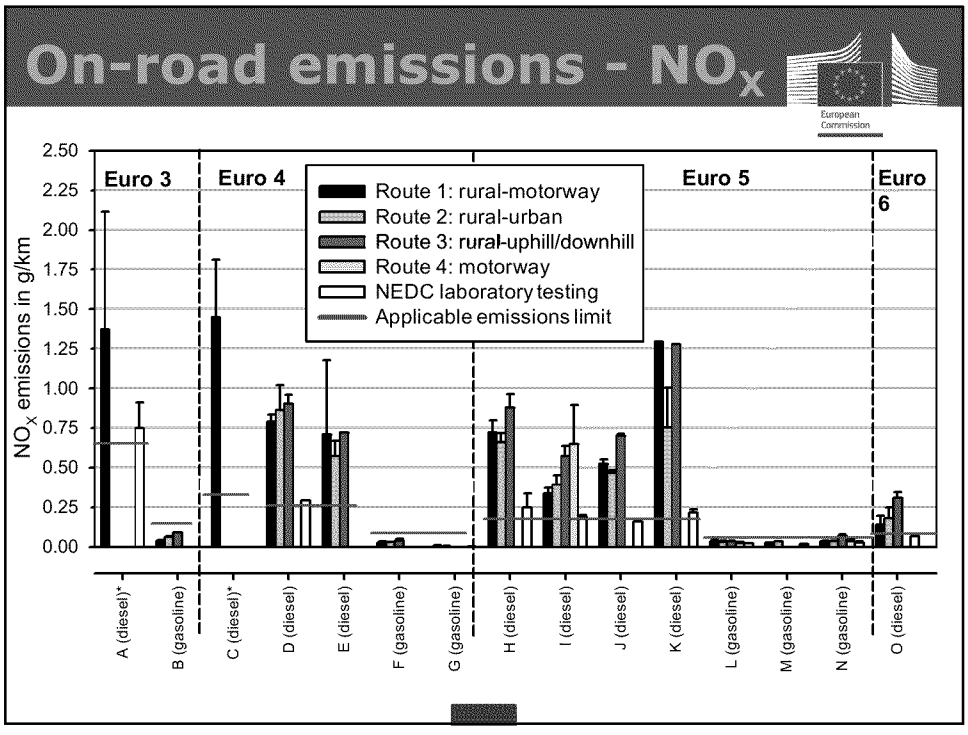
Test routes

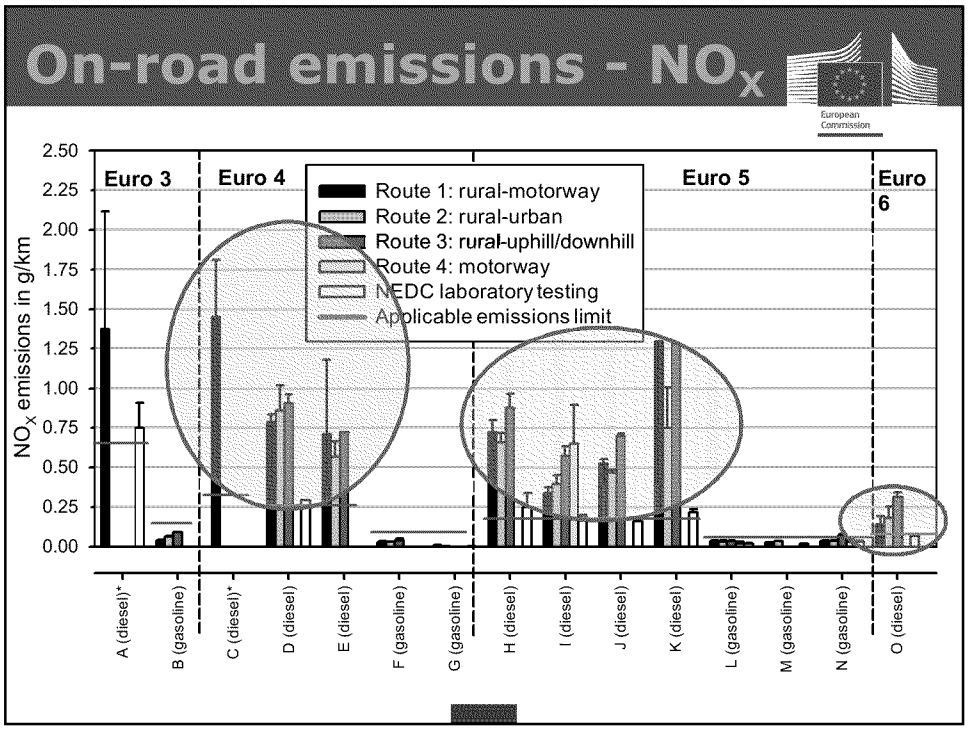


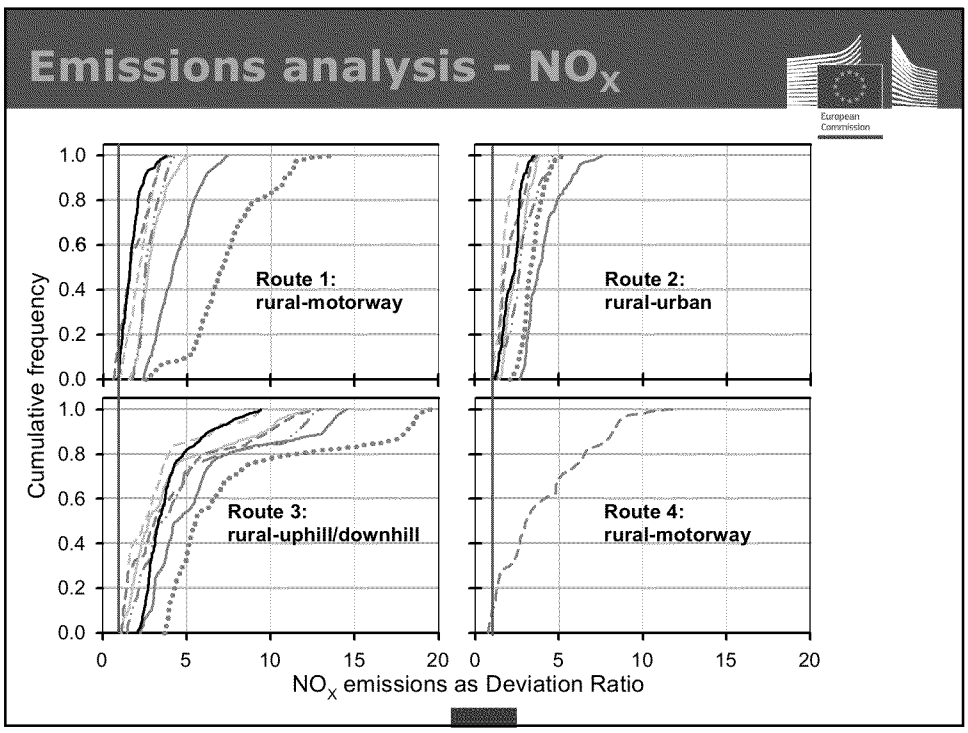


Test routes


On-road emissions – THC/CO
European Commission
THC emissions in g/km
0.10
0.08
0.06
0.04
0.02
0.00
Euro 3
Euro 4
Euro 5
Euro 6
CO emissions in g/km
4.5
4.0
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
Route 1: rural-motorway
Route 2: rural-urban
Route 3: rural-uphill/downhill
Route 4: motorway
NEDC laboratory testing
Applicable emissions standard
A (diesel)*
B (gasoline)
C (diesel)*
D (diesel)
E (diesel)
F (gasoline)
G (gasoline)
H (diesel)
I (diesel)
J (diesel)
K (diesel)
L (gasoline)
M (gasoline)
N (gasoline)
O (diesel)


On-road emissions - NOx
European Commission
NOx emissions in g/km
2.50
2.25
2.00
1.75
1.50
1.25
1.00
0.75
0.50
0.25
0.00
Euro 3
Euro 4
Euro 5
Euro 6
Route 1: rural-motorway
Route 2: rural-urban
Route 3: rural-uphill/downhill
Route 4: motorway
NEDC laboratory testing
Applicable emissions limit
A (diesel)*
B (gasoline)
C (diesel)*
D (diesel)
E (diesel)
F (gasoline)
G (gasoline)
H (diesel)
I (diesel)
J (diesel)
K (diesel)
L (gasoline)
M (gasoline)
N (gasoline)
O (diesel)

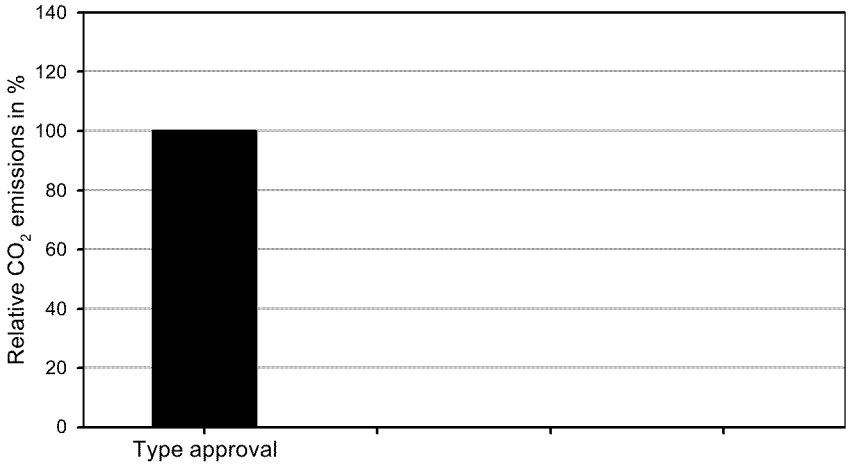

On-road emissions - NOx
European Commission
Euro 3
Euro 4
Euro 5
Euro 6
Route 1: rural-motorway
Route 2: rural-urban
Route 3: rural-uphill/downhill
Route 4: motorway
NEDC laboratory testing
Applicable emissions limit
NOx emissions in g/km
2.50
2.25
2.00
1.75
1.50
1.25
1.00
0.75
0.50
0.25
0.00
A (diesel)*
B (gasoline)
C (diesel)*
D (diesel)
E (diesel)
F (gasoline)
G (gasoline)
H (diesel)
I (diesel)
J (diesel)
K (diesel)
L (gasoline)
M (gasoline)
N (gasoline)
O (diesel)


Emissions analysis - NOx
European Commission
Cumulative frequency
1.0
0.8
0.6
0.4
0.2
0.0
Route 1:
rural-motorway
Route 2:
rural-urban
Route 3:
rural-uphill/downhill
Route 4:
rural-motorway
0
5
10
15
20
NOx emissions as Deviation Ratio

On-road emissions – CO_2

European Commission

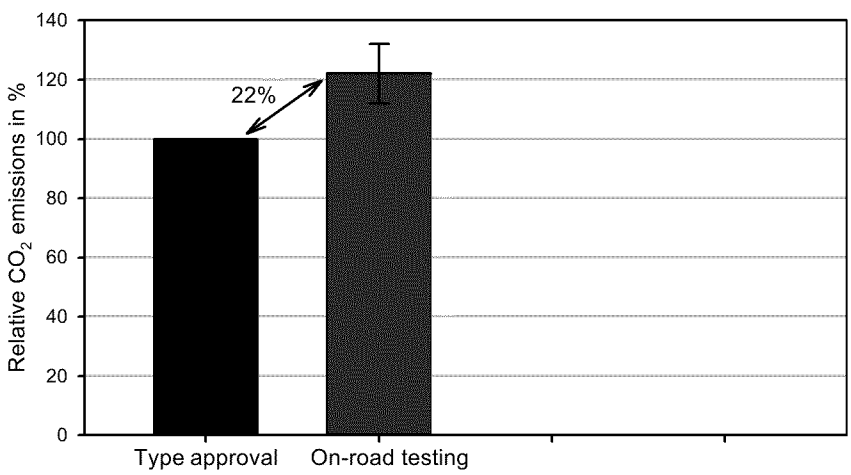
No emissions standard for individual light-duty vehicles but a fleet-average target of 130 g/km



On-road emissions – CO_2

European Commission

No emissions standard for individual light-duty vehicles but a fleet-average target of 130 g/km



On-road emissions – CO_2

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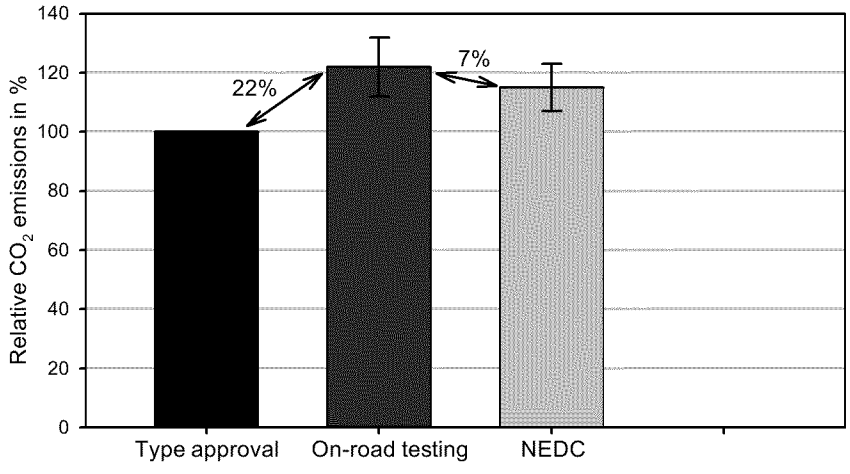

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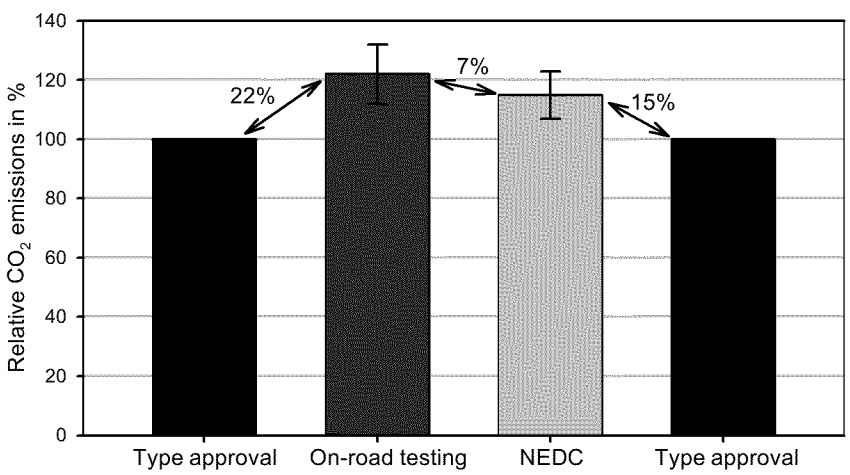


Implications

European Commission

European Commission establishes a complementary emissions test procedure

- **Two candidates:**
  - **Laboratory testing with a random driving cycle**
  - **On-road emissions testing with PEMS**

Implications

European Commission

- **Factors potentially explaining elevated on-road emissions**

Implications

- **Factors potentially explaining elevated on-road emissions**
  - **Polluting driving conditions covered only for a short time by the laboratory driving cycle**

Implications

- **Factors potentially explaining elevated on-road emissions**
  - **Polluting driving conditions covered only for a short time by the laboratory driving cycle**
  - **Polluting driving conditions not covered in the laboratory**

Implications

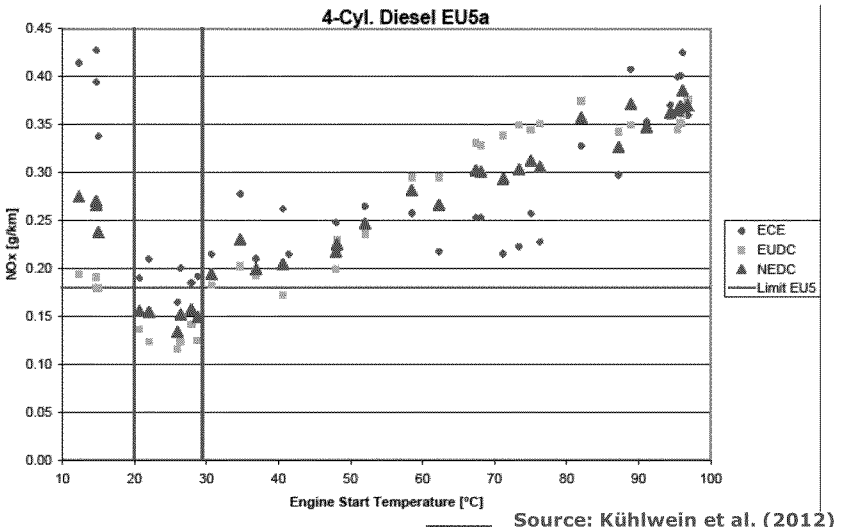
- **Factors potentially explaining elevated on-road emissions**
  - **Polluting driving conditions covered only for a short time by the laboratory driving cycle**
  - **Polluting driving conditions not covered in the laboratory**
  - **Operating conditions not covered in the laboratory**

Implications

- **Factors potentially explaining elevated on-road emissions**
  - **Polluting driving conditions covered only for a short time by the laboratory driving cycle**
  - **Polluting driving conditions not covered in the laboratory**
  - **Operating conditions not covered in the laboratory**
  - **Overall test duration**

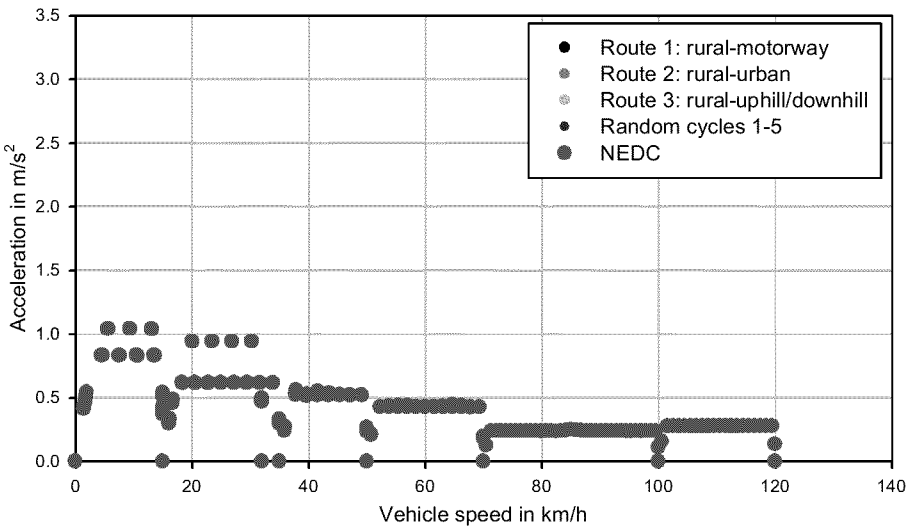
Critical aspects

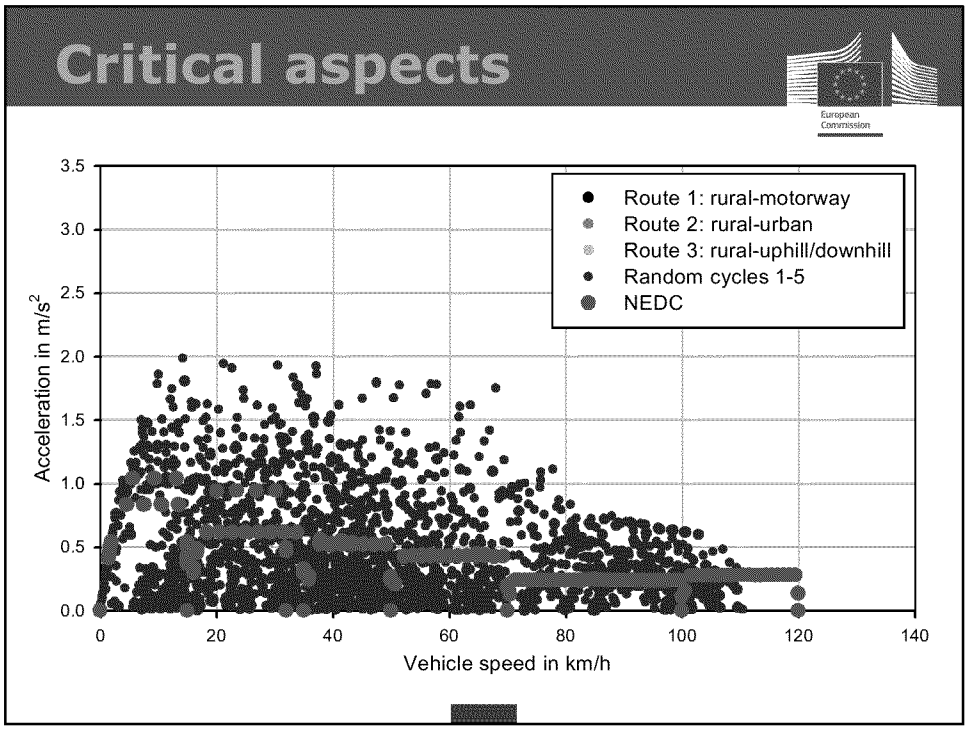
NEDC: NO_X emissions as function of engine start temperature

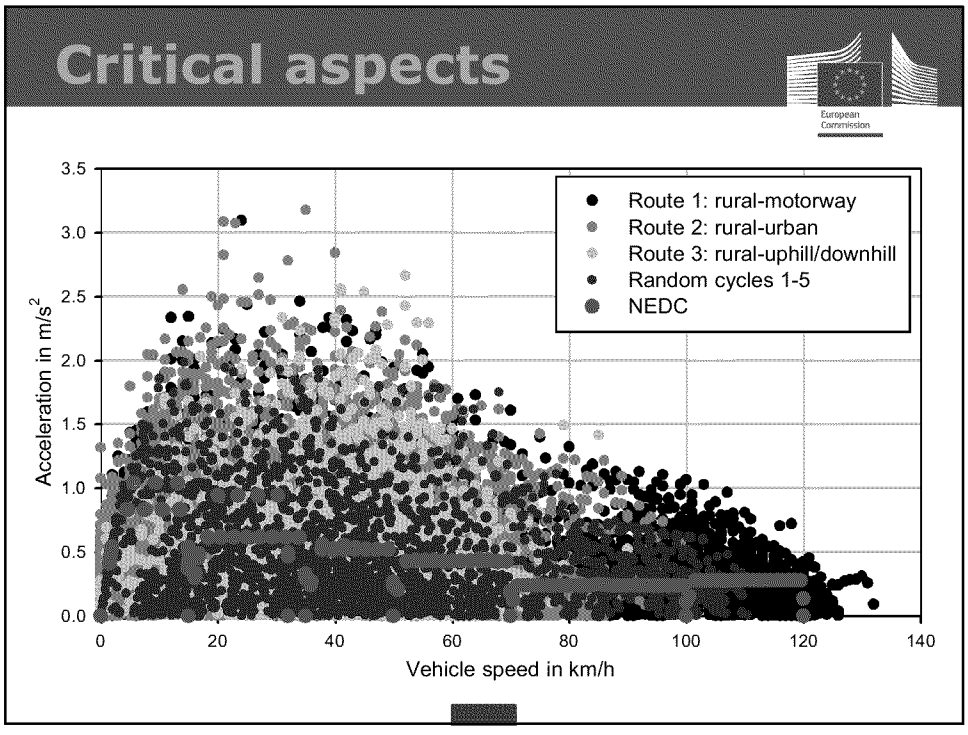


Source: Kühlwein et al. (2012)

Critical aspects




Critical aspects
European Commission
Route 1: rural-motorway
Route 2: rural-urban
Route 3: rural-uphill/downhill
Random cycles 1-5
NEDC
Acceleration in m/s²
Vehicle speed in km/h
0.0
0.5
1.0
1.5
2.0
2.5
3.0
3.5
0
20
40
60
80
100
120
140


Critical aspects
European Commission
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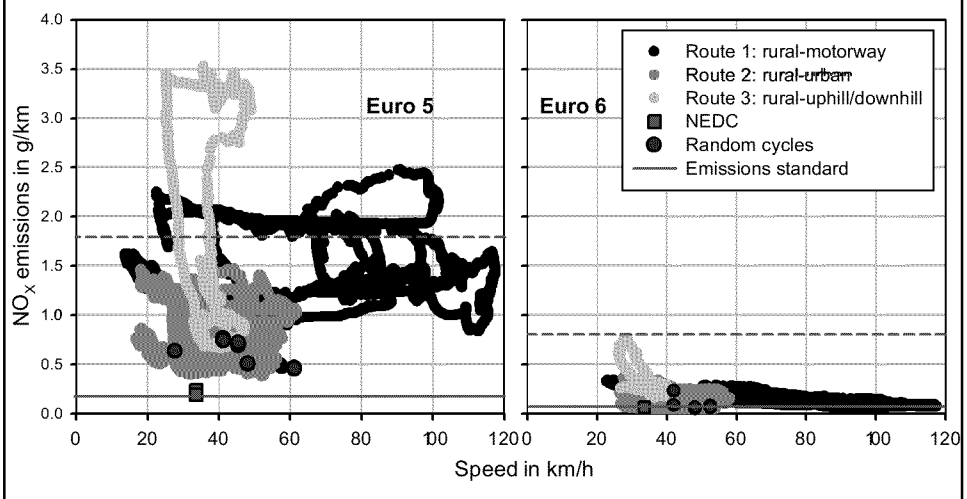
Random cycles 1-5
NEDC
Acceleration in m/s²
Vehicle speed in km/h
0.0
0.5
1.0
1.5
2.0
2.5
3.0
3.5
0
20
40
60
80
100
120
140

Critical aspects



Outlook

- **Decision about a complementary Type1 test procedure by June 2012**

Outlook

- Decision about a complementary Type1 test procedure by June 2012
- **Development and pilot testing until the end of 2013**

Outlook

- Decision about a complementary Type1 test procedure by June 2012
- Development and pilot testing until the end of 2013
- **Definition of boundary conditions, data characterization, and 'not-to-exceed' limits**

Outlook

- Decision about a complementary Type1 test procedure by June 2012
- Development and pilot testing until the end of 2013
- Definition of boundary conditions, data characterization, and 'not-to-exceed' limits
- Gradual implementation from 2014 onwards?

Outlook

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- **NO_2 air pollution vs. distance-specific NO_X emissions of light-duty vehicles…**

European Commission

JRC Scientific and Technical Reports

Analyzing on-road emissions of light-duty vehicles with Portable Emission Measurement Systems (PEMS)

Martin Weiss, Pierre Bonnel, Rudolf Hummel, Urbano Manfredi, Rinaldo Colombo, Gaston Lanappe, Philippe Le Lijour, Mirco Sculati

Environmental Science & Technology

ARTICLE

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On-Road Emissions of Light-Duty Vehicles in Europe

Martin Weiss,*[,†] Pierre Bonnel,[†] Rudolf Hummel,[†] Alessio Provenza,[‡] and Urbano Manfredi[†]

[†]European Commission − DG Joint Research Centre, Institute for Energy and Transport, Sustainable Transport Unit, Via Enrico Fermi 2749 - TP 230, 21010 Ispra, Italy

Supporting Information

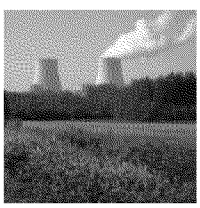
Martin Weiss
(martin.weiss@jrc.ec.europa.eu)

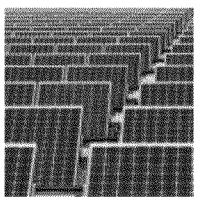
Pierre Bonnel
(pierre.bonnel@jrc.ec.europa.eu)

Supplemental slides

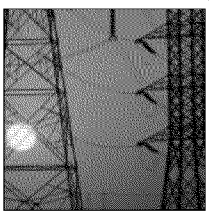
Institute for Energy and Transport

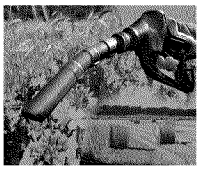
•Empirical research for energy and transport policies



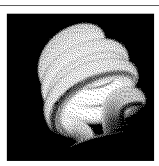


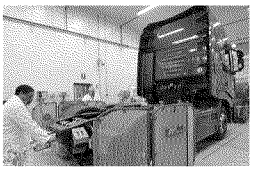
Energy supply





Energy transmission





Energy demand

Supplemental slides

Regulation 715/2007 specifies emission standards; for passenger cars:

in g/km		THC/NMHC	CO	NO_x	NO_x+THC	PM	PN
Euro 5 spark ignition	2009-2012	0.100/ 0.068	1.000	0.060	-	0.005/ 0.0045	-
Euro 6 spark ignition	From 2014	0.100/ 0.068	1.000	0.060	-	0.0045	$6*10^{12}$ / $6*10^{11}$
Euro 5 diesel	2009-2012	-	0.500	0.180	0.230	0.005/ 0.0045	$6*10^{11}$
Euro 6 diesel	From 2014	-	0.500	0.080	0.170	0.0045	$6*10^{11}$

CO_2: fleet-average emissions target of 130 g/km

Supplemental slides

- **2004-2005: feasibility of PEMS for in-service conformity testing of heavy-duty vehicles**
- **2007-2008: PEMS heavy-duty pilot program**
- **Since 2007: PEMS testing of >15 light-duty vehicles**
- **Since 2010: PEMS pilot program for non-road machinery**

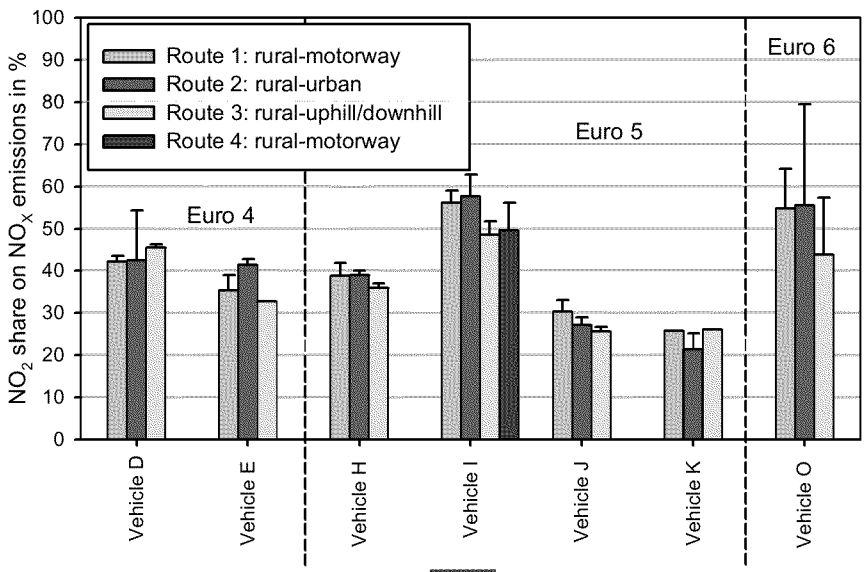
- **Light-duty vehicles: diesel and gasoline cars; Euro 3-6**

Supplemental slides

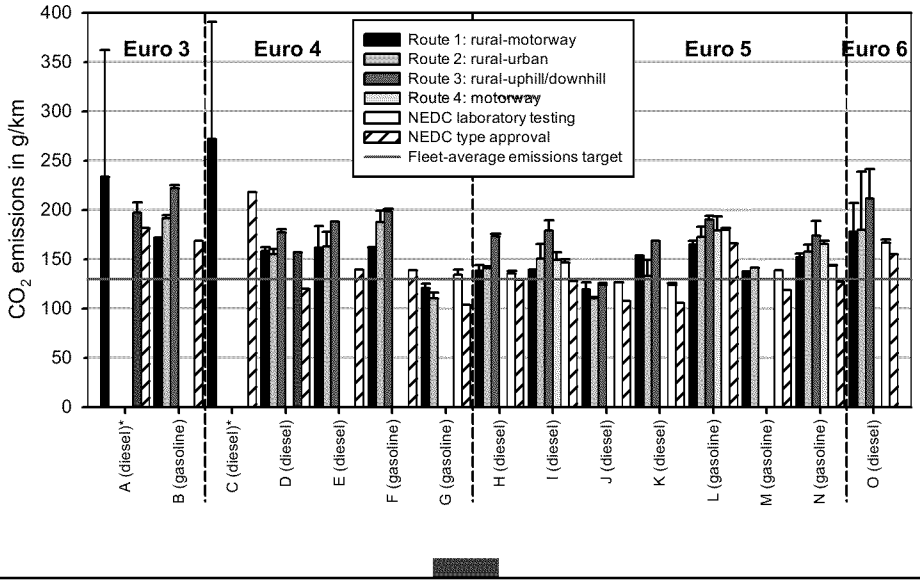
Parameter	Device
THC	Heated-flame ionization detector
$CO+CO_2$	Non-dispersive infrared analyzer
$NO+NO_2$	Non-dispersive ultraviolet analyzer
Exhaust flow rate	Exhaust flow meter (EFM)
Exhaust temperature	EFM temperature sensor
Vehicle speed	GPS/ECU
Vehicle position and altitude	GPS
Acceleration	GPS/ECU
Distance	GPS/ECU
Ambient humidity	Humidity sensor
Ambient temperature	Temperature sensor
Ambient air pressure	Barometer

- **Emissions testing from cold start, including cranking**
- **Use of commercial fuels**

Supplemental slides

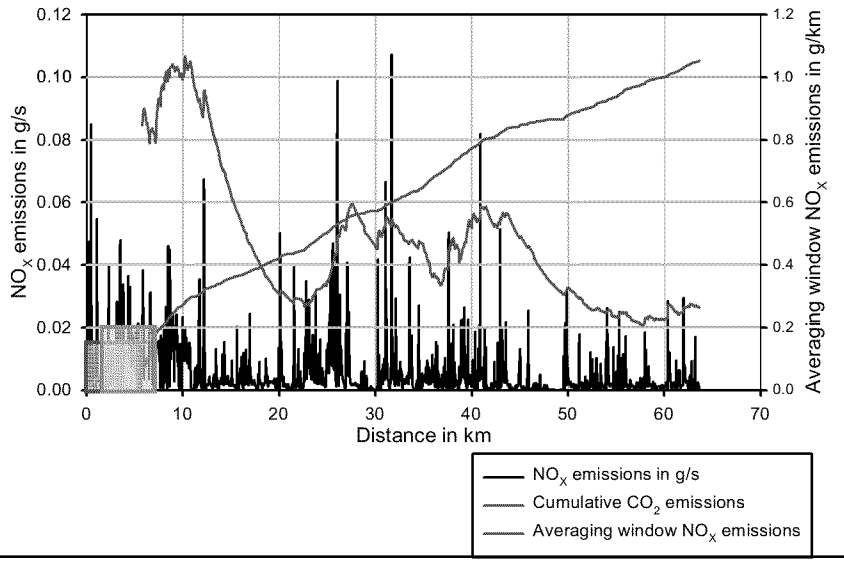


Supplemental slides



Supplemental slides

The averaging window approach:



To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Valentine, Julia
Sent: Wed 9/30/2015 10:09:08 PM
Subject: Automatic reply: Laura's 3 things

Hi,
For help with Volkswagen inquiries before Monday morning, please resend your email to press@epa.gov. And please include "Volkswagen" or "VW" at the beginning of your subject line.

I will be happy to get back to all other requests on Monday.

Thanks.

From: Levine, Carolyn
Required Attendees: Belser, Evan; Brooks, Phillip; Kelley, Rosemarie; Niebling, William; Sutton, Tia; Haman, Patricia; Cohen, Janet; Bunker, Byron; Werner, Jacqueline; Shinkman, Susan; Grundler, Christopher
Optional Attendees: Emmerson, Caroline; Hengst, Benjamin
Location: Non-Responsive
Importance: Normal
Subject: Briefing for House Energy and Commerce Committee staff re: VW (includes travel time for DC folks)
Start Date/Time: Mon 10/5/2015 7:00:00 PM
End Date/Time: Mon 10/5/2015 8:30:00 PM

…
,,,
Hi all,

Please let me know who will be participating in-person from HQ, and I will contact you about travel arrangements. Committee staff specifically requested that we do not bring a big group of folks. We will loop in Ann Arbor via phone for the meeting.

Thanks!
Carolyn
202-564-1859

From: Levine, Carolyn
Required Attendees: Belser, Evan; Brooks, Phillip; Kelley, Rosemarie; Niebling, William; Sutton, Tia; Haman, Patricia; Cohen, Janet; Bunker, Byron; Werner, Jacqueline; Shinkman, Susan; Grundler, Christopher
Optional Attendees: Emmerson, Caroline; Hengst, Benjamin
Location: 13th and PA for HQ
Importance: Normal
Subject: Briefing for House Energy and Commerce Committee staff re: VW (includes travel time for DC folks)
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Thanks!
Carolyn
202-564-1859

To: Bunker, Byron[bunker.byron@epa.gov]
From: Grundler, Christopher
Sent: Wed 9/30/2015 11:13:44 PM
Subject: VW Update?

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Bunker, Byron
Sent: Wed 9/30/2015 11:14:20 PM
Subject: RE: VW Update?

Drafting now. Should be done in 10 minutes or so.

****
Byron Bunker
Director Compliance Division
Office of Transportation and Air Quality
Environmental Protection Agency
2000 Traverwood Drive
Ann Arbor, MI 48105
Bunker.Byron@epa.gov
Phone: (734) 214-4155
Mobile: (734) 353-9623
****

-----Original Message-----
From: Grundler, Christopher
Sent: Wednesday, September 30, 2015 7:14 PM
To: Bunker, Byron
Subject: VW Update?

Christopher Grundler, Director
Office of Transportation and Air Quality U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

To: Kaul, Meetu[Kaul.Meetu@epa.gov]
Cc: scoop@huffingtonpost.com[scoop@huffingtonpost.com]; spiegel_online@spiegel.de[spiegel_online@spiegel.de]; david.geanacopoulos@vw.com[david.geanacopoulos@vw.com]
From: Ex. 6
Sent: Thur 10/1/2015 12:13:28 AM
Subject: Jeep Renegade 2.0 Multijet - exceeds NOx by 10 times

Dear Meetu,

At Sep 18 you notified Volkswagen AG and Audi AG that some of their Diesel cars were equipped with software based defeat devices – and consequently submitted between 5 to 40 times more NOx than permissible by Tier2-Bin5.

I am not really sure you are aware of it, but: In the ICCT test the (European Version) of the Jeep Renegade 2.0 Multijet exceeds the NOx by 10 times! If the U.S. and Euro versions of the Jeep are identical then seemingly Jeep should be seen in violation as well. According to the ICCT it also seems that some Volvo and Nissan cars are even WAY worse than the Jeep.

Question: Do you actively follow this up? Obviously the defeat device is devilish and needs to be punished – and obviously Volkswagen has the largest market share in Diesel cars in the U.S. – but what if other car makers are in violation, too?

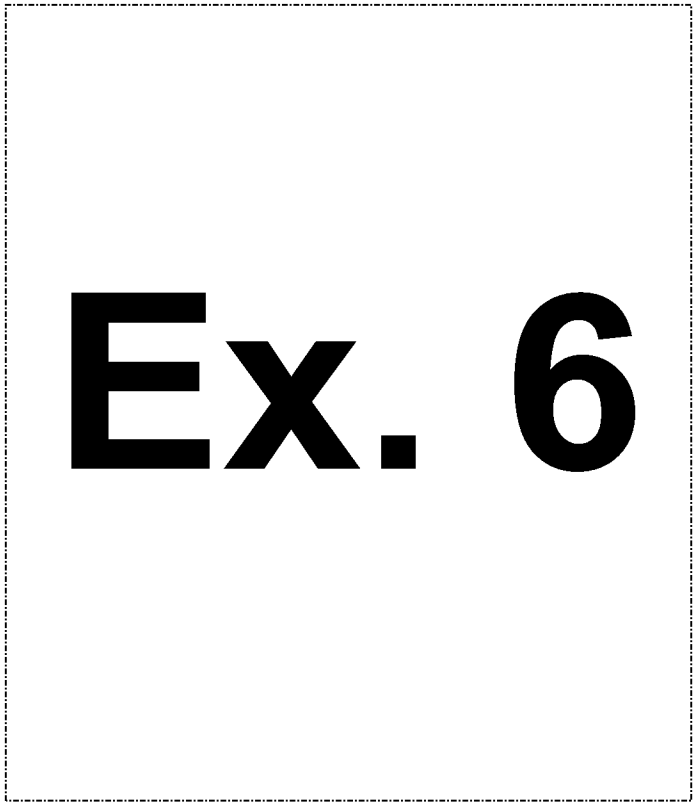
I am German, see me as "concerned citizen".

http://www.huffingtonpost.com/entry/cars-not-just-volkswagen-emit-more-pollutants_560c3040e4b0768127005549

http://www.theicct.org/nox-control-technologies-euro-6-diesel-passenger-cars#.VgFBOKuHD1k.facebook

Thanks,

Ex. 6


Ex. 6

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: drew@theicct.org
Sent: Thur 10/1/2015 1:18:18 AM
Subject: Re: Re: Request from South Korea about Details on VW Defeat Device

<E51B9425-4BAF-4CF5-B8AF-42532F609A9D@theicct.org>,<22E9BF18A36A8D45A21AA0697ECC14902176B4D1@MRF01DAG3S02.rf01.itservices.ca.gov>
<73BCF11C-0E97-4539-95B5-D78BA9784F10@epa.gov>
Auto-Submitted: auto-replied (vacation)
Precedence: bulk
MIME-Version: 1.0
Content-Type: text/plain; charset=utf-8
Content-Transfer-Encoding: 8bit

Thanks for your message. I am on travel this week, and may be slow responding to messages.
Apologies in advance.

From: Bunker, Byron
Location: RM. 6520 DC/RM. C-174 DOD AA
Importance: Normal
Subject: Accepted: HOLD: Potential VW Press Interviews
Start Date/Time: Fri 10/2/2015 6:00:00 PM
End Date/Time: Fri 10/2/2015 6:30:00 PM

To: Werner, Jacqueline[Werner.Jacqueline@epa.gov]; Belser, Evan[Belser.Evan@epa.gov]; Orehowsky, Gregory[Orehowsky.Gregory@epa.gov]
From: Kaul, Meetu
Sent: Thur 10/1/2015 2:08:55 AM
Subject: FW: Jeep Renegade 2.0 Multijet - exceeds NOx by 10 times

Ex. 5

Ms.Meetu Kaul, Attorney-Advisor

Air Enforcement Division
United States Environmental Protection Agency
Direct: 202-564-5472
Email: kaul.meetu@epa.gov

From: **Ex. 6**
Sent: Wednesday, September 30, 2015 8:13 PM
To: Kaul, Meetu
Cc: **Ex. 6**
Subject: Jeep Renegade 2.0 Multijet - exceeds NOx by 10 times

Dear Meetu,

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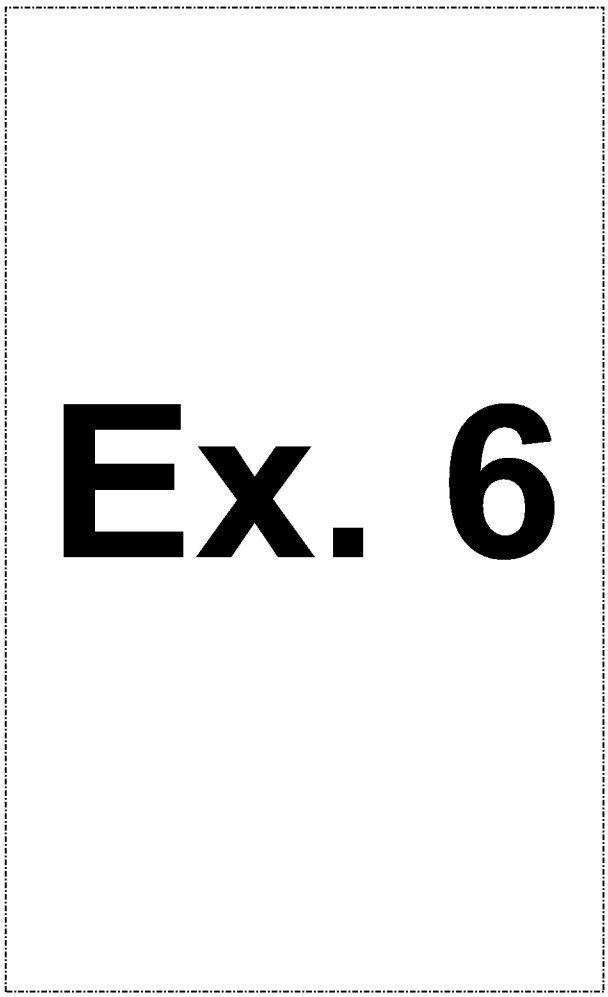
http://www.huffingtonpost.com/entry/cars-not-just-volkswagen-emit-more-pollutants_560c3040e4b0768127005549

http://www.theicct.org/nox-control-technologies-euro-6-diesel-passenger-cars#.VgFBOKuHD1k.facebook

Thanks,



To: OTAQ[OTAQ@epa.gov]
From: Kaul, Meetu
Sent: Thur 10/1/2015 2:09:02 AM
Subject: FW: Jeep Renegade 2.0 Multijet - exceeds NOx by 10 times

---

Ms.Meetu Kaul, Attorney-Advisor

Air Enforcement Division
United States Environmental Protection Agency
Direct: 202-564-5472
Email: kaul.meetu@epa.gov

From: Ex. 6
Sent: Wednesday, September 30, 2015 8:13 PM
To: Kaul, Meetu
Cc: Ex. 6
Subject: Jeep Renegade 2.0 Multijet - exceeds NOx by 10 times

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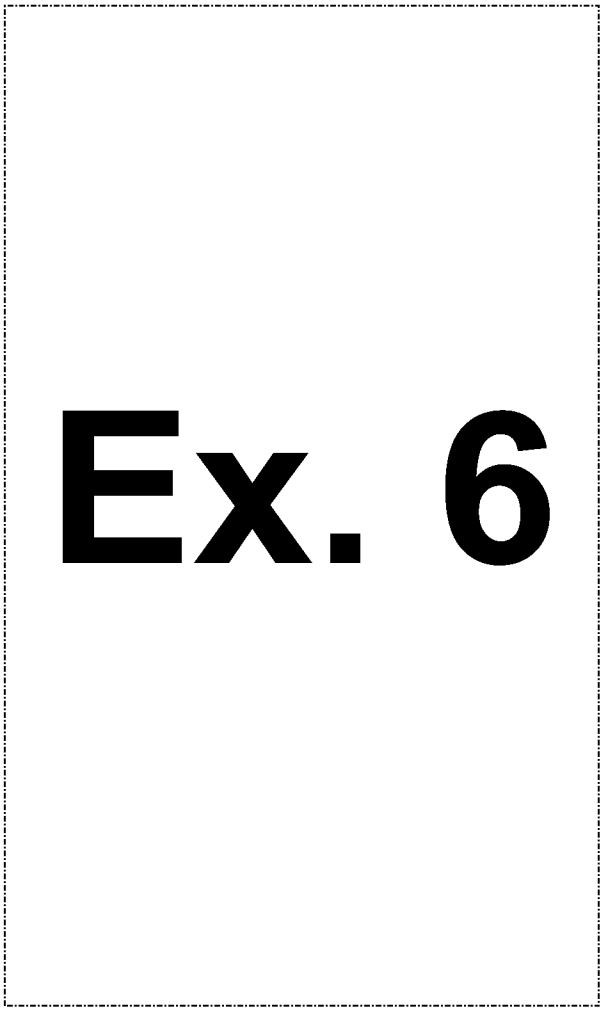
http://www.theicct.org/nox-control-technologies-euro-6-diesel-passenger-cars#.VgFBOKuHD1k.facebook

Thanks,



On-road emissions of light-duty vehicles in Europe

Real Road, Real Driving, and Real Emissions Seminar

National Institute of Environmental Research (NIER)

8 June 2012, Seoul, Republic of Korea

Martin Weiss

Pierre Bonnel

DG - Joint Research Centre (JRC)

IET - Institute for Energy and Transport

Content

- **The Joint Research Centre**

Content

- The Joint Research Centre
- **Vehicle emissions legislation in the European Union**

Content

- The Joint Research Centre
- Vehicle emissions legislation in the European Union
- **On-road emissions testing at the JRC**
  - **Design**
  - **Results**

VW FOIA, EPA 06/20/2017 2017-FFP_028147

Content

- The Joint Research Centre
- Vehicle emissions legislation in the European Union
- On-road emissions testing at the JRC
  - Design
  - Results
- Implications

The Joint Research Centre

The Joint Research Centre (JRC) is the in-house scientific and technical service of the European Commission

VW FOIA, EPA 06/20/2017 2017-FFP_028148

The Joint Research Centre

The Joint Research Centre (JRC) is the in-house scientific and technical service of the European Commission

Mission:

- **to provide scientific advice and technical know-how to the European Commission**

The Joint Research Centre

The Joint Research Centre (JRC) is the in-house scientific and technical service of the European Commission

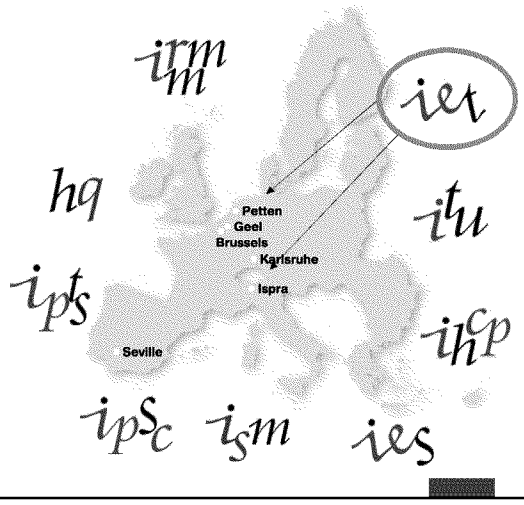
Mission:

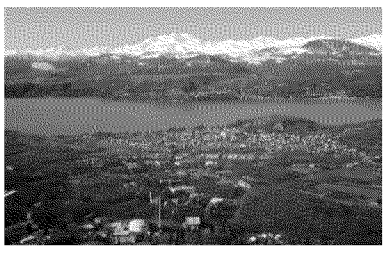
- **to provide scientific advice and technical know-how to the European Commission**
- **to support a wide range of EU policies independent of private or national interests**

The Joint Research Centre

Headquarters located in Brussels

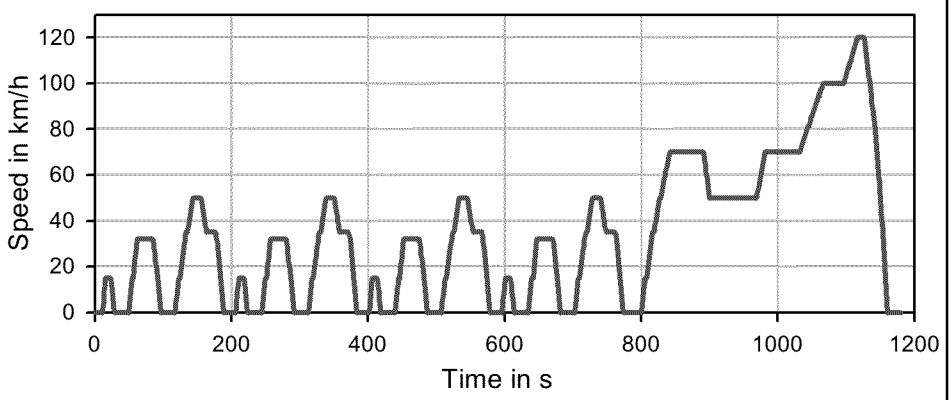
7 institutes; 2750 employees; annual budget of €330 million ($430 million)



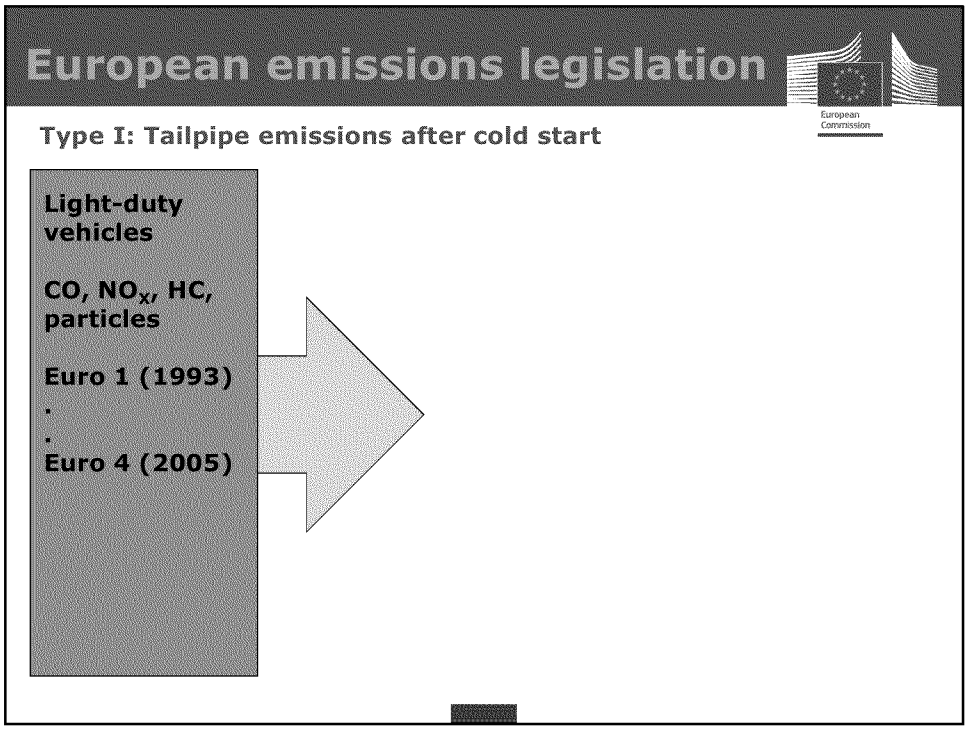


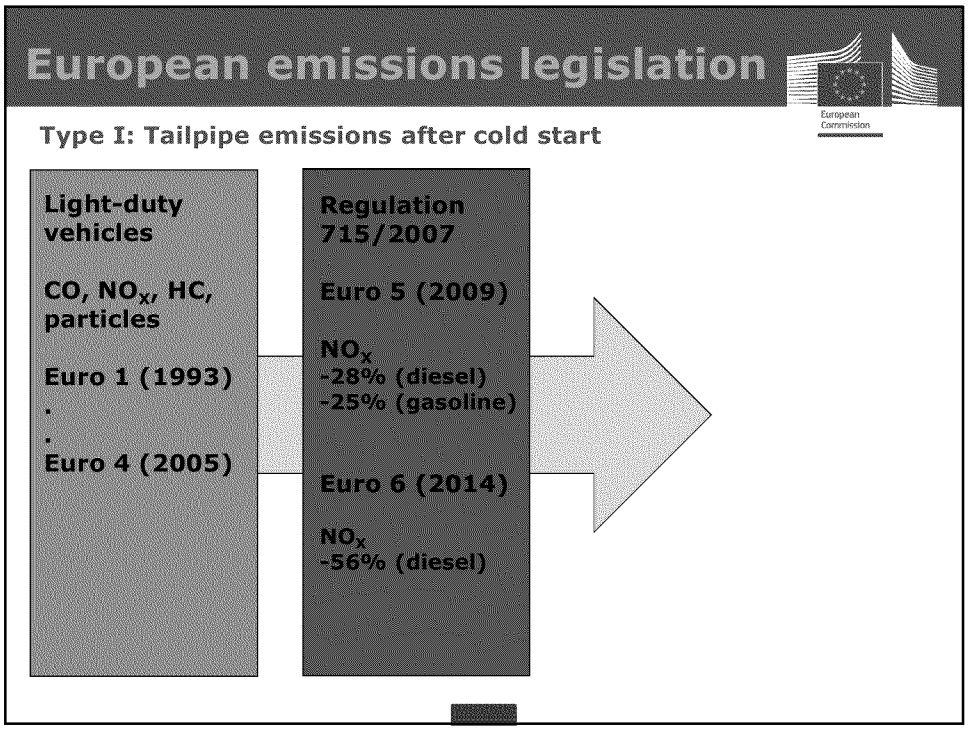
European emissions legislation

Type 1 Test - Tail-pipe emissions: type approval and in-service conformity testing in the laboratory based on the New European Driving Cycle (NEDC)

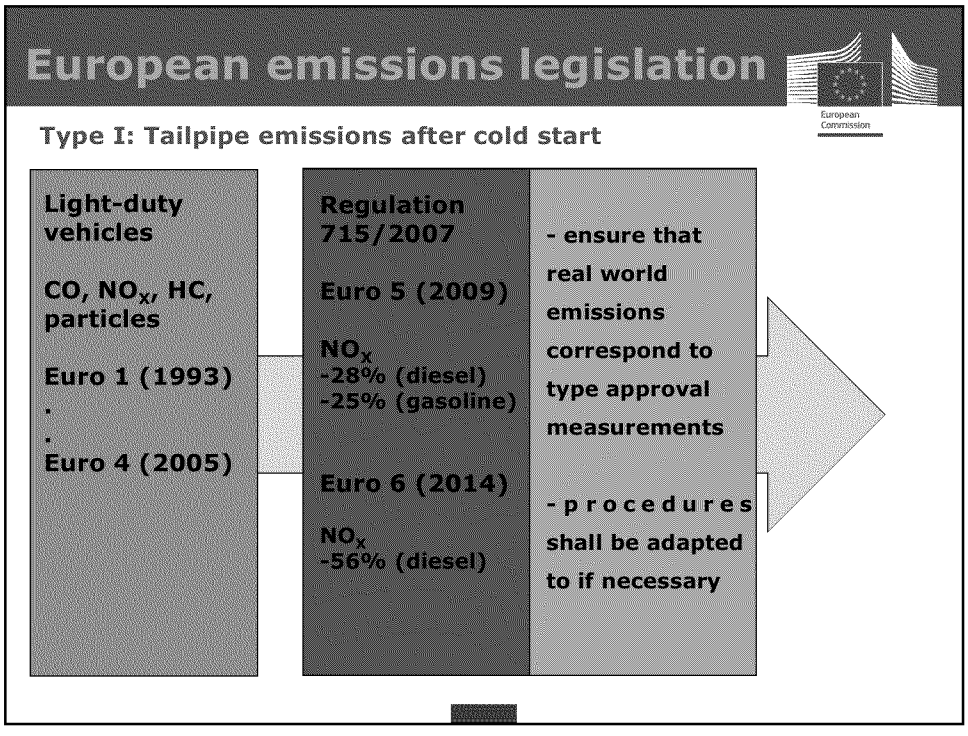


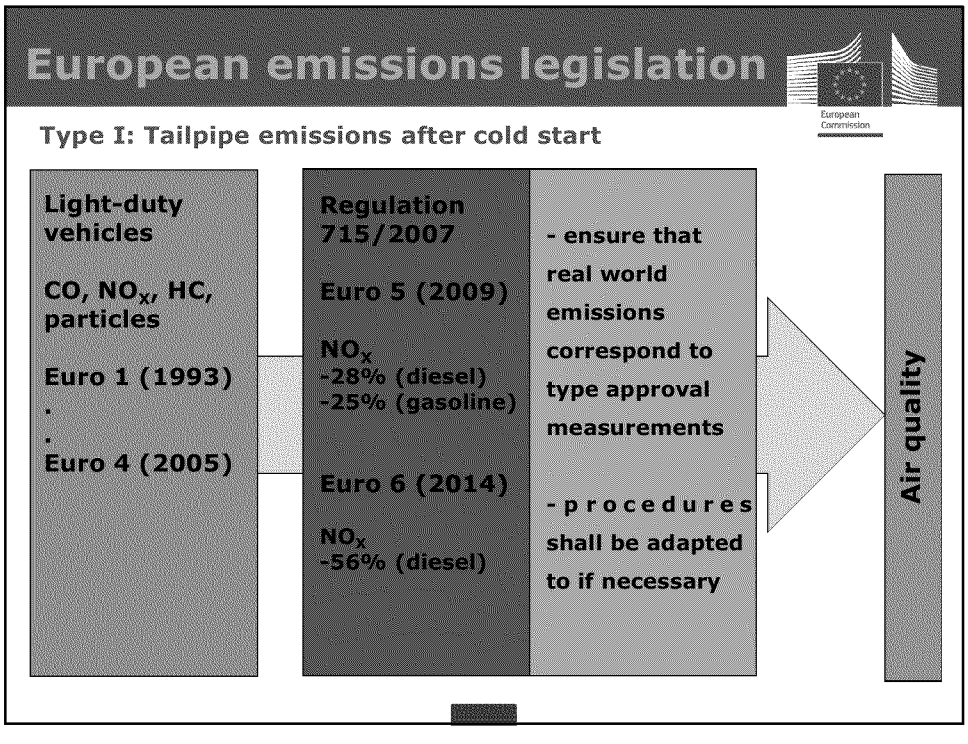
VW FOIA, EPA 06/20/2017 2017-FFP_028150





VW FOIA, EPA 06/20/2017 2017-FFP_028151

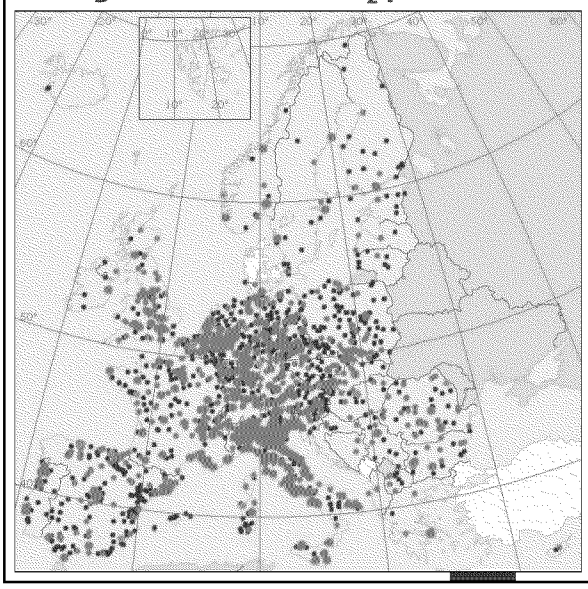




VW FOIA, EPA 06/20/2017 2017-FFP_028152

European emissions legislation

Background: Urban NO_2 pollution in the EU

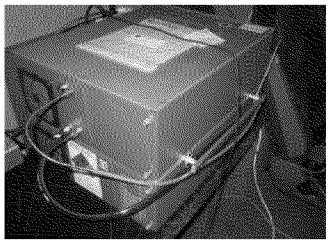


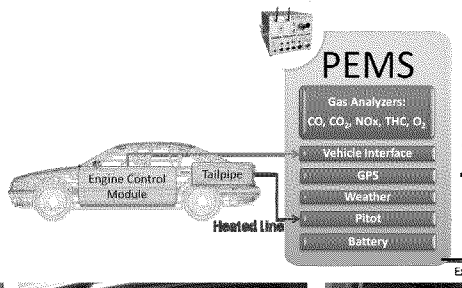
Annual mean, nitrogen dioxide, 2009, based on daily averages with percentage of valid measurements 75 % in µg/m³

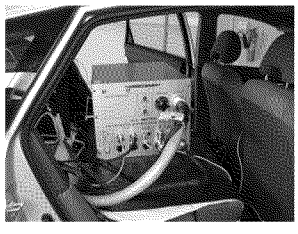
- ≤ 20
- 20–40
- 40–42
- ≥ 42
- No data
- Outside data coverage

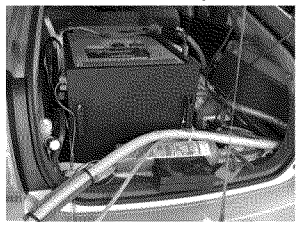
Source: Copyright EEA (2011)

PEMS equipment





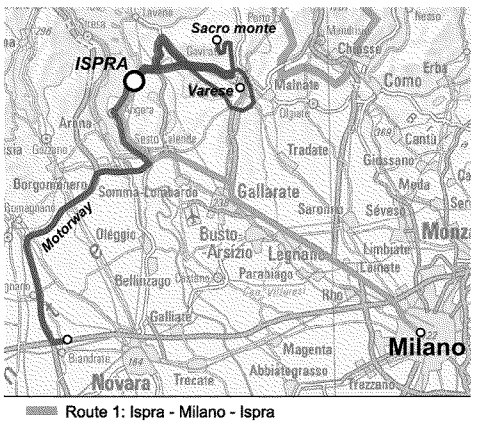


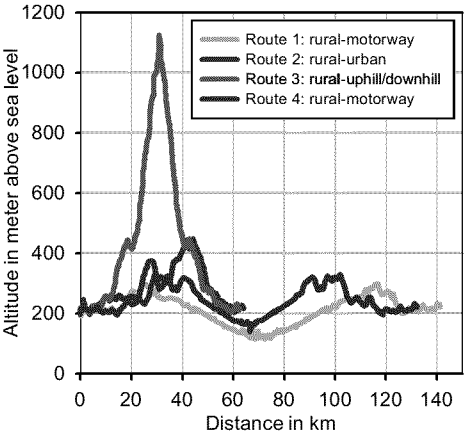


- **Power supply by batteries for test durations of up to 2 h**
- **PEMS (including batteries) 120 kg + 80 kg of the co-driver**

VW FOIA, EPA 06/20/2017 2017-FFP_028153

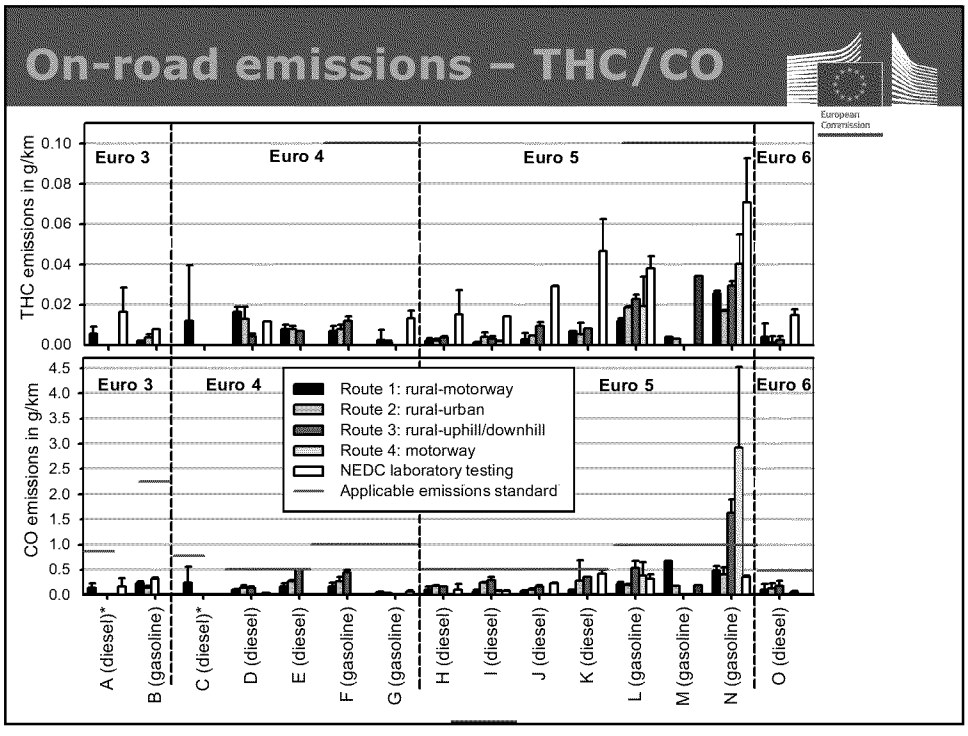
Test routes

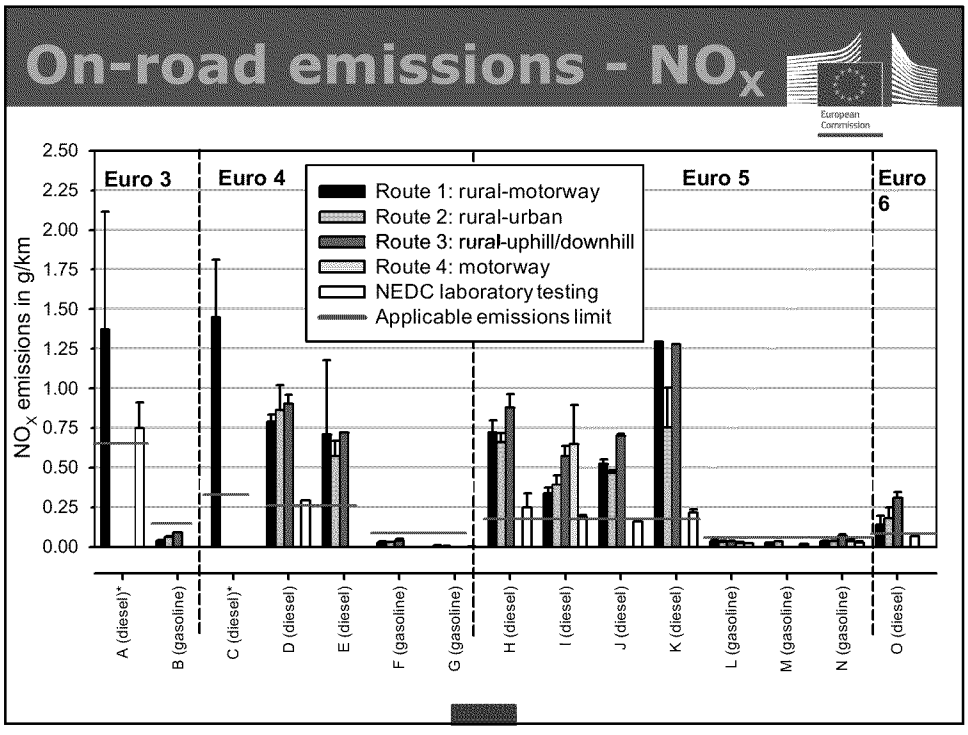




Test routes

VW FOIA, EPA 06/20/2017 2017-FFP_028154


On-road emissions – THC/CO
European Commission
THC emissions in g/km
0.10
0.08
0.06
0.04
0.02
0.00
Euro 3
Euro 4
Euro 5
Euro 6
CO emissions in g/km
4.5
4.0
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
Route 1: rural-motorway
Route 2: rural-urban
Route 3: rural-uphill/downhill
Route 4: motorway
NEDC laboratory testing
Applicable emissions standard
A (diesel)*
B (gasoline)
C (diesel)*
D (diesel)
E (diesel)
F (gasoline)
G (gasoline)
H (diesel)
I (diesel)
J (diesel)
K (diesel)
L (gasoline)
M (gasoline)
N (gasoline)
O (diesel)


On-road emissions - NOx
European Commission
NOx emissions in g/km
2.50
2.25
2.00
1.75
1.50
1.25
1.00
0.75
0.50
0.25
0.00
Euro 3
Euro 4
Euro 5
Euro 6
Route 1: rural-motorway
Route 2: rural-urban
Route 3: rural-uphill/downhill
Route 4: motorway
NEDC laboratory testing
Applicable emissions limit
A (diesel)*
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D (diesel)
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H (diesel)
I (diesel)
J (diesel)
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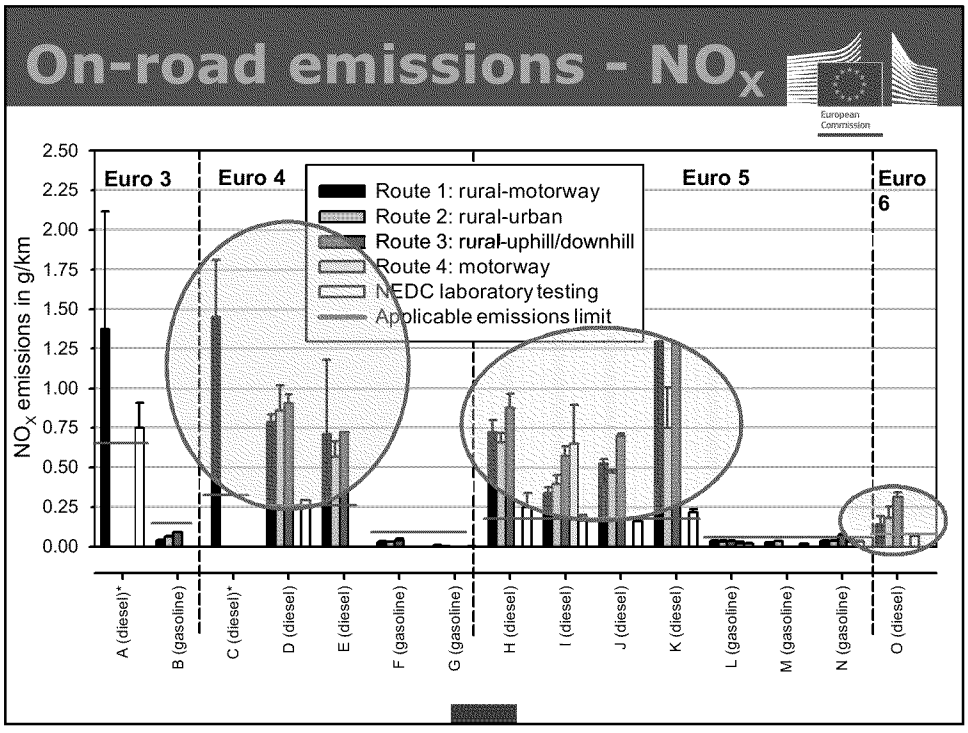
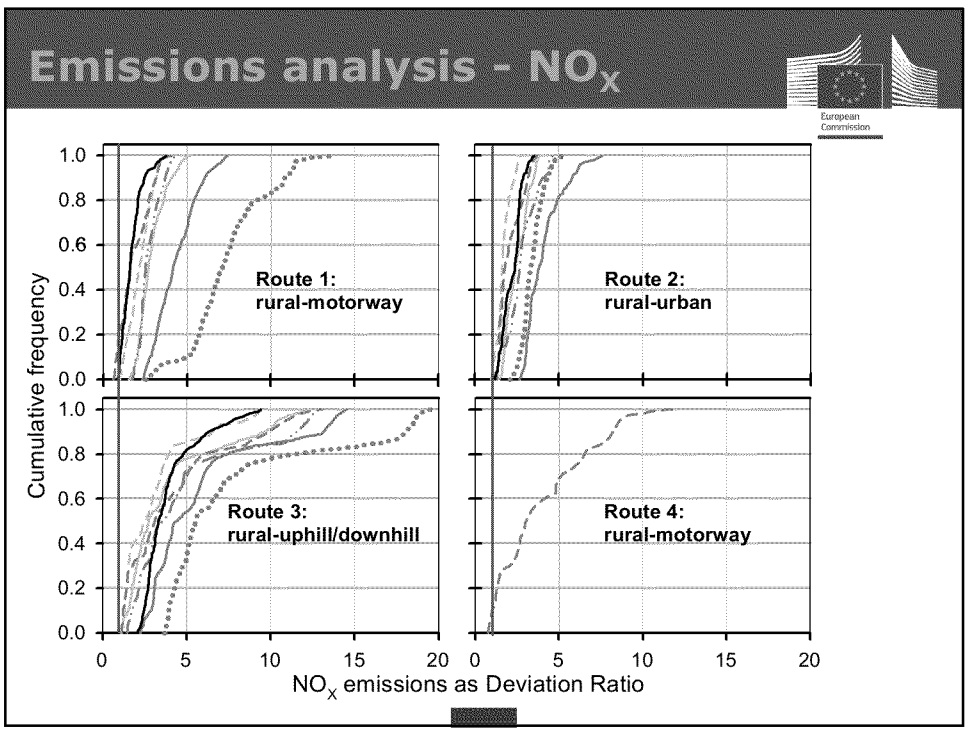
M (gasoline)
N (gasoline)
O (diesel)

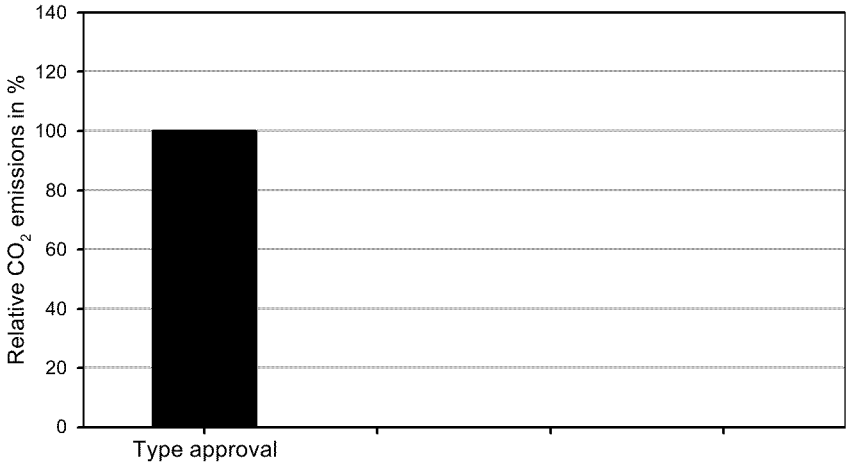

On-road emissions - NOx
European Commission
Euro 3
Euro 4
Euro 5
Euro 6
Route 1: rural-motorway
Route 2: rural-urban
Route 3: rural-uphill/downhill
Route 4: motorway
NEDC laboratory testing
Applicable emissions limit
NOx emissions in g/km
2.50
2.25
2.00
1.75
1.50
1.25
1.00
0.75
0.50
0.25
0.00
A (diesel)*
B (gasoline)
C (diesel)*
D (diesel)
E (diesel)
F (gasoline)
G (gasoline)
H (diesel)
I (diesel)
J (diesel)
K (diesel)
L (gasoline)
M (gasoline)
N (gasoline)
O (diesel)


Emissions analysis - NOx
European Commission
Cumulative frequency
1.0
0.8
0.6
0.4
0.2
0.0
Route 1: rural-motorway
Route 2: rural-urban
Route 3: rural-uphill/downhill
Route 4: rural-motorway
0
5
10
15
20
NOx emissions as Deviation Ratio

On-road emissions – CO_2

European Commission

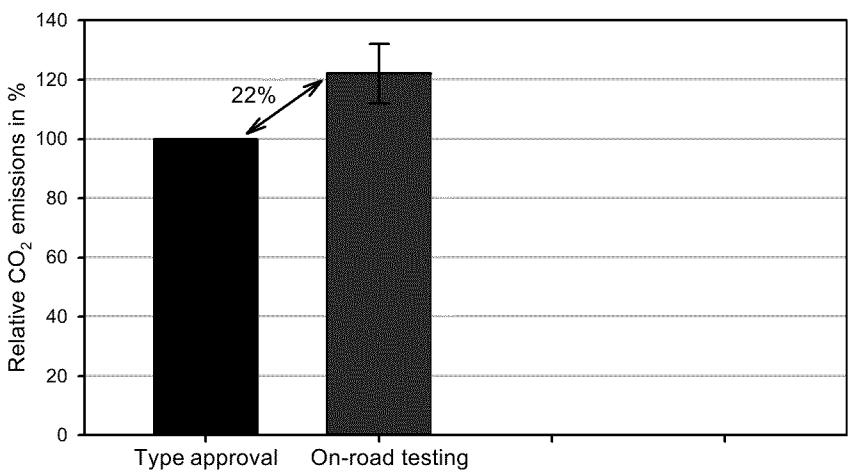
No emissions standard for individual light-duty vehicles but a fleet-average target of 130 g/km



On-road emissions – CO_2

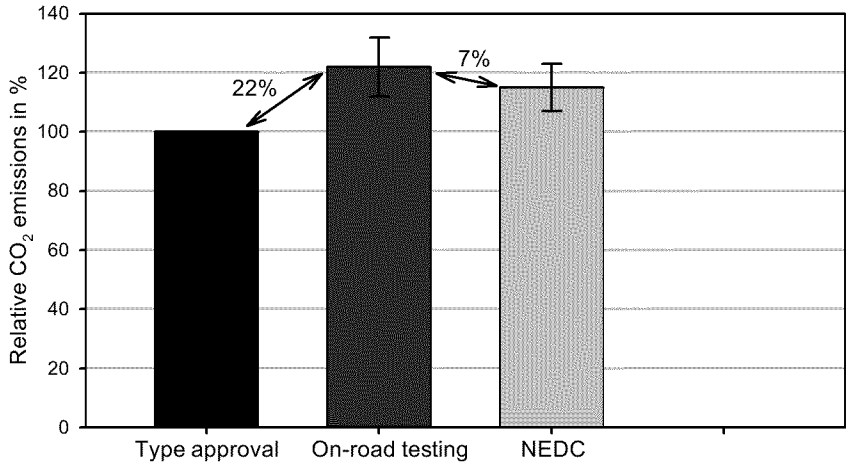
European Commission

No emissions standard for individual light-duty vehicles but a fleet-average target of 130 g/km



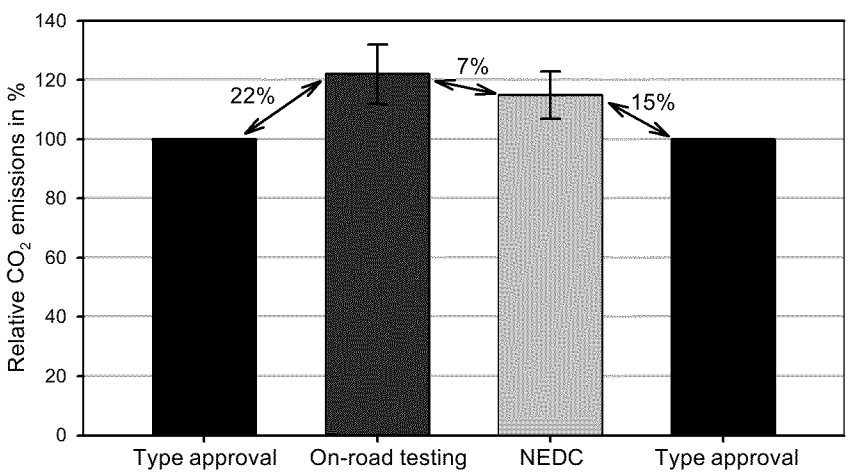
On-road emissions – CO_2

No emissions standard for individual light-duty vehicles but a fleet-average target of 130 g/km



On-road emissions – CO_2

No emissions standard for individual light-duty vehicles but a fleet-average target of 130 g/km



Implications

European Commission

European Commission establishes a complementary emissions test procedure

- **Two candidates:**
  - **Laboratory testing with a random driving cycle**
  - **On-road emissions testing with PEMS**

Implications

European Commission

- **Factors potentially explaining elevated on-road emissions**

Implications

- **Factors potentially explaining elevated on-road emissions**
  - **Polluting driving conditions covered only for a short time by the laboratory driving cycle**

Implications

- **Factors potentially explaining elevated on-road emissions**
  - **Polluting driving conditions covered only for a short time by the laboratory driving cycle**
  - **Polluting driving conditions not covered in the laboratory**

VW FOIA, EPA 06/20/2017 2017-FFP_028160

Implications

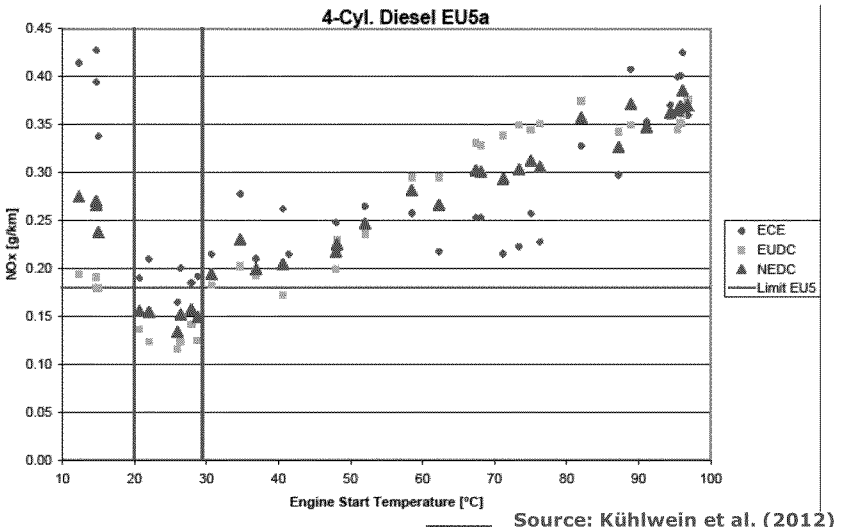
- **Factors potentially explaining elevated on-road emissions**
  - **Polluting driving conditions covered only for a short time by the laboratory driving cycle**
  - **Polluting driving conditions not covered in the laboratory**
  - **Operating conditions not covered in the laboratory**

Implications

- **Factors potentially explaining elevated on-road emissions**
  - **Polluting driving conditions covered only for a short time by the laboratory driving cycle**
  - **Polluting driving conditions not covered in the laboratory**
  - **Operating conditions not covered in the laboratory**
  - **Overall test duration**

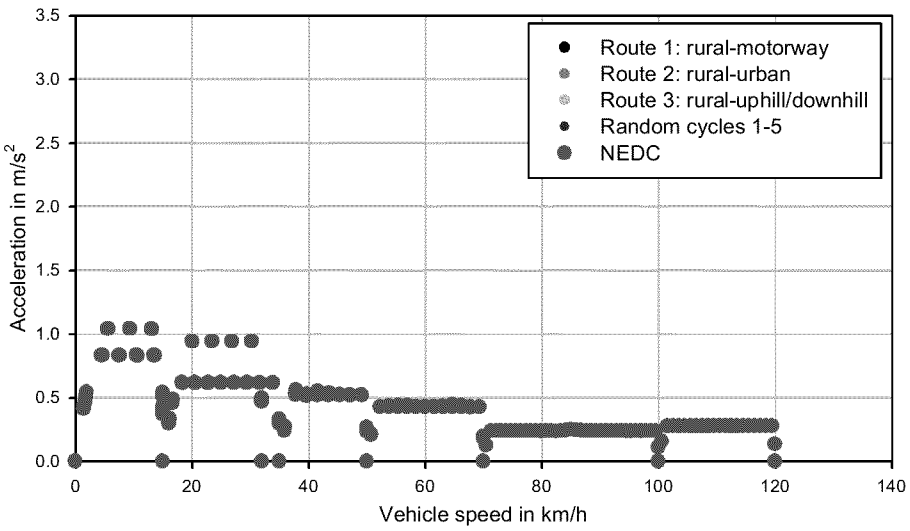
Critical aspects

NEDC: NO_X emissions as function of engine start temperature

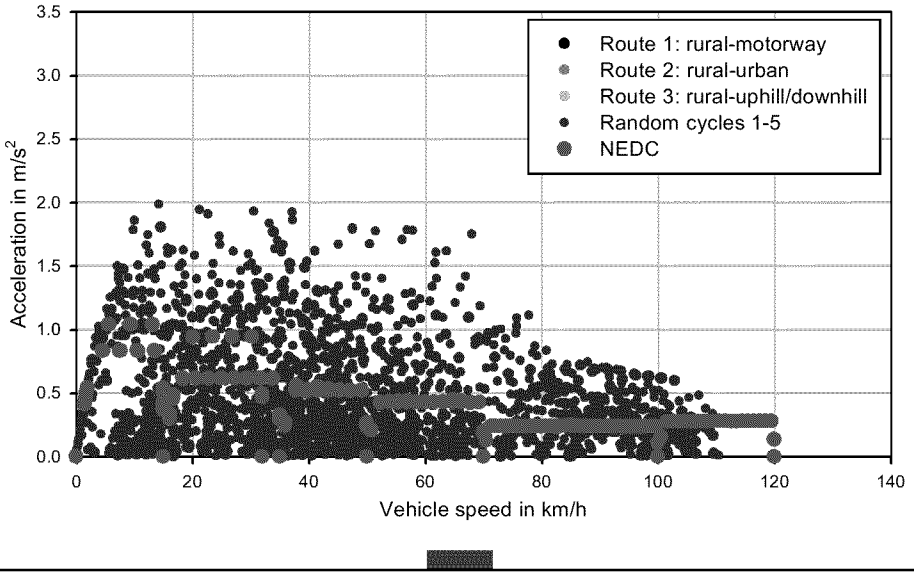


Source: Kühlwein et al. (2012)

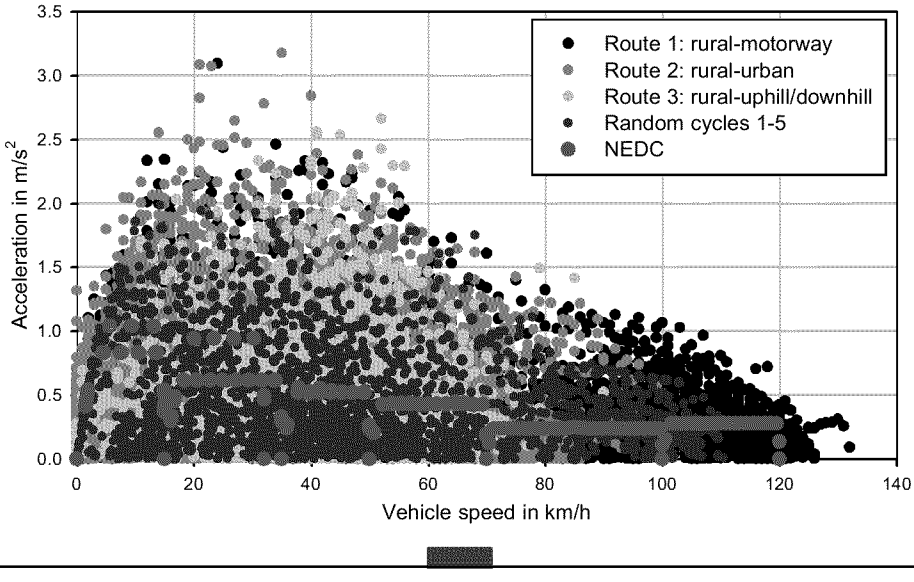
Critical aspects



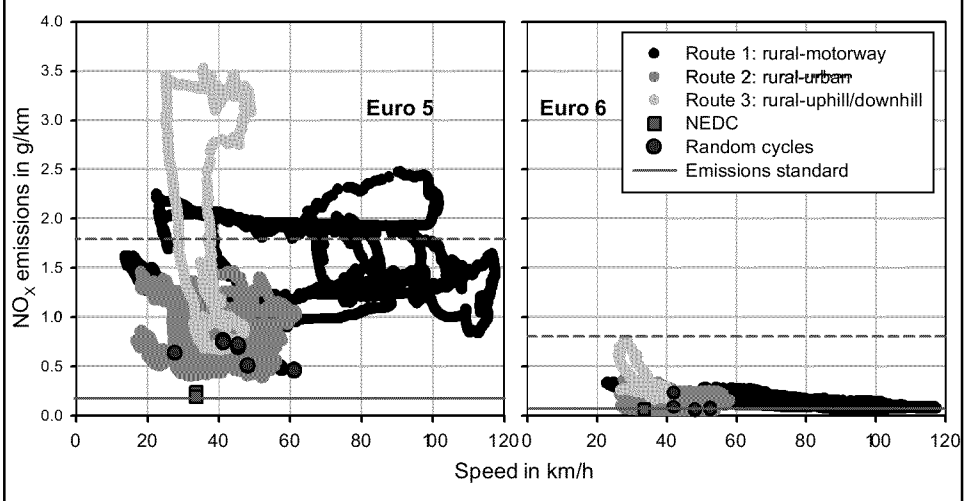
Critical aspects



Critical aspects



Critical aspects



Outlook

- **Decision about a complementary Type1 test procedure by June 2012**

Outlook

- Decision about a complementary Type1 test procedure by June 2012
- **Development and pilot testing until the end of 2013**

Outlook

- Decision about a complementary Type1 test procedure by June 2012
- Development and pilot testing until the end of 2013
- **Definition of boundary conditions, data characterization, and 'not-to-exceed' limits**

VW FOIA, EPA 06/20/2017 2017-FFP_028165

Outlook

- Decision about a complementary Type1 test procedure by June 2012
- Development and pilot testing until the end of 2013
- Definition of boundary conditions, data characterization, and 'not-to-exceed' limits
- Gradual implementation from 2014 onwards?

Outlook

- Decision about a complementary Type1 test procedure by June 2012
- Development and pilot testing until the end of 2013
- Definition of boundary conditions, data characterization, and 'not-to-exceed' limits
- Gradual implementation from 2014 onwards?

- **NO_2 air pollution vs. distance-specific NO_X emissions of light-duty vehicles…**

European Commission

JRC Scientific and Technical Reports

Analyzing on-road emissions of light-duty vehicles with Portable Emission Measurement Systems (PEMS)

Martin Weiss, Pierre Bonnel, Rudolf Hummel, Urbano Manfredi, Rinaldo Colombo, Gaston Lanappe, Philippe Le Lijour, Mirco Sculati

Environmental Science & Technology — ARTICLE — pubs.acs.org/est

On-Road Emissions of Light-Duty Vehicles in Europe

Martin Weiss,*[,†] Pierre Bonnel,[†] Rudolf Hummel,[†] Alessio Provenza,[†] and Urbano Manfredi[†]

[†]European Commission − DG Joint Research Centre, Institute for Energy and Transport, Sustainable Transport Unit, Via Enrico Fermi 2749 - TP 230, 21010 Ispra, Italy

Supporting Information

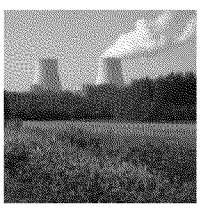
Martin Weiss
(martin.weiss@jrc.ec.europa.eu)

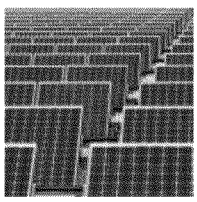
Pierre Bonnel
(pierre.bonnel@jrc.ec.europa.eu)

Supplemental slides

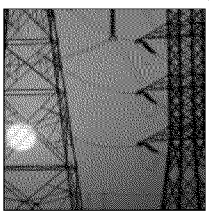
Institute for Energy and Transport

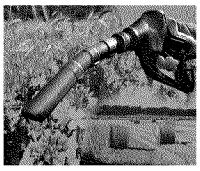
•Empirical research for energy and transport policies



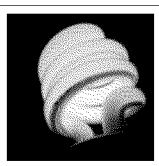


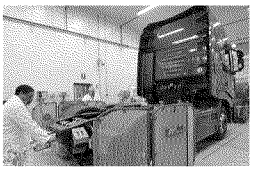
Energy supply





Energy transmission





Energy demand

Supplemental slides

Regulation 715/2007 specifies emission standards; for passenger cars:

in g/km		THC/NMHC	CO	NO_x	NO_x+THC	PM	PN
Euro 5 spark ignition	2009-2012	0.100/ 0.068	1.000	0.060	-	0.005/ 0.0045	-
Euro 6 spark ignition	From 2014	0.100/ 0.068	1.000	0.060	-	0.0045	$6*10^{12}$ / $6*10^{11}$
Euro 5 diesel	2009-2012	-	0.500	0.180	0.230	0.005/ 0.0045	$6*10^{11}$
Euro 6 diesel	From 2014	-	0.500	0.080	0.170	0.0045	$6*10^{11}$

CO_2: fleet-average emissions target of 130 g/km

Supplemental slides

- **2004-2005: feasibility of PEMS for in-service conformity testing of heavy-duty vehicles**
- **2007-2008: PEMS heavy-duty pilot program**
- **Since 2007: PEMS testing of >15 light-duty vehicles**
- **Since 2010: PEMS pilot program for non-road machinery**

- **Light-duty vehicles: diesel and gasoline cars; Euro 3-6**

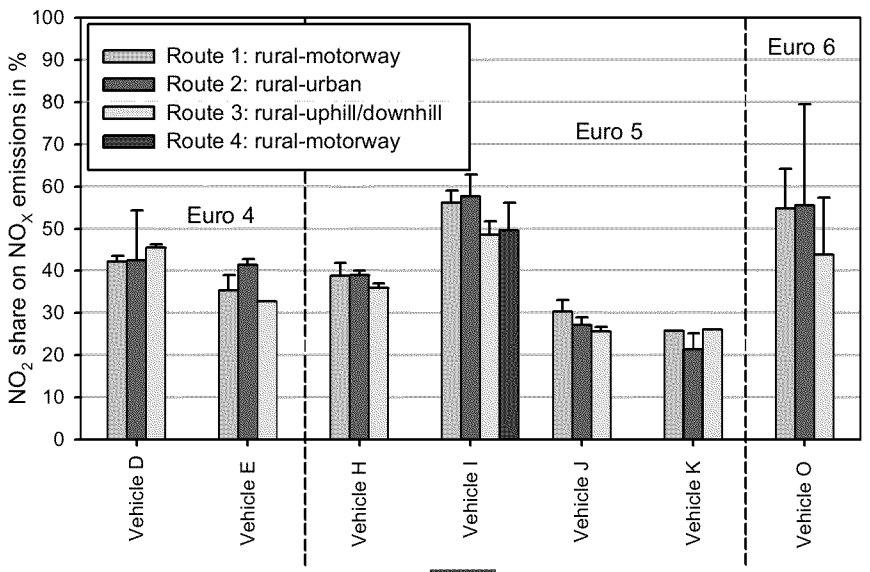
VW FOIA, EPA 06/20/2017 2017-FFP_028168

Supplemental slides

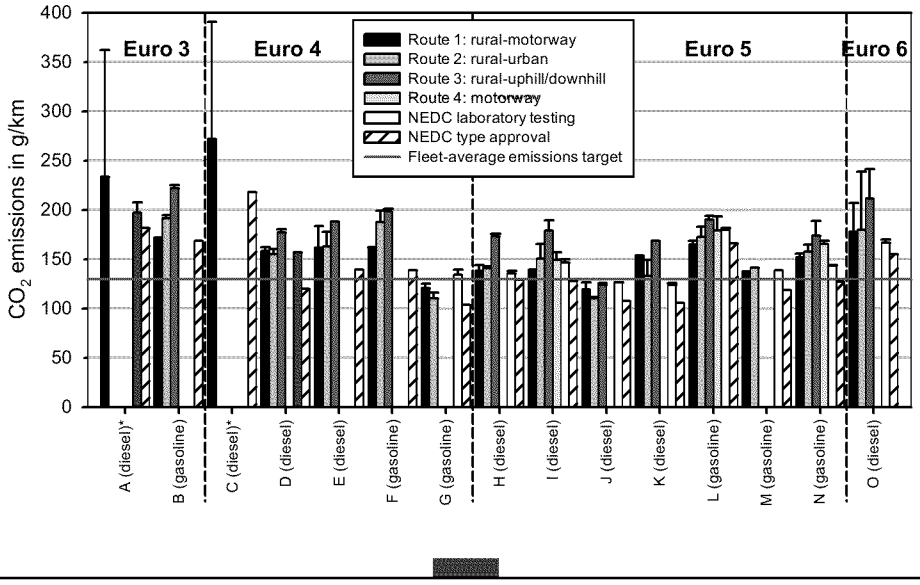
Parameter	Device
THC	Heated-flame ionization detector
$CO+CO_2$	Non-dispersive infrared analyzer
$NO+NO_2$	Non-dispersive ultraviolet analyzer
Exhaust flow rate	Exhaust flow meter (EFM)
Exhaust temperature	EFM temperature sensor
Vehicle speed	GPS/ECU
Vehicle position and altitude	GPS
Acceleration	GPS/ECU
Distance	GPS/ECU
Ambient humidity	Humidity sensor
Ambient temperature	Temperature sensor
Ambient air pressure	Barometer

- **Emissions testing from cold start, including cranking**
- **Use of commercial fuels**

Supplemental slides

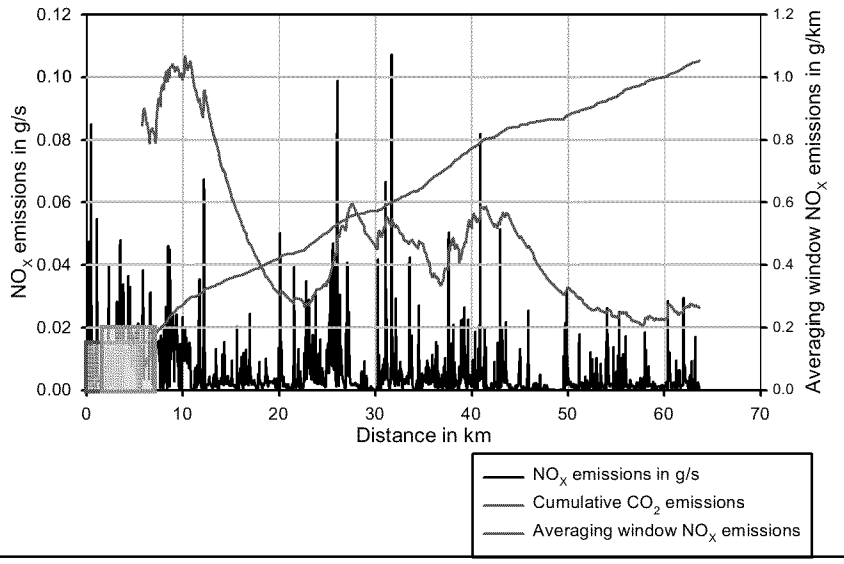


Supplemental slides



Supplemental slides

The averaging window approach:



Non-Responsive

On Sep 30, 2015, at 7:02 AM, Drew Kodjak <drew@theicct.org> wrote:

Dear Chris and Karl,
I'm at a conference in London on cities and climate action, while trying to continue to manage our global response to the VW scandal - quite a challenge.

Non-Responsive

Non-Responsive

Best

Drew

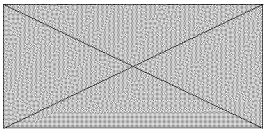
To: Ex. 6
From: Grundler, Christopher
Sent: Thur 10/1/2015 2:47:20 AM
Subject: Re: Some time to chat later today?

Sorry. Had no time today then had to dash for the airport. Let's try tomorrow

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

> On Sep 30, 2015, at 1:55 PM, Ex. 6 > wrote:
>
> Chris,
> Do you have a few mins to catch up on VW stuff, completely on background and/or OTR? A 2007-era question has come up in particular I'm hoping to run by you...
> Ex. 6

To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: Environmental Law360
Sent: Thur 10/1/2015 7:31:41 AM
Subject: Enviros Score Major Win In Final EPA Effluent Rules



ENVIRONMENTAL

Thursday, October 1, 2015

TOP NEWS

Enviros Score Major Win In Final EPA Effluent Rules

The U.S. Environmental Protection Agency's tough new rule for wastewater handling at steam power plants strays considerably from methods it endorsed in a proposed version, a move experts say is a clear win for environmentalists and another setback for America's fossil-fuel energy providers.

DC Circ. Won't Reconsider Clean Power Plan Ruling

The D.C. Circuit refused Tuesday to revisit its ruling allowing the U.S. Environmental Protection Agency's controversial proposed rule to slash greenhouse gas emissions at existing power plants to proceed, simultaneously denying the energy industry's and various states' requests to delay implementing the decision.

States, Industry Get BLM Fracking Rules Blocked

The U.S. Bureau of Land Management's new rules governing fracking on federal and tribal land took another hit Wednesday when a Wyoming federal judge granted a preliminary injunction that bars enforcement of the rules until the legal dispute plays out.

Pa. High Court Wants Pollution Eyed In Harley Tax Fight

The Supreme Court of Pennsylvania ruled Tuesday that environmental contamination must be considered when assessing a property's value and booted back to trial court a dispute over the assessment of a 230-acre piece of property owned by Harley-Davidson Motor Co. that was previously used for manufacturing weapons.

EPA Tightens Regs On Power Plant Wastewater Discharges

The U.S. Environmental Protection Agency on Wednesday finalized a rule that sets the first federal limits on the levels of toxic metals in wastewater that can be discharged from power plants, including mercury, lead and selenium.

ANALYSIS

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Shell Reversal Puts Alaskan Arctic Drilling In Deep Freeze

Royal Dutch Shell PLC's decision to wave the white flag on its Arctic Ocean drilling plans is a sign that the region will remain undeveloped for the foreseeable future, especially as the plunge in oil prices makes companies skittish about investing in lengthy and expensive projects.

End May Be Nigh For 'Epic' Sacred Tribal Lands Drilling Row

A nearly three-decade battle with the government over Solenex's oil and gas drilling plans on federal lands sacred to the Blackfeet Nation could finally be forced to a resolution by a D.C. federal judge, but the company says a proposed government timetable could delay that resolution even further.

Nationwide VW Class Action Faces Long Road To Certification

The unlikely tag team of Quinn Emanuel Urquhart & Sullivan LLP and Hagens Berman Sobol Shapiro LLP have filed a 500-page proposed class action over Volkswagen's "defeat device" software designed to outwit emissions tests, but experts say differences in state law and individual consumers' reliance on the embattled automaker's advertising could impede nationwide class certification.

POLICY & REGULATION

Army Corps Disavows Staff Criticism Of Clean Water Rule

The U.S. Army Corps of Engineers testified before a Senate subcommittee Wednesday that earlier criticisms from its senior staff rebuking its collaborative process with the Environmental Protection Agency to draft the controversial Clean Water Rule are not indicative of the Corps' final support for the rule.

Pa. Gov. To Sign Bill Encouraging Mine Water Use For Fracking

Pennsylvania Gov. Tom Wolf supports a bill encouraging the use of treated mine water in natural gas drilling operations, which headed to his desk Wednesday after clearing both chambers of the General Assembly, his spokesman said.

ENFORCEMENT

EPA Reaches $55M Deal For Cleanup Of LA Superfund Site

The U.S. Environmental Protection Agency on Wednesday reached a $55 million settlement with Shell Oil Co. and the U.S. General Services Administration to clean up contaminated soil at the Del Amo Superfund site in Los Angeles, which is needed to prevent environmental damage from chemicals and address groundwater contamination.

Volkswagen Hit With First Gov't Suit Over Diesel Emissions

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Denton

Dewey & LeBoeu

Dickste Shapirc

Dinsmo & Shohl

Texas' Harris County lobbed a $100 million environmental suit against Volkswagen AG on Tuesday accusing it of using software to thwart emissions tests for its "clean diesel" vehicles, which the county attorney says is the first government lawsuit in connection with the emissions scandal.

LITIGATION

TransCanada To Drop Keystone XL Eminent Domain Suits

TransCanada Corp. on Wednesday said it will drop courtroom fights it was using to clear a path for its Keystone XL pipeline in favor of pursuing the issue at the Nebraska Public Service Commission, as many opponents of the pipeline and the law facilitating it have sought.

Fla. Appeals Court Again Rejects 'Novel' Takings Claim

A Florida appeals court on Wednesday affirmed its earlier ruling upon rehearing of a group of Miami-Dade County landowners' claims against the South Florida Water Management District, saying that it would not adopt a new standard for unconstitutional takings they presented.

EXPERT ANALYSIS

A New Model For Clean Energy: Community Solar Gardens

Community solar gardens offer substantial cost benefits over traditional residential solar panels. Members of solar gardens may qualify for certain federal and state tax benefits if the solar garden investment is correctly structured and the size of a solar garden renders it better able to achieve economies of scale, say attorneys at K&L Gates LLP.

Pope Francis And Pro Bono Publico

Listening to Pope Francis last week as he made his way from Washington to New York to Philadelphia, one could be forgiven for imagining he was a poverty lawyer in robes. Again and again, he shone light on challenges that pro bono lawyers have wrestled with for years, including the death penalty, housing and homelessness, immigration and even climate change, say Kevin Curnin and Jennifer Colyer of the Association of Pro Bono Counsel.

LEGAL INDUSTRY

Most Feared Plaintiffs Firm: Cohen Milstein

Since the financial crisis, Cohen Milstein Sellers & Toll PLLC has emerged as a leader in mortgage-backed securities litigation, returning nearly $2 billion to investors, as evidenced by a record-setting $500 million class action settlement with JPMorgan Chase over the sale of MBS.

Trial Ace: White & Case's Christopher Curran

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DLA Piper

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Dewey & LeBoeu

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Dinsmo & Shohl

From helping Toshiba Corp. escape billions of dollars of LCD price-fixing claims to triumphing over the Federal Trade Commission in the first pay-for-delay trial, White & Case LLP's Christopher Curran has been racking up victories since he first fell in love with litigation in Bermuda three decades ago.

How To Boost Your Chances Of A Raise In 2016

Raises are one of the most hotly anticipated moments of the year for many associates. Some can rest easy knowing a salary bump is more or less a given, but others face pressure to prove their value with their billable hours and to explain what they've done for their firms lately. Here, legal industry insiders offer advice to help associates position themselves for a raise in 2016.

Dewey Jury Eyes Conspiracy As Deliberations Progress

The jury in the trial of the former heads of Dewey & LeBoeuf LLP on Wednesday asked a New York judge to explain the elements of the conspiracy charge against the defendants, as deliberations stretched into the ninth full day.

3 Signs Your Firm Leaders Are Misbehaving

With a trio of former BigLaw executives' alleged misdeeds at the heart of the ongoing trial over Dewey & LeBoeuf LLP's collapse, partners and associates alike are starting to wonder if the principals at their firms could be up to no good. Here, Law360 identifies three warning signs that your firm's leadership could be on the same path as Dewey's.

US Law Firm Mergers Poised To Break Record

The U.S. law firm merger market stayed hot over the last three months and ahead of pace to break the all-time annual record, according to a tally by legal industry consultant Altman Weil Inc.

The Top In-House Hires Of September

Juniper Networks nabbed a tech industry vet, PGA of America found counsel with a golf background and Prudential geared up to say goodbye to a longtime GC. They top the list of last month's in-house hires you need to know about.

NJ Judge Hopefuls For Emergency Vacancies Make Headway

Two federal judicial nominees in New Jersey strongly endorsed by their U.S. senators, who urged a speedy confirmation to address four vacancies in the state declared judicial emergencies, moved closer to confirmation Wednesday, as did two candidates in Nebraska and Tennessee.

Calif. Judges Face Off Against State Over Judicial Pay

A certified class of thousands of California state judges and their beneficiaries argued at a bench trial on Wednesday that the state's chief fiscal officer illegally withheld raises and benefits mandated by a 1980 law that ties judicial pay to overall state employee salaries.

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Berma

Haynes
and
Boone

Hogan
Lovells

Holland
& Hart

K&L
Gates

Kirklan
& Ellis

Legge
Farrow

McGrat
North

Morriso
&
Foerste

Morvillo
Abramo

Norton Rose Fulbrigh

Orrick Herring

Peck Shaffer

Pillsbur Winthrc

Quinn Emanu

Sidley Austin

Skadde

Squire Patton Boggs

Stock and Leader

Stroock & Stroock

Thomps Coburn

Watson Rounds

White & Case

William Porter

Willkie Farr

Wong Cabello

COMP/

A.T. Kearne Inc.

Abraxis BioScie Inc.

Airlines Reporti Corp.

Ally Financi Inc.

Altman Weil Inc.

Americ Banker Associa

Americ Expres Compa

Ameritc Ltd.

Amgen Inc.

Apple Inc.

BG Group

BP p.l.c.

Bank of Americ Corpor

Bechtel Corp.

Best

Buy
Co.

Biogen
Inc.

Cardina
Health
Inc.

Cephal
Inc.

Chevro
Corpora

Citigrou
Inc.

Comme
Metals
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Networ

Dow
Chemic
Co.

Eisai
Co.

El
Paso
Corpora

Financi
Industry
Regulat
Authori

Forest Laborat Inc.

Fox Enterta Group

Genera Electric Capital Corp.

Genera Motors

Goldma Sachs Group Inc.

Gradua Manage Admiss Council

HCA Healthc

Harley-Davidsc Inc.

Health Manage Associa Inc.

Hercule Techno Growth Capital Inc.

Idenix Pharma Inc.

JPMorg Chase & Co.

Juniper

Networl

KLA-
Tencor
Corpora

Lateral
Link
Group

Lehmar
Brother
Holding
Inc.

Marsh
&
Mclenn
Compa
Inc.

Microsc
Corpora

Momen
Perform
Materia

Nationa
Congre
of
Americ
Indians

NexBar
Capital
Inc.

Ocwen
Financi
Corpora

Office
Depot
Inc.

Oracle
Corpora

Peaboc
Energy
Corpora

Profess
Golfers
Associa
of
America

Pruden
Financi
Inc.

Robert
Half
Internat
Inc.

Royal
Dutch
Shell
PLC

Schlum
Limited

Sierra
Club

Staples
Inc.

Stryker
Corpora

Suntrus
Banks
Inc.

Tempur
Sealy
Internat
Inc.

The
J.G.
Wentwo
Compa

The
Royal
Bank
of
Scotlan
Group
PLC

Toshiba

TransC
Corpora

UBS
AG

United
States
Golf
Associa

Upsher
Smith
Laborat
Inc.

Vanda
Pharma
Inc.

Visterra
Inc.

Volksw

Wal-
Mart
Stores
Inc.

Waste
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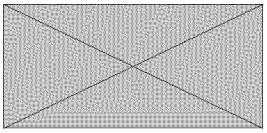
From: Environmental Law360
Sent: Thur 10/1/2015 7:34:09 AM
Subject: Enviros Score Major Win In Final EPA Effluent Rules



ENVIRONMENTAL

Thursday, October 1, 2015

TOP NEWS

Enviros Score Major Win In Final EPA Effluent Rules

The U.S. Environmental Protection Agency's tough new rule for wastewater handling at steam power plants strays considerably from methods it endorsed in a proposed version, a move experts say is a clear win for environmentalists and another setback for America's fossil-fuel energy providers.

DC Circ. Won't Reconsider Clean Power Plan Ruling

The D.C. Circuit refused Tuesday to revisit its ruling allowing the U.S. Environmental Protection Agency's controversial proposed rule to slash greenhouse gas emissions at existing power plants to proceed, simultaneously denying the energy industry's and various states' requests to delay implementing the decision.

States, Industry Get BLM Fracking Rules Blocked

The U.S. Bureau of Land Management's new rules governing fracking on federal and tribal land took another hit Wednesday when a Wyoming federal judge granted a preliminary injunction that bars enforcement of the rules until the legal dispute plays out.

Pa. High Court Wants Pollution Eyed In Harley Tax Fight

The Supreme Court of Pennsylvania ruled Tuesday that environmental contamination must be considered when assessing a property's value and booted back to trial court a dispute over the assessment of a 230-acre piece of property owned by Harley-Davidson Motor Co. that was previously used for manufacturing weapons.

EPA Tightens Regs On Power Plant Wastewater Discharges

The U.S. Environmental Protection Agency on Wednesday finalized a rule that sets the first federal limits on the levels of toxic metals in wastewater that can be discharged from power plants, including mercury, lead and selenium.

ANALYSIS

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Shell Reversal Puts Alaskan Arctic Drilling In Deep Freeze

Royal Dutch Shell PLC's decision to wave the white flag on its Arctic Ocean drilling plans is a sign that the region will remain undeveloped for the foreseeable future, especially as the plunge in oil prices makes companies skittish about investing in lengthy and expensive projects.

End May Be Nigh For 'Epic' Sacred Tribal Lands Drilling Row

A nearly three-decade battle with the government over Solenex's oil and gas drilling plans on federal lands sacred to the Blackfeet Nation could finally be forced to a resolution by a D.C. federal judge, but the company says a proposed government timetable could delay that resolution even further.

Nationwide VW Class Action Faces Long Road To Certification

The unlikely tag team of Quinn Emanuel Urquhart & Sullivan LLP and Hagens Berman Sobol Shapiro LLP have filed a 500-page proposed class action over Volkswagen's "defeat device" software designed to outwit emissions tests, but experts say differences in state law and individual consumers' reliance on the embattled automaker's advertising could impede nationwide class certification.

POLICY & REGULATION

Army Corps Disavows Staff Criticism Of Clean Water Rule

The U.S. Army Corps of Engineers testified before a Senate subcommittee Wednesday that earlier criticisms from its senior staff rebuking its collaborative process with the Environmental Protection Agency to draft the controversial Clean Water Rule are not indicative of the Corps' final support for the rule.

Pa. Gov. To Sign Bill Encouraging Mine Water Use For Fracking

Pennsylvania Gov. Tom Wolf supports a bill encouraging the use of treated mine water in natural gas drilling operations, which headed to his desk Wednesday after clearing both chambers of the General Assembly, his spokesman said.

ENFORCEMENT

EPA Reaches $55M Deal For Cleanup Of LA Superfund Site

The U.S. Environmental Protection Agency on Wednesday reached a $55 million settlement with Shell Oil Co. and the U.S. General Services Administration to clean up contaminated soil at the Del Amo Superfund site in Los Angeles, which is needed to prevent environmental damage from chemicals and address groundwater contamination.

Volkswagen Hit With First Gov't Suit Over Diesel Emissions

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Texas' Harris County lobbed a $100 million environmental suit against Volkswagen AG on Tuesday accusing it of using software to thwart emissions tests for its "clean diesel" vehicles, which the county attorney says is the first government lawsuit in connection with the emissions scandal.

LITIGATION

TransCanada To Drop Keystone XL Eminent Domain Suits

TransCanada Corp. on Wednesday said it will drop courtroom fights it was using to clear a path for its Keystone XL pipeline in favor of pursuing the issue at the Nebraska Public Service Commission, as many opponents of the pipeline and the law facilitating it have sought.

Fla. Appeals Court Again Rejects 'Novel' Takings Claim

A Florida appeals court on Wednesday affirmed its earlier ruling upon rehearing of a group of Miami-Dade County landowners' claims against the South Florida Water Management District, saying that it would not adopt a new standard for unconstitutional takings they presented.

EXPERT ANALYSIS

A New Model For Clean Energy: Community Solar Gardens

Community solar gardens offer substantial cost benefits over traditional residential solar panels. Members of solar gardens may qualify for certain federal and state tax benefits if the solar garden investment is correctly structured and the size of a solar garden renders it better able to achieve economies of scale, say attorneys at K&L Gates LLP.

Pope Francis And Pro Bono Publico

Listening to Pope Francis last week as he made his way from Washington to New York to Philadelphia, one could be forgiven for imagining he was a poverty lawyer in robes. Again and again, he shone light on challenges that pro bono lawyers have wrestled with for years, including the death penalty, housing and homelessness, immigration and even climate change, say Kevin Curnin and Jennifer Colyer of the Association of Pro Bono Counsel.

LEGAL INDUSTRY

Most Feared Plaintiffs Firm: Cohen Milstein

Since the financial crisis, Cohen Milstein Sellers & Toll PLLC has emerged as a leader in mortgage-backed securities litigation, returning nearly $2 billion to investors, as evidenced by a record-setting $500 million class action settlement with JPMorgan Chase over the sale of MBS.

Trial Ace: White & Case's Christopher Curran

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From helping Toshiba Corp. escape billions of dollars of LCD price-fixing claims to triumphing over the Federal Trade Commission in the first pay-for-delay trial, White & Case LLP's Christopher Curran has been racking up victories since he first fell in love with litigation in Bermuda three decades ago.

How To Boost Your Chances Of A Raise In 2016

Raises are one of the most hotly anticipated moments of the year for many associates. Some can rest easy knowing a salary bump is more or less a given, but others face pressure to prove their value with their billable hours and to explain what they've done for their firms lately. Here, legal industry insiders offer advice to help associates position themselves for a raise in 2016.

Dewey Jury Eyes Conspiracy As Deliberations Progress

The jury in the trial of the former heads of Dewey & LeBoeuf LLP on Wednesday asked a New York judge to explain the elements of the conspiracy charge against the defendants, as deliberations stretched into the ninth full day.

3 Signs Your Firm Leaders Are Misbehaving

With a trio of former BigLaw executives' alleged misdeeds at the heart of the ongoing trial over Dewey & LeBoeuf LLP's collapse, partners and associates alike are starting to wonder if the principals at their firms could be up to no good. Here, Law360 identifies three warning signs that your firm's leadership could be on the same path as Dewey's.

US Law Firm Mergers Poised To Break Record

The U.S. law firm merger market stayed hot over the last three months and ahead of pace to break the all-time annual record, according to a tally by legal industry consultant Altman Weil Inc.

The Top In-House Hires Of September

Juniper Networks nabbed a tech industry vet, PGA of America found counsel with a golf background and Prudential geared up to say goodbye to a longtime GC. They top the list of last month's in-house hires you need to know about.

NJ Judge Hopefuls For Emergency Vacancies Make Headway

Two federal judicial nominees in New Jersey strongly endorsed by their U.S. senators, who urged a speedy confirmation to address four vacancies in the state declared judicial emergencies, moved closer to confirmation Wednesday, as did two candidates in Nebraska and Tennessee.

Calif. Judges Face Off Against State Over Judicial Pay

A certified class of thousands of California state judges and their beneficiaries argued at a bench trial on Wednesday that the state's chief fiscal officer illegally withheld raises and benefits mandated by a 1980 law that ties judicial pay to overall state employee salaries.

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To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: EnergyGuardian
Sent: Thur 10/1/2015 11:23:01 AM
Subject: Crude export backers, foes press arguments ahead of Senate markup

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Energy and environment headlines for the morning of Thursday, October 1, 2015

Crude export backers, foes press arguments ahead of Senate markup

By Kevin Rogers

Proponents and opponents of the crude oil export ban are using a new Congressional Budget Office report to boost their arguments ahead of a Senate Banking Committee vote on a bill that would end the 40-year-old policy.

The report, released this week, estimated that over the next 10 years, lifting the export ban would boost federal royalty payments by as much as $1.4 billion and could boost the price of

domestic crude oil by as much as $2.50 per barrel.

The American Petroleum Institute and other oil groups cheered the report's estimates that domestic production and supply would increase as a result of lifting the ban.

"American workers in every state — employed both within and outside the oil industry — stand to benefit as oil exports will stimulate economic activity across the country," API and 15 other oil, gas and drilling groups wrote to committee leaders. "American workers in every state — employed both within and outside the oil industry — stand to benefit as oil exports will stimulate economic activity across the country."

But Consumers and Refiners United for Domestic Energy, a group of refiners opposed to lifting the ban, pointed to the potential price increase for domestic crude as an indicator that U.S. gasoline prices would spike. The group also said the report didn't address many of the potential risks of ending the policy.

"Higher crude prices mean higher prices at the pump. The price of crude oil is the largest component in the price of gasoline," Executive Director Jay Hauck said in a statement.

"The CBO report doesn't take into account the negative effects of oil exports - increased economic penalty to consumers, lost refinery jobs, lost economic growth from higher fuel prices, and an increased trade deficit as we import more crude oil and petroleum products and reduce our exports of finished petroleum products," he continued.

The CBO analysis assessed a bill from Rep. Joe Barton, R-Texas, that is currently awaiting action in the House. The Senate version, set to be marked up Thursday, was introduced by Sens. Lisa Murkowski, R-Alaska, and Heidi Heitkamp, D-N.D.

The sole focus of both bills is lifting the ban, while maintaining some presidential flexibility to restrict exports during national emergencies. The Senate version would also order the Government Accountability Office to monitor the economic impact of exports.

However, White House Press Secretary Josh Earnest last month said the administration opposes the House bill. Spokesman Frank Benenati on Wednesday said it also opposes the Senate's effort.

"The Administration does not support efforts to move this bill," he said in an email. "At this time, legislation that removes crude export restrictions is not needed. Congress should be focusing on meeting America's clean energy needs and our transition to a low-carbon economy."

Committee Democrats are also wary of the measure. At a July hearing on the bill, ranking member Sen. Sherrod Brown, D-Ohio, voiced concerns on how the ending the ban would greenhouse gas emissions, refinery jobs and the frequency crude-by-rail shipments.

He said a relaxation of the ban, similar to current administration procedure for allowing

exports of condensate, might be a better path forward.

"This is often described as an all-or-nothing proposition, ending the ban or maintaining the status quo," Brown said. "I'd like to hear if there are alternatives."

Heitkamp, however, has indicated her bill could be part of a compromise alongside policies to benefit renewable energy, including extensions for wind and solar tax credits. Some members of the Democratic caucus have voiced support for that approach.

The American Action Forum, a conservative-leaning think tank, on Wednesday released its own report on lifting the ban. Based on an analysis of export data and price information, the group estimated the ban has cost the U.S. oil industry $1.2 trillion in gross profits annually assuming exports of 1.5 million barrels per day.

Quick Links

Food industry CEOs call for 'sound' deal on climate change

Feds reach nearly $2B legal settlement with fertilizer maker

Joaquin strengthening as it approaches Bahamas

Officials: California meeting water conservation target

VW plant cuts shift, financial arm freezes hiring

Ruling backs Shell's use of Seattle homeport for its fleet

Shell Nigeria stops Forcados pipeline exports after leak

Kasich opposes continued freeze on renewable energy in Ohio

Defaults spike in oil and gas industry, prompt 'widespread' restructuring: expert

Pennsylvania report highlights issues with clean energy jobs

Changes in electricity generation present challenges in ERCOT territory

Newest Pa. utility regulator came from EQT

Oil jumps on Syria concerns

Optimism fading for Atlantic monument prospects

Ohio River blanketed by toxic algae

EU has issues with Samsung TV efficiency

West Village at UC Davis on track for zero-net energy goal

Upcoming Events

Food industry CEOs call for 'sound' deal on climate change

By The Associated Press

NEW YORK (AP) — The CEOs of several major food and beverage companies are calling on world leaders to push for a meaningful agreement at the United Nation's conference on climate change later this year in Paris.

The 10 companies, including cereal maker General Mills and candy maker Mars Inc., will run an open letter as a full-page ad in the Financial Times and Washington Post on Thursday. They say they will "re-energize" their own efforts to make their supply chains more sustainable as well.

"We are asking you to embrace the opportunity presented to you in Paris, and to come back with a sound agreement, properly financed, that can affect real change," the open letter reads.

The effort was organized by the environmental nonprofit Ceres, which is inviting other food and beverage companies to join in the commitment.

More

Feds reach nearly $2B legal settlement with fertilizer maker

By The Associated Press

GAINESVILLE, Fla. (AP) — One of the world's largest fertilizer makers is settling a massive hazardous waste lawsuit for nearly $2 billion to help clean up pollution and upgrade leaky facilities in Florida and Louisiana, according to the U.S. Department of Justice.

The department and the U.S. Environmental Protection Agency were set to announce the agreement with Minnesota-based The Mosaic Co. on Thursday. The deal still needs to be

finalized by the court.

The legal agreement concerns the proper storage and disposal of more than 60 billion tons of hazardous waste.

Mosaic makes a commonly used phosphorus-based fertilizer, the production of which creates tons of solid waste and polluted water.

More

Joaquin strengthening as it approaches Bahamas

By EnergyGuarian

MIAMI (AP) — Hurricane Joaquin is expected to strengthen in the Atlantic as it heads toward the central Bahamas, according to the National Hurricane Center in Miami.

The storm is expected to head toward the East Coast of the U.S. early next week, and Virginia Gov. Terry McAuliffe has already declared an emergency in the state as a result of flooding from continuing heavy rains even before the hurricane arrives.

The Hurricane Center said Joaquin was centered about 80 miles (125 km) east-southeast of San Salvador just before 2 a.m. Thursday. The Category 3 hurricane's maximum sustained winds had increased to 120 mph (195 kph). It was moving southwest at 6 mph (9 kph) and was expected to continue in that general direction for much of Thursday.

Additional strengthening is expected, with some fluctuations in intensity Thursday night and Friday.

More

Officials: California meeting water conservation target

By Scott Smith

FRESNO, Calif. (AP) — A state water official said Californians have met a mandate to save water for a third consecutive month during the grinding drought.

The State Water Resources Control Board on Thursday will release statewide conservation figures for August.

Max Gomberg, a senior climate scientist for the board, declined to provide specific figures ahead of the announcement but said he expects the results to meet the 25 percent savings

goal set by Gov. Jerry Brown.

However, Gomberg warned that Californians can't allow themselves to be distracted by the hype of a coming El Nino weather pattern that has raised hopes that it will break California's four-year drought.

More

VW plant cuts shift, financial arm freezes hiring

By The Associated Press

BERLIN (AP) — A Volkswagen engine factory said Wednesday it has dropped one shift a week and the company's financial services division imposed a temporary hiring freeze as the world's largest automaker grapples with an emissions-rigging scandal.

The extent of the fallout from the scandal, which erupted Sept. 18 when the U.S. Environmental Protection Agency said VW had cheated on tests of its diesel cars, remains unclear as do the costs to Volkswagen. Longtime CEO Martin Winterkorn quit last week, but said he was aware of no wrongdoing on his part.

In Germany, Stella Pechmann, a spokeswoman for the engine plant in the city of Salzgitter, confirmed a report Wednesday in the Wolfsburger Allgemeine Zeitung daily that a "special shift" is being cut as a precaution because of the current situation. The shift had previously been added to deal with high demand.

Separately, the Volkswagen Financial Services division is freezing new hiring until the end of the year, though spokesman Stefan Voges told news agency dpa that existing hiring agreements are unaffected.

More

A message from the American Petroleum Institute

America is now the world's #1 natural gas producer and will soon be #1 in oil. Now more than ever, abundant energy means abundant prosperity, opportunity and security for all Americans.

Learn more at EnergyTomorrow.org

Ruling backs Shell's use of Seattle homeport for its fleet

By The Associated Press

Sponsored Links

SEATTLE (AP) — A hearing examiner says Seattle officials erred when they said the Port of Seattle couldn't host Shell Oil's Arctic drilling fleet under its current permit.

Mayor Ed Murray said in May that the port needed a new land use permit to host Shell's drilling fleet. City planners had decided the proposed activities weren't allowed under the existing permit.

After an appeal, the hearing officer ruled Wednesday that the city's interpretation is "clearly erroneous" and the activities are proper uses for a cargo terminal.

Murray says he's disappointed but will respect the ruling.

More

Shell Nigeria stops Forcados pipeline exports after leak

By The Associated Press

WARRI, Nigeria (AP) — Shell Nigeria says yet another leak on the Trans Forcados Pipeline is forcing it to stop exports from the terminal that carries one fifth of Nigeria's exports.

It gave no reason for the leak on the aging pipeline which suffers regular sabotage by oil thieves and environmental activists.

Shell declared force majeure Wednesday afternoon, giving it some legal protection against contractual obligations.

Nigeria is Africa's biggest oil producer and the Forcados terminal has capacity to export 400,000 barrels a day.

More

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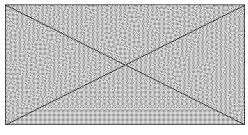

Week in Review – Pope Urges U.S. to Address Climate Change

Hillary Clinton Shares View on Keystone Pipeline.

Click here to read the brief

Kasich opposes continued freeze on renewable energy in Ohio

A state panel has urged that Ohio continue to freeze its targets for renewable energy use, but Gov. John Kasich's office is calling that advice "unacceptable" and looking for ways to expand clean energy usage, the Toledo Blade reports.

More

Defaults spike in oil and gas industry, prompt 'widespread' restructuring: expert

Fueled by low prices, the default rate in the oil and gas industry has doubled from its norm and is likely to prompt "widespread" restructuring, a financial specialist tells Platts.

More

Pennsylvania report highlights issues with clean energy jobs

A study from a coalition of trade unions and environmental groups predicts Pennsylvania could pick up clean energy jobs as the coal industry declines, but the positions may pay less and offer less security, the Pittsburgh Post-Gazette reports.

More

Changes in electricity generation present challenges in ERCOT territory

A professor moderating a panel at a power association conference says "largely regulated transmission interests" and "relatively deregulated generation interests" are clashing inside Texas' power industry, Platts reports.

More

Newest Pa. utility regulator came from EQT

Andrew Place, the new member of the Pennsylvania Public Utility Commission who won unanimous confirmation from the state senate, came from EQT Corp., where he was director for energy and environmental policy, the Pittsburgh Post-Gazette reports.

More

Oil jumps on Syria concerns

Worries over Russian air strikes in Syria outweighed weak economic data early Thursday to push oil prices higher. U.S. benchmark crude surged $1.19 to $46.28 a barrel in electronic trading on the Nymex, while in London Brent jumped $1 to $49.37, Reuters reports.

More

Optimism fading for Atlantic monument prospects

Environmentalists who had hoped the Obama administration would move swiftly on their request for a marine monument off the coast of New England now don't expect any announcement soon, E&E reports.

More

Ohio River blanketed by toxic algae

The toxic algae bloom permeating a 636-mile stretch of the Ohio River runs from West Virginia to Indiana, with traces appearing in Illinois as well, The New York Times reports.

More

EU has issues with Samsung TV efficiency

Some Samsung TVs tested by independent laboratories appear to be using more energy outside of the testing procedure, prompting a pledge from the European Commission to probe any cheating allegations, The Guardian reports.

More

West Village at UC Davis on track for zero-net energy goal

Planners say the $280 million West Village at the University of California, Davis will reach its goal of producing as much energy as it uses by 2018, KCRA reports.

More

Upcoming Events

- Oct. 1, Washington: Senate Energy and Natural Resources Subcommittee on Public Lands, Forests and Mining to hold a hearing a bill to reduce royalty payments for sodium mining. 2:30 pm , 366 Dirksen.
- Oct. 1, Washington: A group of veterans and Reps. Ed Whitfield, R-Ky., Sanford Bishop, D-Ga., Mike Conaway, R-Texas, and Bill Johnson, R-Ohio to hold a press conference on energy security, focusing on the Keystone XL pipeline and energy exports. 11:00 am , House Triangle.
- Oct. 1, Washington: The House Energy and Commerce Subcommittee on Environment and the Economy to hold a hearing on safe transportation of nuclear materials. 10:15 am , 2123 Rayburn.
- Oct. 1, Washington: The Senate Banking, Housing and Urban Affairs Committee to hold a markup session and vote on the American Crude Oil Export Equality Act to end the crude oil export ban. 10:00 am , 538 Dirksen.
- Oct. 1, Washington: The Senate Small Business and Entrepreneurship Committee to

hold a hearing into the business impact Environmental Protection Agency's Gold King Mine spill in Colorado. Rep. Scott Tipton, R-Colo., to testify. 10:00 am , 428A Russell

- Oct. 1, Washington: Politico to host an event on "America's Energy Agenda" in the aftermath of the Clean Power Plan. Sen. John Hoeven, R-N.D., America's Natural Gas Alliance President and CEO Marty Durbin and Commissioner Tony Clark of the Federal Energy Regulatory Commission among scheduled speakers. 9:00 am , 101 Constitution Ave. NW.

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This email was sent to brooks.phillip@epa.gov by energy@washingtonguardian.net
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To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Aaron Kessler
Sent: Thur 10/1/2015 11:24:16 AM
Subject: Re: Some time to chat later today?

Sure no problem, sounds good. What's the best num to reach you, btw? Not sure I have your direct line.

...

Sent via wireless device

> On Sep 30, 2015, at 10:47 PM, Grundler, Christopher <grundler.christopher@epa.gov> wrote:
>
> Sorry. Had no time today then had to dash for the airport. Let's try tomorrow
>
> Christopher Grundler, Director
> Office of Transportation and Air Quality
> U.S. EPA
> 202-564-1682 (DC)
> 734-214-4207 (Ann Arbor)
>
>> On Sep 30, 2015, at 1:55 PM, Aaron Kessler <Ex. 6 wrote:
>>
>> Chris,
>> Do you have a few mins to catch up on VW stuff, completely on background and/or OTR? A 2007-era question has come up in particular I'm hoping to run by you...
>> Aaron

To: Jones, Jacqueline[Jones.Jacqueline@epa.gov]
Cc: Patterson, Susan[Patterson.Susan@epa.gov]
From: Bunker, Byron
Sent: Thur 10/1/2015 11:48:55 AM
Subject: RE: FOR YOUR APPROVAL - You have overlaps @ 10-OCFO, VW Case & Weekly Fuels-overlap @ 3-Polairis & Aftermarket - Also, do you want to use your call in # for the Tymco FOIA appeal? - Please advise -Thanks Jackie

Hi Jackie,

Just leave the overlap at 10 for now. I will talk with Mary and John at 9 regarding how we want to split those meetings up.

The TYMCO meeting will use my call –in number.

Let's leave the aftermarket catalyst and Polaris overlap as well. I will do the Polaris call and then go to the aftermarket meeting.

Everything else looks good for today.

Thanks,

Byron

****

Byron Bunker

Director Compliance Division

Office of Transportation and Air Quality

Environmental Protection Agency

2000 Traverwood Drive

Ann Arbor, MI 48105

Bunker.Byron@epa.gov

Phone: (734) 214-4155

Mobile: (734) 353-9623

****

From: Jones, Jacqueline
Sent: Thursday, October 01, 2015 7:18 AM
To: Bunker, Byron
Cc: Patterson, Susan
Subject: FOR YOUR APPROVAL - You have overlaps @ 10-OCFO, VW Case & Weekly Fuels-overlap @ 3-Polairis & Aftermarket - Also, do you want to use your call in # for the Tymco FOIA appeal? - Please advise -Thanks Jackie
Importance: High

Bunker, Byron Calendar
On Thursday, October 01, 2015

8:45 AM – 9:00 AMCoordination

Location: RM. N-120 AA
8:55 AM – 9:00 AMCD Hiring Status Update

Location: RM. N-120 AA
9:00 AM – 9:30 AMIO Daily Staff Meeting

Location: WJC-N RM. 5521A DC/RM. N-120 AA
9:30 AM – 10:00 AMPublishing new fuels compliance data

Location: WJC-N RM. 5521A DC

By Telephone: John's Office will call Byron
10:00 AM – 11:00 AMOCFO - VW Call

Location: Byron's Office RM. N-12 AA
10:00 AM – 11:00 AMVW Case with Appropriations Staff

By Telephone: 866-299-3188, Access Code: Non-Responsive
10:00 AM – 11:00 AMWeekly Fuels Issues Meeting

Location: WJC-N RM. 6520 DC/RM. C-174 DOD AA

By Telephone: 866-299-3188, Access Code: Non-Responsive
11:00 AM – 11:30 AMGeneral discussion

Location: Byron's Office RM. N-12 AA
11:30 AM – 12:00 PMTymco FOIA appeal

By Telephone: ??
1:00 PM – 2:00 PMHOLD - ICCT Briefing on China

By Telephone: 866-640-6732, Access Code: Non-Responsive
2:00 PM – 2:30 PMCARB/EPA Compliance Coordination

By Telephone: 866-299-3188, Access Code: Non-Responsive
2:30 PM – 3:00 PMHOLD: Potential VW Press Interviews

Location: WJC-N RM. 6520 DC/RM. C-174 DOD AA
3:00 PM – 3:30 PMPolaris Speedkey

By Telephone: Byron will call Grant
3:00 PM – 4:00 PMAftermarket Catalyst teleconference Part 4

By Telephone: 866-299-3188, Access Code: Non-Responsive
4:00 PM – 5:00 PMTPEM Usage Trends for Category 130-560

Location: WJC-N RM. 5528 DC/RM. N-120 AA

To: Ex. 7
Cc:
From: Wehrly, Linc
Sent: Thur 10/1/2015 11:54:56 AM
Subject: FW: GHG Off-Cycle Credit Request for 2013 MY

Ex. 7

Sorry to send this to you so late, but as we all know we've been busy with other things. I mentioned to you a couple of weeks ago that we had some comments/questions on the GHG off-cycle credit request you submitted, so I'm sending them to you now. As you can see from the email message trail, these questions come from Chris Lieske of ASD. Chris has the lead in reviewing the data for EPA, so feel free to send your responses to both of us.

Let me know if you have any other questions.

Thanks,

Linc

Linc Wehrly

Director, Light-Duty Vehicle Center

Compliance Division

Office of Transportation and Air Quality

United States Environmental Protection Agency

(734) 214-4286

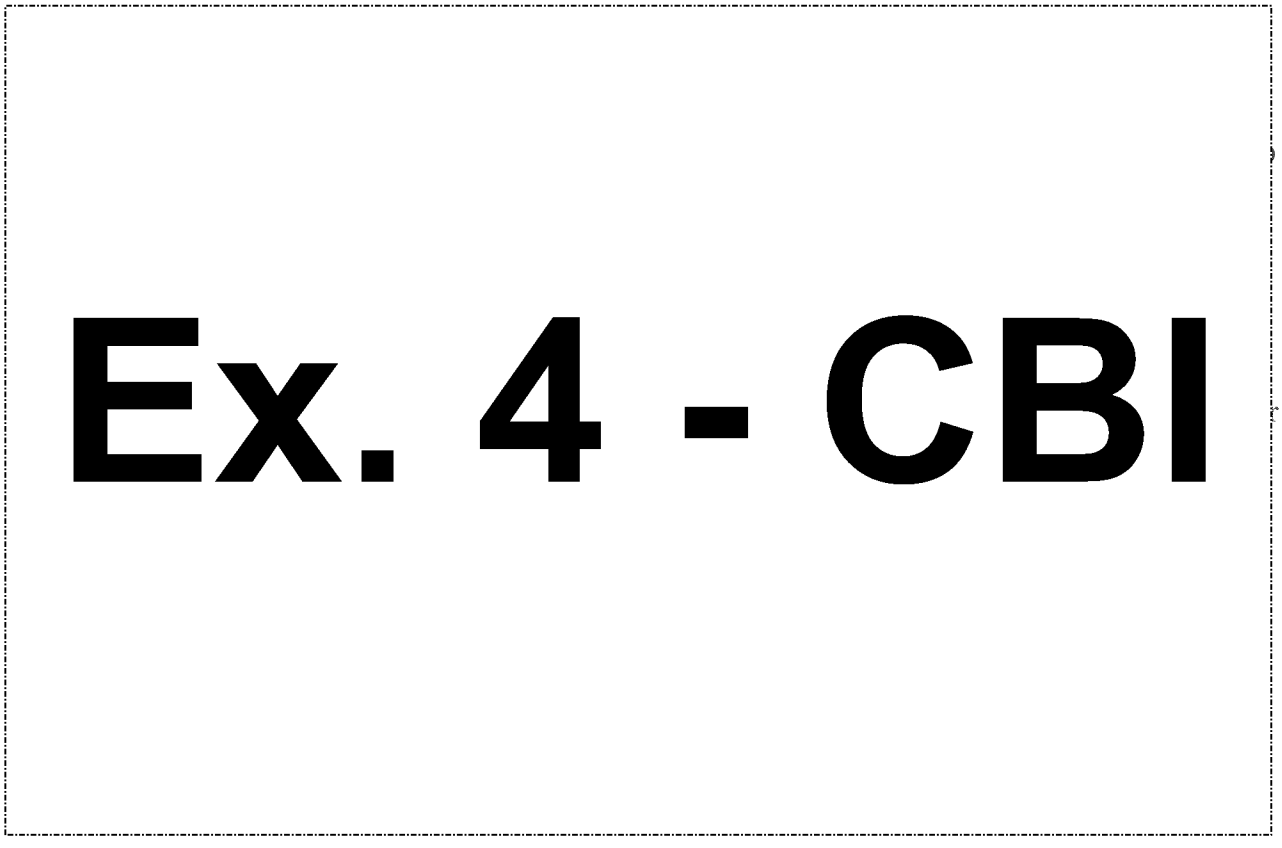
wehrly.linc@epa.gov

From: Lieske, Christopher
Sent: Thursday, September 10, 2015 4:44 PM

To: Wehrly, Linc
Cc: Olechiw, Michael; Moran, Robin
Subject: RE: GHG Off-Cycle Credit Request for 2013 MY

Linc –

I found the following which may or may not be issues.



Everything else seemed OK. Let me know if you want to go through any of these.

From: Wehrly, Linc
Sent: Wednesday, September 09, 2015 11:00 AM
To: Lieske, Christopher
Cc: Olechiw, Michael

Subject: FW: GHG Off-Cycle Credit Request for 2013 MY

Chris,

Attached are VW's request for GHG off-cycle credits for 2012-2013 MYs. Their request are for the same credits allowed in the table for 2014 MY similar to the Mercedes, Ford, and Chrysler requests that we approved. I was hoping that you would be able give them a quick scan and let us know if you have any questions or concerns about their request. Please let me know if you will be able to help.

Thanks,

Linc

Linc Wehrly

Director, Light-Duty Vehicle Center

Compliance Division

Office of Transportation and Air Quality

United States Environmental Protection Agency

(734) 214-4286

wehrly.linc@epa.gov

From: Ex. 7
Sent: Tuesday, September 08, 2015 1:57 PM
To: Wehrly, Linc
Cc: Ex. 7
Subject: RE: GHG Off-Cycle Credit Request for 2013 MY

Hello Linc:

Attached are copies of the GHG Off-Cycle Credit Requests. One is marked confidential. Please let me know if you need anything else.

Best regards,

Ex. 7

Ex. 7

Ex. 7

From: Wehrly, Linc [mailto:wehrly.linc@epa.gov]

Sent: Tuesday, September 08, 2015 9:57 AM
To: Ex. 7
Cc:
Subject: GHG Off-Cycle Credit Request for 2013 MY

Ex. 7

Would you be willing to send me an electronic version of the GHG off-cycle credit requests that you mailed to me on August 28, 2015. It will make it easier for me to distribute to the appropriate people for review.

Thanks,

Linc

Linc Wehrly

Director, Light-Duty Vehicle Center

Compliance Division

Office of Transportation and Air Quality

United States Environmental Protection Agency

(734) 214-4286

wehrly.linc@epa.gov

To: Wehrly, Linc[wehrly.linc@epa.gov]; Ex. 7
Cc:
From: Ex. 7
Sent: Thur 10/1/2015 11:58:16 AM
Subject: RE: GHG Off-Cycle Credit Request for 2013 MY

Good morning Linc,
Thanks for sending the questions from Chris, we will start digging into those and get back shortly.
Thanks again,
Nick

Ex. 7
Emissions Regulatory Senior Manager

Engineering and Environmental Office

Volkswagen Group of America, Inc.
3800 Hamlin Road
Auburn Hills, MI 48326
Ex. 7

-----Original Message-----
From: Wehrly, Linc [mailto:wehrly.linc@epa.gov]
Sent: Thursday, October 01, 2015 7:55 AM
To:
Cc: Ex. 7
Subject: FW: GHG Off-Cycle Credit Request for 2013 MY

Ex. 7,

Sorry to send this to you so late, but as we all know we've been busy with other things. I mentioned to you a couple of weeks ago that we had some comments/questions on the GHG off-cycle credit request you submitted, so I'm sending them to you now. As you can see from the email message trail, these questions come from Chris Lieske of ASD. Chris has the lead in reviewing the data for EPA, so feel free to send your responses to both of us.

Let me know if you have any other questions.

Thanks,
Linc

Linc Wehrly
Director, Light-Duty Vehicle Center
Compliance Division
Office of Transportation and Air Quality United States Environmental Protection Agency
(734) 214-4286
wehrly.linc@epa.gov

From: Lieske, Christopher
Sent: Thursday, September 10, 2015 4:44 PM

To: Wehrly, Linc
Cc: Olechiw, Michael; Moran, Robin
Subject: RE: GHG Off-Cycle Credit Request for 2013 MY

Linc -

I found the following which may or may not be issues.

- I couldn't figure out the calculations for lighting for the 2012 Tiguan, 2012-2013 Tourag, 2013 Beetle, and 2012-2013 EOS in Section 3. These may not be correct.

- The high beam credits are missing from the 2012 Audi lighting so the credits don't add up in Section 3.

- No Cd delta is provided that I could find for ride height so the calculation can't be reproduced.

- Two Cd delta's are provided for the spoiler, 0.008 and 0.020. With 0.008, the 0.2 g/mile credit they are claiming can be calculated. They seem to be also claiming a 0.2 g/mile credit for the spoiler with the 0.020 Cd delta even though it seems like the credit would be greater in this case

To: Caldwell, Amy[caldwell.amy@epa.gov]; Wasenko, Barbara[Wasenko.Barbara@epa.gov]; Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Betty Stendel[stendel.betty@epa.gov]; Kolowich, Bruce[kolowich.bruce@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]; Mylan, Christopher[Mylan.Christopher@epa.gov]; Haugen, David[haugen.david@epa.gov]; Miller, Debra L.[Miller.DebraL@epa.gov]; Watkins, Erica[Watkins.Erica@epa.gov]; Birgfeld, Erin[Birgfeld.Erin@epa.gov]; Galano, Fidel[Galano.Fidel@epa.gov]; Johnson, Francene[Johnson.Francene@epa.gov]; Stewart, Gwen[Stewart.Gwen@epa.gov]; Jones, Jacqueline[Jones.Jacqueline@epa.gov]; Blubaugh, Jim[Blubaugh.Jim@epa.gov]; Weihrauch, John[Weihrauch.John@epa.gov]; Iffland, JoNell[Iffland.JoNell@epa.gov]; Berrier, Judi[Berrier.Judi@epa.gov]; Greuel, Justin[Greuel.Justin@epa.gov]; Simon, Karl[Simon.Karl@epa.gov]; Sargeant, Kathryn[sargeant.kathryn@epa.gov]; Vawters, Katie[Vawters.Katie@epa.gov]; Derksen, Kimberly[derksen.kimberly@epa.gov]; Cook, Leila[cook.leila@epa.gov]; McQueen, Lyndia[mcqueen.lyndia@epa.gov]; Le, Madison[Le.Madison@epa.gov]; Peralta, Maria[Peralta.Maria@epa.gov]; Brusstar, Matt[brusstar.matt@epa.gov]; Michael Horowitz[horowitz.michael@epa.gov]; Sabourin, Michael[sabourin.michael@epa.gov]; Haley, Mike[Haley.Mike@epa.gov]; Cooper, Nanette[cooper.nanette@epa.gov]; Paff, Patricia[paff.patricia@epa.gov]; Shaffer, Patricia[Shaffer.Patricia@epa.gov]; Argyropoulos, Paul[Argyropoulos.Paul@epa.gov]; Curtis, Rhonda[Curtis.Rhonda@epa.gov]; Larson, Robert[larson.robert@epa.gov]; Waite, Sherry[waite.sherry@epa.gov]; Patterson, Susan[Patterson.Susan@epa.gov]; Nelson, Suzanne[nelson.suzanne@epa.gov]; Meekins, Tanya[Meekins.Tanya@epa.gov]; Moore, Theresa[Moore.Theresa@epa.gov]; Bradish, Tracey[bradish.tracey@epa.gov]
Cc: Gonzalez, Gail[Gonzalez.Gail@epa.gov]; White, SharonB[White.SharonB@epa.gov]
From: Stewart, Gwen
Sent: Thur 10/1/2015 12:21:32 PM
Subject: CHRISTOPHER GRUNDLER'S CALENDAR

CHRISTOPHER GRUNDLER

THURSDAY, OCTOBER 1, 2015

CALENDAR

AA OFFICE

10:00 AM – 11:00 AM	Weekly Fuels Issues Meeting
	Location: RM. 6520 DC/RM. C-174 DOD AA
	By Telephone: 866 299-3188
	Access Code: **Non-Responsive**
12:00 PM – 1:00 PM	Management Time
1:00 PM – 2:00 PM	Pre-Brief: Janet's Friday RFS Meeting
	Location: RM. 6520 DC/RM. C-174 DOD AA
2:30 PM – 3:00 PM	HOLD: Potential VW Press Interviews
	Location: RM. 6520 DC/RM. C-174 DOD AA

Gwen Stewart

Office of Transportation and Air Quality

202 564-1682 – Telephone

202 564-1686 – Fax Number

Stewart.gwen@epa.gov

To: Grundler, Christopher[grundler.christopher@epa.gov]
Cc: Cook, Leila[cook.leila@epa.gov]; Simon, Karl[Simon.Karl@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Cohen, Janet[cohen.janet@epa.gov]; Birgfeld, Erin[Birgfeld.Erin@epa.gov]
From: Hengst, Benjamin
Sent: Thur 10/1/2015 12:22:39 PM
Subject: Fwd: LIZ / LAURA / NICK: WP trying to wrap reporting TODAY for tomorrow publication

Begin forwarded message:

From: "Valentine, Julia" <Valentine.Julia@epa.gov>
Date: October 1, 2015 at 8:12:44 AM EDT
To: "Purchia, Liz" <Purchia.Liz@epa.gov>, "Allen, Laura" <Allen.Laura@epa.gov>, "Conger, Nick" <Conger.Nick@epa.gov>
Cc: "Birgfeld, Erin" <Birgfeld.Erin@epa.gov>, "Hengst, Benjamin" <Hengst.Benjamin@epa.gov>, "Millett, John" <Millett.John@epa.gov>, "Hull, George" <Hull.George@epa.gov>
Subject: LIZ / LAURA / NICK: WP trying to wrap reporting TODAY for tomorrow publication

Liz,

Ex. 5

We still owe him Byron's response and an interview with Chris. Chris has time 2-3 pm. But we need to discuss and prep.

Please advise

From: Whoriskey, Peter [mailto:Peter.Whoriskey@washpost.com]
Sent: Thursday, October 01, 2015 8:02 AM
To: Valentine, Julia
Subject: RE: Hi from EPA

Thanks.

The editors would like to see this up by early tomorrow.

With regard to the second question, I've got it confirmed now that the EPA did use "real world" testing (then known as ROVER) on light duty and heavy duty vehicles in the 90s. It was done out of a lab in Alexandria, and the results were used to get three consent decrees in those years. Then the EPA closed the lab about 2001. The heavy duty testing may have continued elsewhere, but the real world testing of cars did not. (Byron said the real world testing of trucks began about a decade ago, but has not been done on cars.)

Some of the engineers who worked at the Alexandria lab say that had the lab remained open, and had they tested the VW diesel with ROVER, they would have detected the discrepancy immediately.

All of rhat prompts two questions. Why was the real world testing of cars by EPA discontinued? How much will real world testing of cars be done in the future?

Thanks again.

Peter

Sent from my Verizon Wireless 4G LTE smartphone

-------- Original message --------
From: "Valentine, Julia" <Valentine.Julia@epa.gov>
Date: 10/01/2015 7:21 AM (GMT-05:00)
To: "Whoriskey, Peter" <Peter.Whoriskey@washpost.com>
Subject: Re: Hi from EPA

Hi Peter,

On the first question, the program suggested you check directly with SAE.

Working on the second.

Do you have a better sense of when you might wrap reporting and publish?

Thanks

Julia

Sent from USEPA iPhone

On Sep 30, 2015, at 10:41 AM, Whoriskey, Peter <Peter.Whoriskey@washpost.com> wrote:

> Hi Julia –
>
> I am writing to follow up from yesterday's background interview, which was very helpful.
>
> The two questions that required follow up were:

1) How can I get a copy of the SAE paper the Byron mentioned? I think he said it goes into the history of the EPA PEMS efforts.

2) Then the history question. As I understand it, there was some PEMS-like testing, then known as ROVER – for Real-time On-road Vehicle Emissions Reporter – that was used on light duty vehicles out of an EPA/contractor lab based in Alexandria during the '90s, and that work led to consent decrees against manufacturers in 1995, 1997 and 1998. The Alexandria lab was closed in 2001, and since then any PEMS or PEMS-like emissions testing by EPA for validation has focused on heavy-duty engines. Is that correct?

Thanks again for arranging all this.

Best,

Peter

From: Valentine, Julia [mailto:Valentine.Julia@epa.gov]
Sent: Tuesday, September 29, 2015 1:17 PM
To: Whoriskey, Peter
Subject: Re: Hi from EPA

I apologize in advance if we are 5 late.

Sent from USEPA iPhone

On Sep 29, 2015, at 12:54 PM, Whoriskey, Peter <Peter.Whoriskey@washpost.com> wrote:

> Thanks. I will expect your call at 430.

From: Valentine, Julia [mailto:Valentine.Julia@epa.gov]
Sent: Tuesday, September 29, 2015 12:54 PM
To: Whoriskey, Peter
Subject: RE: Hi from EPA

We will be on video conference with Ann Arbor so I am not sure which room we will be in. So I will call you.

Julia P. Valentine

Office of Public Affairs

U.S. EPA

202.564.2663 direct

202.740.1336 m/txt

From: Whoriskey, Peter [mailto:Peter.Whoriskey@washpost.com]
Sent: Tuesday, September 29, 2015 12:48 PM
To: Valentine, Julia
Subject: RE: Hi from EPA

Excellent. I will be here at my desk, 202 334 6892. Or if you prefer I can call you.

From: Valentine, Julia [mailto:Valentine.Julia@epa.gov]
Sent: Tuesday, September 29, 2015 12:45 PM
To: Whoriskey, Peter
Subject: RE: Hi from EPA

Hi Pete,

We can do 4:30 pm today. Does that work for you?

Julia P. Valentine

Office of Public Affairs

U.S. EPA

202.564.2663 direct

202.740.1336 m/txt

From: Whoriskey, Peter [mailto:Peter.Whoriskey@washpost.com]
Sent: Monday, September 28, 2015 5:39 PM
To: Valentine, Julia
Subject: RE: Hi from EPA

Absolutely. That would be great.

From: Valentine, Julia [mailto:Valentine.Julia@epa.gov]
Sent: Monday, September 28, 2015 5:39 PM
To: Whoriskey, Peter
Subject: Re: Hi from EPA

I'll check on that in the morning.

Are you available tomorrow afternoon for a backgrounder with our Ann Arbor lab?

Sent from USEPA iPhone

On Sep 28, 2015, at 5:26 PM, Whoriskey, Peter <Peter.Whoriskey@washpost.com> wrote:

Thank you. That is very interesting.

I'm particularly interested in Figure 31, and whatever happened to those engines that seemed to have exceedances. That report is from 2008 though. What happened next?

From: Valentine, Julia [mailto:Valentine.Julia@epa.gov]
Sent: Monday, September 28, 2015 3:48 PM
To: Whoriskey, Peter
Subject: Hi from EPA

Hi Peter,

Have you seen this yet?

http://www3.epa.gov/otaq/about/420r08011.pdf[www3.epa.gov]

Julia P. Valentine

Office of Public Affairs

U.S. EPA

202.564.2663 direct

202.740.1336 m/txt

To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: energy@morningconsult.cpro30.com
Sent: Thur 10/1/2015 12:29:48 PM
Subject: Morning Consult Energy: Congress Averts Government Shutdown; VW Might Not Face Criminal Charges

By Colleen Leahy

Today's Washington Brief

- Congress passed a stopgap spending bill that averts a government shutdown by providing funding through Dec. 11. The House passed the measure 257-151, with Democrats providing most of the support. (The New York Times)

- The House Energy and Commerce Committee approved broad energy legislation with considerably less support than it's had in the past, with only three Democrats supporting the bill in the 32-20 vote tally. The House is expected to vote on the measure in the coming weeks, but critics say bipartisan concessions have rendered the bill ineffective. (Morning Consult)

- Sen. Pat Toomey (R-Pa.) is aiming to abolish the federal mandate to blend renewable ethanol-based fuels with gasoline, and he plans on offering such an amendment, which is supported by Sen. Dianne Feinstein (D-Calif.), at a Senate Banking Committee markup of the oil export bill. (Houston Chronicle)

Today's Business Brief

- Volkswagen might not face criminal charges over its environmental violations due to a loophole for automobiles in the 1970 Clean Air Act. If the company does end up facing criminal charges, it would be the first-ever case against an automaker over emissions standards. (The Wall Street Journal)

- TransCanada said it is withdrawing from legal disputes over use of private land in Nebraska for the Keystone XL pipeline. The company will instead submit to reviews by the state's Public Service Commission, which must approve the project in order for it to move forward. (Bloomberg News)

- A group of investors led by Dallas-based Hunts Consolidated Inc. filed for regulatory approval for their bid to purchase Texas' largest utility, Oncor, from its bankrupt parent company Energy Future Holdings in a deal that would value the company between $18 billion and $19 billion. (Dallas Business Journal)

Today's Chart Review

Stop Propping Up Fossil Fuels
Bloomberg View

Mark Your Calendars (All Times Eastern)

Thursday
WRI discussion of climate change and the global economy @ 8:30 a.m.
NRC overview of low-level waste, spent fuel storage and transportation business lines @ 9 a.m.
Washington Ideas Forum @ 9 a.m.
Politico conversation: America's Energy Agenda: What's Next? @ 9 a.m.
Senate Banking Committee markup of legislation that would lift the crude oil export ban @ 10 a.m.
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By Colleen Leahy

Today's Washington Brief

- Congress passed a stopgap spending bill that averts a government shutdown by providing funding through Dec. 11. The House passed the measure 257-151, with Democrats providing most of the support. (The New York Times)

- The House Energy and Commerce Committee approved broad energy legislation with considerably less support than it's had in the past, with only three Democrats supporting the bill in the 32-20 vote tally. The House is expected to vote on the measure in the coming weeks, but critics say bipartisan concessions have rendered the bill ineffective. (Morning Consult)

- Sen. Pat Toomey (R-Pa.) is aiming to abolish the federal mandate to blend renewable ethanol-based fuels with gasoline, and he plans on offering such an amendment, which is supported by Sen. Dianne Feinstein (D-Calif.), at a Senate Banking Committee markup of the oil export bill. (Houston Chronicle)

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- Volkswagen might not face criminal charges over its environmental violations due to a loophole for automobiles in the 1970 Clean Air Act. If the company does end up facing criminal charges, it would be the first-ever case against an automaker over emissions standards. (The Wall Street Journal)

- TransCanada said it is withdrawing from legal disputes over use of private land in Nebraska for the Keystone XL pipeline. The company will instead submit to reviews by the state's Public Service Commission, which must approve the project in order for it to move forward. (Bloomberg News)

- A group of investors led by Dallas-based Hunts Consolidated Inc. filed for regulatory approval for their bid to purchase Texas' largest utility, Oncor, from its bankrupt parent company Energy Future Holdings in a deal that would value the company between $18 billion and $19 billion. (Dallas Business Journal)

Today's Chart Review

Stop Propping Up Fossil Fuels
Bloomberg View

Mark Your Calendars (All Times Eastern)

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Bunker, Byron Calendar
On Thursday, October 01, 2015

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10:00 AM – 11:00 AMOCFO - VW Call

Location: Byron's Office RM. N-12 AA
10:00 AM – 11:00 AMVW Case with Appropriations Staff

By Telephone: **Non-Responsive**

Non-Responsive

Non-Responsive

2:30 PM – 3:00 PMHOLD: Potential VW Press Interviews

Location: WJC-N RM. 6520 DC/RM. C-174 DOD AA

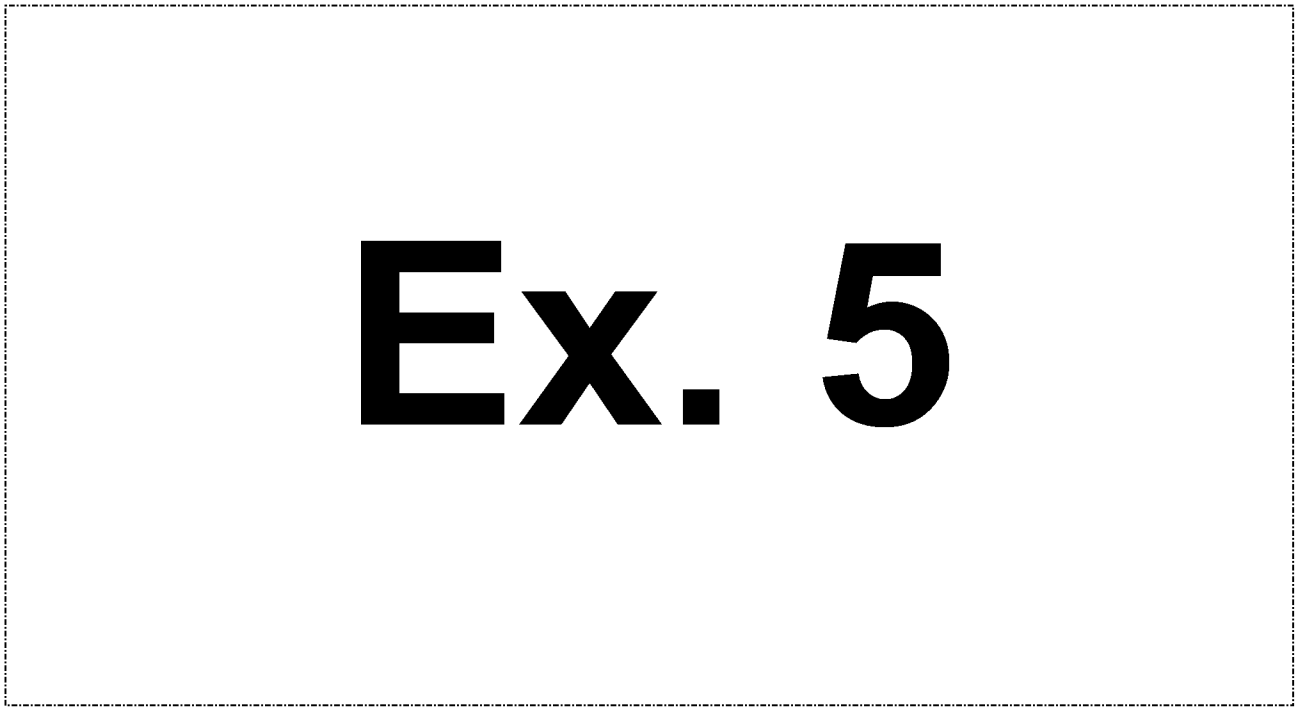
Non-Responsive

Non-Responsive

Non-Responsive

To: Haley, Mike[Haley.Mike@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Cohen, Janet[cohen.janet@epa.gov]; Sutton, Tia[sutton.tia@epa.gov]
Cc: Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Cook, Leila[cook.leila@epa.gov]
From: Grundler, Christopher
Sent: Thur 10/1/2015 1:45:48 PM
Subject: RE: Compliance budget and hearing prep

Ex. 5


Ex. 5

To: Aaron Kessler[akesslernyt@gmail.com]
From: Grundler, Christopher
Sent: Thur 10/1/2015 1:54:55 PM
Subject: Re: Some time to chat later today?

734-214-4607.

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

> On Oct 1, 2015, at 7:24 AM, Aaron Kessler <akesslernyt@gmail.com> wrote:
>
> Sure no problem, sounds good. What's the best num to reach you, btw? Not sure I have your direct line.
>
> ...
>
> Sent via wireless device
>
>> On Sep 30, 2015, at 10:47 PM, Grundler, Christopher <grundler.christopher@epa.gov> wrote:
>>
>> Sorry. Had no time today then had to dash for the airport. Let's try tomorrow
>>
>> Christopher Grundler, Director
>> Office of Transportation and Air Quality
>> U.S. EPA
>> 202-564-1682 (DC)
>> 734-214-4207 (Ann Arbor)
>>
>>> On Sep 30, 2015, at 1:55 PM, Aaron Kessler <akesslernyt@gmail.com> wrote:
>>>
>>> Chris,
>>> Do you have a few mins to catch up on VW stuff, completely on background and/or OTR? A 2007-era question has come up in particular I'm hoping to run by you...
>>> Aaron

Ex. 4 - CBI

United States Environmental Protection Agency

United States Environmental Protection Agency
U.S. EPA 2000 Traverwood Drive, Ann Arbor, MI, 48105

Validate Form

Voluntary Emissions Recall Report (VERR)

* = required field

Report / Manufacturer Information

(•) New VERR ( ) Correct / Update VERR *

Manufacturers are required to submit six Quarterly Reports following a new VERR submission.

EPA VERR Number * 0012

Manufacturer VERR Number * VW-0012

Form Version Number * 00

Additional email address n/a

Voluntary Emission Recall Information

Owner notification start date * Apr 7, 2015

Owner notification final date Apr 8, 2015

Problem category *

- Fuel Delivery System
- Fuel Tank Component
- Hybrid Vehicle Component/System
- Ignition Component
- Monitoring/Measuring Sensor/System
- NOx Absorber System

Defect description *

MIL On.

These changes will assist in reducing MIL illumination for DTC P0401 & P2463, thus reducing the frequency of unnecessary replacement of after treatment system components.

Related emissions defect information report (EDIR) number(s) * 0041

Add EDIR # *Remove Last #*

Describe the specific modifications. *

Volkswagen Group of America, Inc. will pro-actively release an Emissions Service Action with Customer notification to upgrade ECM Software levels on the affected vehicles.
These changes will assist in reducing MIL illumination for DTC P0401 & P2463, thus reducing the frequency of unnecessary replacement of after treatment system components.

Describe the method used to determine the names and addresses of the vehicle or engine owners *

The R.L. Polk Recall Service is used to obtain state motor vehicle registration data as a source for customer name and address information.

Describe the conditions, proper maintenance, or use upon which the manufacturer determines eligibility for repair *

There are no maintenance or eligibility requirements.

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Voluntary Emissions Recall Report (VERR)

* = required field

Describe the procedure for the vehicle or engine owners to correct the nonconformity *	Affected authorized Volkswagen & Audi dealers will receive notification and detailed information about this service action on or about April 7th, 2015. Affected Volkswagen & Audi owners will be mailed a notification regarding this service action on or about April 7th, 2015. Enclosed are examples of Service Circulars and Customer Letters.
Describe any authorized warranty agents or persons other than dealers who will remedy the defect *	It is anticipated that all affected vehicles will be remedied by authorized dealers of the manufacturer.
Describe the system used to assure an adequate supply of parts will be available to perform the repair *	This action contains a software update only, therefore there are no parts allocation.
Describe the impact of the proposed changes on fuel economy *	This issue poses no impact on fuel economy.
Describe the impact of the proposed changes on drivability *	This issue poses no known drivability impact.
Describe the impact of the proposed changes on safety *	Not applicable

Type of related documents to be submitted to the Verify Document Module * (CTRL + Click to select multiple value(s))

- No Related Documents to Submit
- Owner Notification
- Dealer Notification/Bulletin
- Repair Instructions
- Technical Service Bulletin
- Sample Repair Label
- Other (Specify in 'Notes' field)

Number of related documents to be submitted to Verify Document Module *: 5

Notes: Forwarding Letter - CBI

VW FOIA, EPA 06/20/2017 2017-FFP_028272

VW FOIA, EPA

* = required field

Validate Form

Voluntary Emissions Recall Report (VERR)
Affected Vehicles / Engines Description

Add Test Group / Engine Family

Test Group / Engine Family Information				Delete Test Group / Engine Family
Test Group / Engine Family *	**Certified Sales Area ***			**Number Covered by Recall ***
EVWXV02.0U5N	50-State (CA+177 States+FED)			51,275
Add Vehicle / Engine	**Vehicle / Engine Information**			
Make *	**Model / Calibration ***	**Model Year ***	**Displacement (Liters) ***	
VW	Golf / Jetta / SportWagen / Beetle 2.0L TDI	2014	2	Delete This Vehicle / Engine

Test Group / Engine Family Information				Delete Test Group / Engine Family
Test Group / Engine Family *	**Certified Sales Area ***			**Number Covered by Recall ***
DVWXV02.0U5N	50-State (CA+177 States+FED)			67,313
Add Vehicle / Engine	**Vehicle / Engine Information**			
Make *	**Model / Calibration ***	**Model Year ***	**Displacement (Liters) ***	
VW	Golf / Jetta / SportWagen / Beetle 2.0L TDI	2013	2	Delete This Vehicle / Engine
AUDI	A3 2.0L TDI	2013	2	Delete This Vehicle / Engine

Test Group / Engine Family Information				Delete Test Group / Engine Family
Test Group / Engine Family *	**Certified Sales Area ***			**Number Covered by Recall ***
CVWXV02.0U5N	50-State (CA+177 States+FED)			66,520
Add Vehicle / Engine	**Vehicle / Engine Information**			

06/20/2017

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VW FOIA, EPA

* = required field

Validate Form

Voluntary Emissions Recall Report (VERR)
Affected Vehicles / Engines Description

Add Test Group / Engine Family

Make *	Model / Calibration *	Model Year *	Displacement (Liters) *	
VW	Golf / Jetta / SportWagen / Beetle 2.0L TDI	2012	2	Delete This Vehicle / Engine
AUDI	A3 2.0L TDI	2012	2	Delete This Vehicle / Engine

Test Group / Engine Family Information — Delete Test Group / Engine Family

Test Group / Engine Family *	Certified Sales Area *	Number Covered by Recall *
BVWXV02.0U5N	50-State (CA+177 States+FED)	55,169

Add Vehicle / Engine

Vehicle / Engine Information

Make *	Model / Calibration *	Model Year *	Displacement (Liters) *	
VW	Golf / Jetta / SportWagen 2.0L TDI	2011	2	Delete This Vehicle / Engine
AUDI	A3 2.0L TDI	2011	2	Delete This Vehicle / Engine

Test Group / Engine Family Information — Delete Test Group / Engine Family

Test Group / Engine Family *	Certified Sales Area *	Number Covered by Recall *
AVWXV02.0U5N	50-State (CA+177 States+FED)	59,513

Add Vehicle / Engine

Vehicle / Engine Information

Make *	Model / Calibration *	Model Year *	Displacement (Liters) *	
VW	Golf / Jetta / SportWagen 2.0L TDI	2010	2	Delete This Vehicle / Engine
AUDI	A3 2.0L TDI	2010	2	Delete This Vehicle / Engine

06/20/2017

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United States Environmental Protection Agency

United States Environmental Protection Agency
U.S. EPA 2000 Traverwood Drive, Ann Arbor, MI, 48105

Voluntary Emissions Recall Report (VERR)
Help Section

General

Validate Form Button

Clicking this button will check to see if the form is valid and identify any form errors for correction. Failure to submit a valid form means you have not met reporting requirements and the system will reject the form.

Report Information

New VERR or Correct / Update VERR

If you are submitting this VERR for the first time, you should select "New VERR." If you are updating or correcting a previously submitted VERR, you should select "Correct / Update VERR." If you select "Correct / Update VERR", you must enter the number of the original VERR that you are updating / correcting and the reason that you are correcting or updating the VERR.

EPA VERR Number

You must enter a number for the VERR. If you are submitting a new VERR, the number should be exactly four digits and must contain zeroes for numbers with fewer than four significant digits (e.g., "0007").

Manufacturer VERR Number

You may enter anything, up to 20 characters into this field, it is designed to allow manufacturers to internally track their defect reports. If you are using your own internal number for VERR tracking purposes, you may enter it here. Otherwise, enter the EPA VERR number here.

Form version number

You must enter a two digit form version number. If you are submitting a corrected or updated VERR, increment the number of the previous submitted VERR. The number should be exactly 2 digits and must contain zeroes for numbers with fewer than two significant digits (e.g., "01").

Reason for correction / update

If you selected "Correct / Update VERR", you must enter the reason that you are correcting or updating the VERR. If you are submitting the VERR for the first time, you should select "New VERR." (4000 Character Limit)

Additional email address

You may enter an additional group e-mail that can be used in notifications or communications concerning this report. The primary e-mail used for notifications or communications will be the one provided during the Verify registration process.

Owner notification start date

Enter the first date that you notified owners about the voluntary emissions recall campaign described in this report.

Owner notification final date

Enter the final date that you notified owners about the voluntary emissions recall campaign described in this report.

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United States Environmental Protection Agency

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U.S. EPA 2000 Traverwood Drive, Ann Arbor, MI, 48105

Voluntary Emissions Recall Report (VERR)
Help Section

Problem category

This list is used to categorize the problem identified in the EDIR. You must only select one category and it should be for the primary problem, if there are multiple problems identified in the EDIR. For example, if an EGR valve problem is defective and, subsequently, an On-board Diagnostic (OBD) malfunction indicator lamp (MIL) is illuminated for an EGR fault, the problem category should identify the EGR components as defective, not the OBD system. In contrast, if an OBD MIL is being erroneously illuminated for EGR valves that are not defective and the OBD programming is being corrected, then the problem category should identify the OBD system as defective.

Defect description

Clearly identify the device, system, assembly or software that has the defect, what the defect is, and to the extent known at the time, the cause of the defect. (4000 Character Limit)

Related Emissions Defect Information Report

Enter the number(s) for the related EDIR(s) for this VERR. If you are entering multiple EDIR numbers use the "Add EDIR #" button. You may add up to twelve related EDIR Numbers.

Describe the specific modifications.

Include alterations, repairs, corrections, adjustments and other changes that will be performed to address the emission-related defect. (4000 Character Limit)

Describe the method used to determine the names and addresses of the vehicle or engine owners

Describes the method used to determine the names and addresses of the vehicle or engine owners. (4000 Character Limit)

Describe the proper maintenance or use upon which the manufacturer determines eligibility for repair

Describes the requirements (e.g., mileage) to meet in order to be eligible for manufacturer repair. (4000 Character Limit)

Describe the procedure for the vehicle or engine owners to correct the nonconformity

Describes the procedure that the vehicle or engine owner should follow in order to correct the defect. (4000 Character Limit)

Describe any authorized warranty agents or persons other than dealers who will remedy the defect

Describes any authorized warranty agents or persons other than dealers who will remedy the defect. (4000 Character Limit)

Describe the system used to assure an adequate supply of parts will be available to perform the repair

Describes the system used to assure an adequate supply of parts for performing the repair. (4000 Character Limit)

Describe the impact of the proposed changes on fuel economy

Describes the impact of the proposed changes the on fuel economy of the vehicles or engines. (4000 Character Limit)

Describe the impact of the proposed changes on drivability

Describes the impact of the proposed changes on the drivability of the vehicles or engines. (4000 Character Limit)

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Voluntary Emissions Recall Report (VERR)
Help Section

Describe the impact of the proposed changes on safety

Describes the impact of the proposed changes on the safety of the vehicles or engines. (4000 Character Limit)

Type of related documents to be submitted to the Verify Document Module

If you are submitting documents related or supporting the VERR to the Verify Document Module, you can use this list to identify one or more of these documents that you are submitting. If you are submitting documents containing confidential business information (CBI) you should select "Other (Specify in 'Notes' field" and indicate in the "Notes" field that a CBI document is being submitted separately (e.g., "CBI attached in separate document.")".

Number of related documents to be submitted to Verify Document Module

Enter the number of documents you will be submitting to the Verify Document Module. Since some documents may be combined, it is helpful to know how many related documents that accompany an EDIR should be retrieved from the Verify Document Module.

Notes

Use this field to enter any notes and/or comments. In addition, there are particular fields that require you to enter notes when certain options are selected and this field should be used for this that purpose. (4000 Character Limit)

Affected Vehicles / Engines Description

Test Group / Engine Family

Enter the test group or engine family of the affected vehicle(s) or engine(s). [Example: 9EPAX04.23A1]

Certified Sales Area

Select the appropriate certified sales area for the applicable test group or engine family. For vehicles that were certified to exhaust emission standards for California and Section 177 states, select the "CA+177 States" option. For vehicles that were certified to exhaust emission standards for states outside other than California and Section 177 states, select the "FED" option. For vehicles that were certified to exhaust emission standards for California and Section 177 states and states other than California and Section 177 states, select the "50-State" option.

Number Covered by Recall

Enter the number of vehicles from each test group that will be remedied by the actions described in the VERR. The number of vehicles recalled for each test group will be totaled and displayed in the "Total Covered by the Recall" box at the top right of the form for comparison purposes. Please enter the accurate number of vehicles for each test group to ensure that the total number covered by the recall is accurate.

Make

Enter the specific make (i.e., name plate) for the affected vehicle(s) or engine(s). [Example: Buick, Lexus, Mercury]

Model / Calibration

Enter the model or calibration name that the manufacturer has designated for the vehicle or the calibration for the engine that is affected in the defect recall report

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United States Environmental Protection Agency

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Voluntary Emissions Recall Report (VERR)
Help Section

Model Year

Enter the model year of the affected vehicle(s) or engine(s). [Example: 2001]

Displacement (liters)

Enter the engine displacement for the affected vehicle(s) or engine(s) in liters. [Example: 4.23]

Vehicle Information Page Buttons

Add Test Group / Engine Family - This button is used if a report covers multiple Test Groups / Engine Families. Clicking this button creates additional Test Group / Engine Family tables at the end of the "Affected Vehicles / Engines Description" section. Each additional Test Group / Engine Family table will have a row to add Vehicle / Engine Information. Additional rows can be added if this Test Group / Engine Family covers multiple Vehicles / Engines (see instructions below for adding rows to the Vehicle / Engine Information section).

Delete Test Group / Engine Family - This button is used for deleting a Test Group / Engine Family Table. Clicking this button in a Test Group / Engine Family table will delete that Test Group / Engine Family table, and all associated Vehicle/Engine Information, only.

Add Vehicle / Engine - This button is used if a Test Group / Engine Family covers multiple Vehicles / Engines. Clicking this button in a Test Group / Engine Family table will add a new row to the bottom of the Vehicle / Engine Information section in that Test Group / Engine Family table only.

Delete Vehicle / Engine - This button is used for deleting a specific row of Vehicle / Engine Information in a Test Group / Engine Family table. Clicking the button at the end of a row will delete the a Vehicle / Engine information for just that row.

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DEFECT DECRIPTION:

MIL On.

These changes will assist in reducing MIL illumination for DTC P0401 & P2463, thus reducing the frequency of unnecessary replacement of after treatment system components.

In addition, the vehicle's engine management software strategy has been modified to optimize the PM filter loading and regeneration model under extreme driving conditions.

Improved Part numbers / SW levels:

03L 906 019 JS / 8183

03L 906 019 JT / 8184

03L 906 019 KA / 8185

03L 906 019 KB / 8186

03L 906 019 KD / 8182

03L 906 019 KC / 8181

03L 906 019 CT, CM, CL, DB, DA / 9971

03L 906 022 KB, PB, SQ / 9971

03L 906 019 EJ / 8186

03L 906 019 EE / 8177

03L 906 019 HG / 8178

03L 906 019 EH / 8179

03L 906 019 HH / 8180

03L 906 019 HD / 8175

03L 906 019 HB / 8169

03L 906 019 HC / 8170

03L 906 019 AN / 8171

03L 906 019 AP / 8172

03L 906 019 HN / 8173 & 03L 906 019 HE / 8174

Describe the specific modifications:

Volkswagen Group of America, Inc. will pro-actively release an Emissions Service Action with Customer notification to upgrade ECM Software levels on the affected vehicles.

These changes will assist in reducing MIL illumination for DTC P0401 & P2463, thus reducing the frequency of unnecessary replacement of after treatment system components.

In addition, the vehicle's engine management software strategy has been modified to optimize the PM filter loading and regeneration model under extreme driving conditions.

Dealer Notification: On or about April 7th, 2015

Customer Notification: On or about April 7th, 2015

IMPORTANT INFORMATION
Please inform and provide a copy of this document to every person in your dealership with campaign-related responsibilities, including Service, Parts and Accounting personnel. By law, dealers must correct, prior to delivery for sale or lease, any vehicle that fails to comply with an applicable Federal Motor Vehicle Safety Standard or that contains a defect relating to motor vehicle safety. If you have questions regarding this or any other campaign, please contact Warranty.

Audi

Emissions Service Action
DRAFT 02/24/2015

Code: 23N4

Subject: Certain 2010 – 2014 Audi A3 with 2.0L TDI ® Clean Diesel Engine ECM Software Update

April 07, 2015

Problem Description
The vehicle's engine management software has been improved to assure the vehicle's tailpipe emissions are optimized and operating efficiently. Under certain operating conditions, the earlier strategy may have increased the chance of the vehicle's MIL light illuminating. If the MIL illuminates for any reason, the vehicle will not pass an IM emissions inspection in some regions.

Corrective Action
Install updated ECM software.

Affected Vehicles

U.S.A. and CANADA:

2010-2014 Audi A3 with 2.0L TDI® Clean Diesel Engine

Verify the open Campaigns/Actions screen in Elsa to determine if the VIN# applies to this Campaign/Action

NOTE:

- *Elsa is the only valid campaign inquiry/verification source. Check Elsa on the day the campaign work will be performed to verify vehicle eligibility for the repair in order to receive claim payment consideration. Campaign status must show "open".*
- *If this repair appears to have already been performed on the vehicle but the code still shows open in Elsa, contact Warranty before proceeding further, e.g. a dealer may have recently performed this repair but not yet entered a claim for it in the system.*
- *Elsa may also show additional open action(s); if so, inform your customer - this work can be done while the vehicle is in for this campaign.*
- *Contact Warranty if you have any questions.*

Inventory Vehicle Open Campaign/Action Report (AIM)
On or about April 07, 2015, affected vehicles will be listed on the Inventory Vehicle Open Campaign Action report under My Dealership Reports (found on www.accessaudi.com & AIM). A list will not be posted for dealers who do not have any affected vehicles.

Parts Information and Allocation
This action is a software update only; no parts are required.

Owner Notification Mailing
On or about April 07, 2015, the owner mailing will take place. A sample copy of the owner letter is enclosed.

Requirements for Emissions Campaigns Having Customer Notification (CALIFORNIA ONLY)
The California Air Resources Board and the Department of Motor Vehicles (DMV) require emissions-related campaigns to be completed prior to vehicle registration renewal. **When campaign work is done you must provide the owner with a signed "Vehicle Emission Recall – Proof of Correction" certificate (RC EMISCAVWAU).** Certificates can be ordered at no cost online via the Compliance Label Ordering portal at www.accessaudi.com.

Campaign Completion Labeling Guidelines
Vehicles repaired under this action must be identified with a campaign completion label (part number CAMP 010 000). Labels can be ordered at no cost online via the Compliance Label Ordering portal at www.accessaudi.com.

The repair information in this document is intended for use only by skilled technicians who have the proper tools, equipment and training to correctly and safely maintain your vehicle. These procedures are not intended to be attempted by "do-it-yourselfers," and you should not assume this document applies to your vehicle, or that your vehicle has the condition described. To determine whether this information applies, contact an authorized Audi dealer. ©2015 Audi of America, Inc. and Audi Canada. All Rights Reserved.

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Claim Entry Procedure
Immediately upon completion of the repair work, enter the Applicable Criteria ID and Repair Operation from the following chart. **The Applicable Criteria ID is shown in Elsa**. Claims will only be paid for vehicles that show this campaign open in Elsa on the day of the repair. To help ensure prompt and proper payment, attach the screen print to the repair order.

Saga Claim Entry Procedure

Check Elsa to determine if this campaign is open.

Service No.: **23N4**
Damage Code: **0099**

Parts Manufacturer
Removed part: Use vendor code **002**
Sold vehicle = 7 10
Unsold vehicle = 7 90

Accounting Instructions

Criteria I.D. 8P

Connect battery charger

Repair operation:	2706 89 50	10 T.U.

--AND--

Update ECM Software via SVM

Repair operation:	2360 25 99	Time stated on diagnostic protocol (max 40 TU)

There is NO reimbursement for Vehicle Wash or Loaner

If customer refused repairs

U.S. dealers: Submit the request through Audi Warranty Online under the Campaigns/Update option.

Canadian dealers: Fax the Repair Order to Warranty at (905) 428-4811 and provide VIN, applicable Service Number, Customer Information, Dealer Number and Date.

The repair information in this document is intended for use only by skilled technicians who have the proper tools, equipment and training to correctly and safely maintain your vehicle. These procedures are not intended to be attempted by "do-it-yourselfers," and you should not assume this document applies to your vehicle, or that your vehicle has the condition described. To determine whether this information applies, contact an authorized Audi dealer. ©2015 Audi of America, Inc. and Audi Canada. All Rights Reserved.

VW FOIA, EPA 06/20/2017 2017-FFP_028282

Subject : Emissions Service Action 23N4 – ECM Software
Certain 2010-2014 Model Year Audi A3 with 2.0L TDI® Clean Diesel Engine

Dear Audi Owner,

As part of Audi's ongoing commitment to our environment, and in cooperation with the United States Environmental Protection Agency and the California Air Resources Board, we are informing you of our decision to conduct an emissions service action on certain 2010-2014 model year Audi A3 2.0L TDI® Clean Diesel engine vehicles. Our records show that you are the owner of a vehicle affected by this action.

What is the issue, and what will we do?

The vehicle's engine management software has been improved to assure your vehicle's tailpipe emissions are optimized and operating efficiently. Under certain operating conditions, the earlier strategy may have increased the chance of the vehicle's MIL light illuminating. If the MIL illuminates for any reason, your vehicle will not pass an IM emissions inspection in some regions.

To address this issue, your authorized Audi dealer will update the ECM software in your vehicle. This work will take about one hour to complete and will be performed for you free of charge. Please keep in mind that your dealer may need additional time for the preparation of the repair, as well as to accommodate their daily workshop schedule.

IMPORTANT!
Please note that if the ECM in your vehicle has been "chipped," "tuned," or otherwise modified from original factory specifications with aftermarket components and/or software, work needed to repair, replace, or return the ECM to original factory specifications is NOT covered under this action.

What should you do?

In order to limit any possible inconvenience, please contact your authorized Audi dealer as soon as possible to schedule this service.

Lease vehicles and address changes

If you are the lessor and registered owner of the vehicle identified in this action, please forward this letter immediately via first-class mail to the lessee within ten (10) days of receipt. If you have changed your address or sold the vehicle, please fill out the enclosed prepaid Owner Reply card and mail it to us so we can update our records.

Reimbursement of Expenses

If you have previously paid for repairs relating to the condition described in this letter, the enclosed form explains how to request reimbursement. We would be pleased to review your reimbursement request.

Can we assist you further?

If your authorized Audi dealer fails or is unable to complete this work free of charge within a reasonable time, please call or write to:

Audi of America, Inc.,
Attn: Customer Experience (23N4)
3800 Hamlin Road, Auburn Hills, MI 48326
1-800-253-2834
www.audiusa.com

Checking your vehicle for open Recalls and Service Campaigns

To check your vehicle's eligibility for repair under this or any other recall/service campaign, please visit the ***Recall/Service Campaign Lookup*** tool at www.audiusa.com and enter your Vehicle Identification Number (VIN). As always, if you have any questions or if you need additional assistance, please contact Customer Experience or your authorized Audi dealer.

We apologize for any inconvenience this matter may cause; however we are taking this action to help ensure your vehicle continues to meet and exceed your expectations. Thank you for your continued loyalty!

Sincerely,

Audi Customer Protection

The repair information in this document is intended for use only by skilled technicians who have the proper tools, equipment and training to correctly and safely maintain your vehicle. These procedures are not intended to be attempted by "do-it-yourselfers," and you should not assume this document applies to your vehicle, or that your vehicle has the condition described. To determine whether this information applies, contact an authorized Audi dealer. ©2015 Audi of America, Inc. and Audi Canada. All Rights Reserved.

Customer Letter Example (United States – California)

Subject : Emissions Service Action 23N4 – ECM Software
Certain 2010-2014 Model Year Audi A3 with 2.0L TDI® Clean Diesel Engine

Dear Audi Owner,

As part of Audi's ongoing commitment to our environment, and in cooperation with the United States Environmental Protection Agency and the California Air Resources Board, we are informing you of our decision to conduct an emissions service action on certain 2010-2014 model year Audi A3 2.0L TDI® Clean Diesel engine vehicles. Our records show that you are the owner of a vehicle affected by this action.

What is the issue, and what will we do?

The vehicle's engine management software has been improved to assure your vehicle's tailpipe emissions are optimized and operating efficiently. Under certain operating conditions, the earlier strategy may have increased the chance of the vehicle's MIL light illuminating. If the MIL illuminates for any reason, your vehicle will not pass an IM emissions inspection in some regions.

To address this issue, your authorized Audi dealer will update the ECM software in your vehicle. This work will take about one hour to complete and will be performed for you free of charge. Please keep in mind that your dealer may need additional time for the preparation of the repair, as well as to accommodate their daily workshop schedule.

IMPORTANT!
Please note that if the ECM in your vehicle has been "chipped," "tuned," or otherwise modified from original factory specifications with aftermarket components and/or software, work needed to repair, replace, or return the ECM to original factory specifications is NOT covered under this action.

What should you do?

In order to limit any possible inconvenience, please contact your authorized Audi dealer as soon as possible to schedule this service.

Lease vehicles and address changes

If you are the lessor and registered owner of the vehicle identified in this action, please forward this letter immediately via first-class mail to the lessee within ten (10) days of receipt. If you have changed your address or sold the vehicle, please fill out the enclosed prepaid Owner Reply card and mail it to us so we can update our records.

Important information for California Vehicle Owners – California Regulations

California regulations require that this campaign be completed prior to the time you renew your vehicle registration. Therefore, **please make sure that this campaign is completed prior to the renewal of your vehicle registration**, and that you furnish proof of completion to the Department of Motor Vehicles (DMV) in the form of a copy of the dealer's repair order, including a signed "Proof of Correction" certificate. You obtain this from your dealer after the campaign has been completed. Please retain the signed "Proof of Correction Certificate" with your vehicle records. DO NOT MAIL THIS FORM to the DMV, unless requested.

Reimbursement of Expenses

If you have previously paid for repairs relating to the condition described in this letter, the enclosed form explains how to request reimbursement. We would be pleased to review your reimbursement request.

Can we assist you further?

If your authorized Audi dealer fails or is unable to complete this work free of charge within a reasonable time, please call or write to:

Audi of America, Inc.,
Attn: Customer Experience (23N4)
3800 Hamlin Road, Auburn Hills, MI 48326
1-800-253-2834
www.audiusa.com

Checking your vehicle for open Recalls and Service Campaigns

To check your vehicle's eligibility for repair under this or any other recall/service campaign, please visit the ***Recall/Service Campaign Lookup*** tool at www.audiusa.com and enter your Vehicle Identification Number (VIN). As always, if you have any questions or if you need additional assistance, please contact Customer Experience or your authorized Audi dealer.

We apologize for any inconvenience this matter may cause; however we are taking this action to help ensure your vehicle continues to meet and exceed your expectations. Thank you for your continued loyalty!

Sincerely,

Audi Customer Protection

The repair information in this document is intended for use only by skilled technicians who have the proper tools, equipment and training to correctly and safely maintain your vehicle. These procedures are not intended to be attempted by "do-it-yourselfers," and you should not assume this document applies to your vehicle, or that your vehicle has the condition described. To determine whether this information applies, contact an authorized Audi dealer. ©2015 Audi of America, Inc. and Audi Canada. All Rights Reserved.

Customer Letter Example (CANADA)

Subject : Emissions Service Action 23N4 – ECM Software
Certain 2010-2014 Model Year Audi A3 with 2.0L TDI® Clean Diesel Engine

Dear Audi Owner,

This notice is sent to you in accordance with the requirements of the *Canadian Environmental Protection Act, 1999.* Audi has determined that a defect, which relates to a prescribed emission standard, exists in certain 2010-2014 model year Audi A3 2.0L TDI® Clean Diesel engine vehicles. Our records show that you are the owner of a vehicle affected by this action.

What is the issue, and what will we do?

The vehicle's engine management software has been improved to assure your vehicle's tailpipe emissions are optimized and operating efficiently. Under certain operating conditions, the earlier strategy may have increased the chance of the vehicle's MIL light illuminating. If the MIL illuminates for any reason, your vehicle will not pass an IM emissions inspection in some regions.

To address this issue, your authorized Audi dealer will update the ECM software in your vehicle. This work will take about one hour to complete and will be performed for you free of charge. Please keep in mind that your dealer may need additional time for the preparation of the repair, as well as to accommodate their daily workshop schedule.

IMPORTANT!
Please note that if the ECM in your vehicle has been "chipped," "tuned," or otherwise modified from original factory specifications with aftermarket components and/or software, work needed to repair, replace, or return the ECM to original factory specifications is NOT covered under this action.

What should you do?

In order to limit any possible inconvenience, please contact your authorized Audi dealer as soon as possible to schedule this service. On or about April 07, 2015 the necessary repair instructions and parts will be available to your authorized Audi dealer.

Lease vehicles and address changes

If you are the lessor and registered owner of the vehicle identified in this action, please forward this letter immediately via first-class mail to the lessee within ten (10) days of receipt. If you have changed your address or sold the vehicle, please fill out the enclosed prepaid Owner Reply card and mail it to us so we can update our records.

Reimbursement of Expenses

If you have previously paid for repairs relating to the condition described in this letter, the enclosed form explains how to request reimbursement. We would be pleased to review your reimbursement request.

Can we assist you further?

If your authorized Audi dealer fails or is unable to complete this work free of charge within a reasonable time, please call or write to:

Audi Canada
Attn: Customer Relations (23N4)
PO Box 842, Stn. A
Windsor, ON N9A 6P2
1-800-822-2834
www.audi.ca

We apologize for any inconvenience this matter may cause; however we are taking this action to help ensure your vehicle continues to meet and exceed your expectations. Thank you for your continued loyalty!

Sincerely,

Audi Customer Protection

The repair information in this document is intended for use only by skilled technicians who have the proper tools, equipment and training to correctly and safely maintain your vehicle. These procedures are not intended to be attempted by "do-it-yourselfers," and you should not assume this document applies to your vehicle, or that your vehicle has the condition described. To determine whether this information applies, contact an authorized Audi dealer. ©2015 Audi of America, Inc. and Audi Canada. All Rights Reserved.

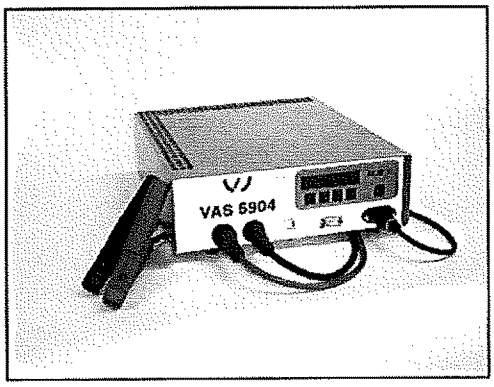
VW FOIA, EPA 06/20/2017 2017-FFP_028285

If there are questions regarding the work procedure:

- **U.S. dealers, contact Warranty**
- **Canadian dealers, open an ATA ticket using concern group "Compliance_Recall Assistance (C)"**

Required Tools:

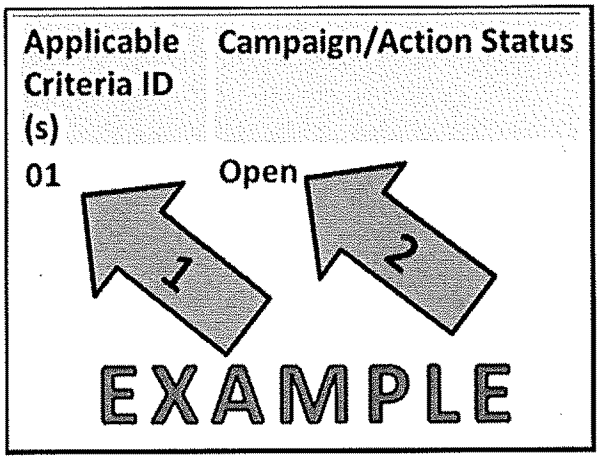
- Diagnostic tester



- Battery charger with charging current of **at least 30A**.

Required Parts:
NONE – Software update only

The repair information in this document is intended for use only by skilled technicians who have the proper tools, equipment and training to correctly and safely maintain your vehicle. These procedures are not intended to be attempted by "do-it-yourselfers," and you should not assume this document applies to your vehicle, or that your vehicle has the condition described. To determine whether this information applies, contact an authorized Audi dealer. ©2015 Audi of America, Inc. and Audi Canada. All Rights Reserved.



TIP

If Campaign Completion label is present, no further work is required

Section A – Check for Previous Repair

- Enter the VIN in Elsa and proceed to the "Campaign/Action" screen

TIP

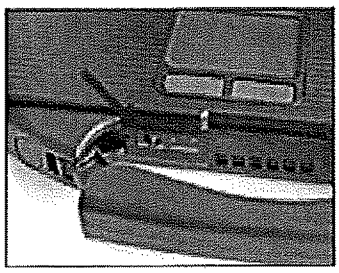
On the date of repair, print this screen and keep a copy with the repair order

⇐ Ensure that the Status is "Open" <arrow 2>

⇐ Note the Applicable Criteria ID <arrow 1> for use in determining the correct work to be done and corresponding parts associated

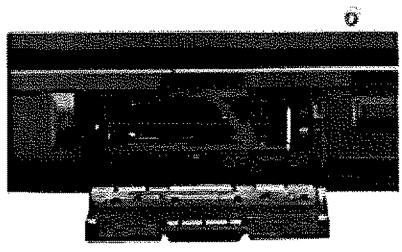
- **Proceed to Section B.**

The repair information in this document is intended for use only by skilled technicians who have the proper tools, equipment and training to correctly and safely maintain your vehicle. These procedures are not intended to be attempted by "do-it-yourselfers," and you should not assume this document applies to your vehicle, or that your vehicle has the condition described. To determine whether this information applies, contact an authorized Audi dealer. ©2015 Audi of America, Inc. and Audi Canada. All Rights Reserved.



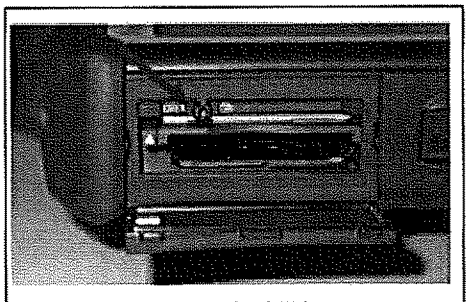
VAS 6150 & VAS 6150A

(Front panel behind handle)



VAS 6150B

(Middle right side behind WIRELESS door)



VAS 6160/-VPC

(Upper left side behind SC/EX door)

NOTE

If the Bluetooth wireless VAS 5054A transmitter head is used in conjunction with a VAS tester, the transmitter head MUST BE connected with a USB cable to the tester.

WARNING

The Bluetooth function of the scan tool **MUST BE PHYSICALLY SWITCHED OFF** prior to performing this update. <See pictures>

- Open the hood
- Attach an appropriate battery charger to the vehicle battery.
- Attach the scan tool to the vehicle.
- From the home screen of the scan tool select Flash.
- Follow the on-screen prompts
- Select "SVM code input".
- Enter SVM code 23N4A001.

The repair information in this document is intended for use only by skilled technicians who have the proper tools, equipment and training to correctly and safely maintain your vehicle. These procedures are not intended to be attempted by "do-it-yourselfers," and you should not assume this document applies to your vehicle, or that your vehicle has the condition described. To determine whether this information applies, contact an authorized Audi dealer. ©2015 Audi of America, Inc. and Audi Canada. All Rights Reserved.

- Follow the on-screen prompts
- Close the hood

Continue to Section C

Section C – Campaign Completion Label

Install Campaign Completion Label

- Open the hood.
- Fill out and affix Campaign Completion label, part number CAMP 010 000, next to the vehicle emission control information label

TIP

Ensure Campaign Completion label does not cover any existing label(s)

- Close the hood.

Continue to Section D – Campaign Stamp

Campaign Stamp

⇐ Once the campaign has been completed, the technician should stamp the repair order.

- Stamps are available for ordering through the Compliance Label Ordering Portal.

I certify that this campaign has been performed in strict accordance with the applicable Audi repair procedure.

SAGA Code: _____

Technician: _____

Date: _____

Item#: AUD4927ENG

OR

Je certifie que cette campagne de rappel a été exécutée suivant les strictes directives de réparation d'Audi

Code de SAGA: _____

Technicien: _____

Date: _____

Item # AUD4927FRE

California Only – Continue to Section E

The repair information in this document is intended for use only by skilled technicians who have the proper tools, equipment and training to correctly and safely maintain your vehicle. These procedures are not intended to be attempted by "do-it-yourselfers," and you should not assume this document applies to your vehicle, or that your vehicle has the condition described. To determine whether this information applies, contact an authorized Audi dealer. ©2015 Audi of America, Inc. and Audi Canada. All Rights Reserved.

VW FOIA, EPA 06/20/2017 2017-FFP_028289

Section E – CALIFORNIA ONLY Requirements for Emissions Campaigns Having Customer Notification

The California Air Resources Board and the Department of Motor Vehicles (DMV) require emissions-related campaigns to be completed prior to vehicle registration renewal. **When campaign work is done you must provide the owner with a signed "Vehicle Emission Recall – Proof of Correction" certificate (RC EMIS_CAL VW).** Certificates can be ordered at no cost can be ordered at no cost online via the Compliance Label Ordering portal at www.accessaudi.com.

TIP

Ensure owners are aware of the importance of retaining the completed certificate for their records. It should be mailed to the California DMV *only upon request.*

ALL WORK IS COMPLETE

The repair information in this document is intended for use only by skilled technicians who have the proper tools, equipment and training to correctly and safely maintain your vehicle. These procedures are not intended to be attempted by "do-it-yourselfers," and you should not assume this document applies to your vehicle, or that your vehicle has the condition described. To determine whether this information applies, contact an authorized Audi dealer. ©2015 Audi of America, Inc. and Audi Canada. All Rights Reserved.

Audi of America, Inc.

Audi

DRAFT 02/11/2015

<MONTH YEAR>

<CUSTOMER NAME>
<CUSTOMER ADDRESS>
<CUSTOMER CITY STATE ZIPCODE>

This notice applies to your vehicle: <VIN>

Subject : Emissions Service Action 23N4 – ECM Software
Certain 2010-2014 Model Year Audi A3 with 2.0L TDI® Clean Diesel Engine

Audi of America, Inc.
3800 Hamlin Road
Auburn Hills, MI 48326
+1 800 253 2834
www.audiusa.com

Dear Audi Owner,

As part of Audi's ongoing commitment to our environment, and in cooperation with the United States Environmental Protection Agency and the California Air Resources Board, we are informing you of our decision to conduct an emissions service action on certain 2010-2014 model year Audi A3 2.0L TDI® Clean Diesel engine vehicles. Our records show that you are the owner of a vehicle affected by this action.

What is the issue, and what will we do?

The vehicle's engine management software has been improved to assure your vehicle's tailpipe emissions are optimized and operating efficiently. Under certain operating conditions, the earlier strategy may have increased the chance of the vehicle's MIL light illuminating. If the MIL illuminates for any reason, your vehicle will not pass an IM emissions inspection in some regions.

To address this issue, your authorized Audi dealer will update the ECM software in your vehicle. This work will take about one hour to complete and will be performed for you free of charge. Please keep in mind that your dealer may need additional time for the preparation of the repair, as well as to accommodate their daily workshop schedule.

IMPORTANT!
Please note that if the ECM in your vehicle has been "chipped," "tuned," or otherwise modified from original factory specifications with aftermarket components and/or software, work needed to repair, replace, or return the ECM to original factory specifications is NOT covered under this action.

What should you do?

In order to limit any possible inconvenience, please contact your authorized Audi dealer as soon as possible to schedule this service.

Lease vehicles and address changes

If you are the lessor and registered owner of the vehicle identified in this action, please forward this letter immediately via first-class mail to the lessee within ten (10) days of receipt. If you have changed your address or sold the vehicle, please fill out the enclosed prepaid Owner Reply card and mail it to us so we can update our records.

23N4 USA_49S

Audi

Reimbursement of Expenses	If you have previously paid for repairs relating to the condition described in this letter, the enclosed form explains how to request reimbursement. We would be pleased to review your reimbursement request.
Can we assist you further?	If your authorized Audi dealer fails or is unable to complete this work free of charge within a reasonable time, please call or write to: Audi of America, Inc., Attn: Customer Experience (23N4) 3800 Hamlin Road, Auburn Hills, MI 48326 1-800-253-2834 www.audiusa.com
Checking your vehicle for open Recalls and Service Campaigns	To check your vehicle's eligibility for repair under this or any other recall/service campaign, please visit the ***Recall/Service Campaign Lookup*** tool at www.audiusa.com and enter your Vehicle Identification Number (VIN). As always, if you have any questions or if you need additional assistance, please contact Customer Experience or your authorized Audi dealer.

We apologize for any inconvenience this matter may cause; however we are taking this action to help ensure your vehicle continues to meet and exceed your expectations. Thank you for your continued loyalty!

Sincerely,

Audi Customer Protection

Audi of America, Inc.

Audi

DRAFT 02/11/2015

<MONTH YEAR>

<CUSTOMER NAME>
<CUSTOMER ADDRESS>
<CUSTOMER CITY STATE ZIPCODE>

This notice applies to your vehicle: <VIN>

Subject : Emissions Service Action 23N4 – ECM Software
Certain 2010-2014 Model Year Audi A3 with 2.0L TDI® Clean Diesel Engine

Audi of America, Inc.
3800 Hamlin Road
Auburn Hills, MI 48326
+1 800 253 2834
www.audiusa.com

Dear Audi Owner,

As part of Audi's ongoing commitment to our environment, and in cooperation with the United States Environmental Protection Agency and the California Air Resources Board, we are informing you of our decision to conduct an emissions service action on certain 2010-2014 model year Audi A3 2.0L TDI® Clean Diesel engine vehicles. Our records show that you are the owner of a vehicle affected by this action.

What is the issue, and what will we do?

The vehicle's engine management software has been improved to assure your vehicle's tailpipe emissions are optimized and operating efficiently. Under certain operating conditions, the earlier strategy may have increased the chance of the vehicle's MIL light illuminating. If the MIL illuminates for any reason, your vehicle will not pass an IM emissions inspection in some regions.

To address this issue, your authorized Audi dealer will update the ECM software in your vehicle. This work will take about one hour to complete and will be performed for you free of charge. Please keep in mind that your dealer may need additional time for the preparation of the repair, as well as to accommodate their daily workshop schedule.

IMPORTANT!
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What should you do?

In order to limit any possible inconvenience, please contact your authorized Audi dealer as soon as possible to schedule this service.

23N4 USA_CAL

Audi

Lease vehicles and address changes	If you are the lessor and registered owner of the vehicle identified in this action, please forward this letter immediately via first-class mail to the lessee within ten (10) days of receipt. If you have changed your address or sold the vehicle, please fill out the enclosed prepaid Owner Reply card and mail it to us so we can update our records.
Important information for California Vehicle Owners – California Regulations	California regulations require that this campaign be completed prior to the time you renew your vehicle registration. Therefore, **please make sure that this campaign is completed prior to the renewal of your vehicle registration**, and that you furnish proof of completion to the Department of Motor Vehicles (DMV) in the form of a copy of the dealer's repair order, including a signed "Proof of Correction" certificate. You obtain this from your dealer after the campaign has been completed. Please retain the signed "Proof of Correction Certificate" with your vehicle records. DO NOT MAIL THIS FORM to the DMV, unless requested.
Reimbursement of Expenses	If you have previously paid for repairs relating to the condition described in this letter, the enclosed form explains how to request reimbursement. We would be pleased to review your reimbursement request.
Can we assist you further?	If your authorized Audi dealer fails or is unable to complete this work free of charge within a reasonable time, please call or write to: Audi of America, Inc., Attn: Customer Experience (23N4) 3800 Hamlin Road, Auburn Hills, MI 48326 1-800-253-2834 www.audiusa.com
Checking your vehicle for open Recalls and Service Campaigns	To check your vehicle's eligibility for repair under this or any other recall/service campaign, please visit the ***Recall/Service Campaign Lookup*** tool at www.audiusa.com and enter your Vehicle Identification Number (VIN). As always, if you have any questions or if you need additional assistance, please contact Customer Experience or your authorized Audi dealer.

We apologize for any inconvenience this matter may cause; however we are taking this action to help ensure your vehicle continues to meet and exceed your expectations. Thank you for your continued loyalty!

Sincerely,

Audi Customer Protection

IMPORTANT INFORMATION
Please inform and provide a copy of this document to every person in your dealership with campaign-related responsibilities, including Service, Parts and Accounting personnel. By law, dealers must correct, prior to delivery for sale or lease, any vehicle that fails to comply with an applicable Federal Motor Vehicle Safety Standard or that contains a defect relating to motor vehicle safety. If you have questions regarding this or any other campaign, please contact Warranty.

Das Auto.

Emissions Service Action
DRAFT 02/24/2015

Code: 23O6

Subject: Certain 2010-2014 Volkswagen Vehicles with 2.0L TDI® Clean Diesel Engine ECM Software Update

April 07, 2015

Problem Description
The vehicle's engine management software has been improved to assure the vehicle's tailpipe emissions are optimized and operating efficiently. Under certain operating conditions, the earlier strategy may have increased the chance of the vehicle's MIL light illuminating. If the MIL illuminates for any reason, the vehicle will not pass an IM emissions inspection in some regions.

Corrective Action
Install updated ECM software.

Affected Vehicles

U.S.A. and CANADA:

2010-2014 Beetle, Beetle Convertible, Jetta, Golf, Jetta SportWagen/Golf Wagon with 2.0L TDI® Clean Diesel engine

Verify the open Campaigns/Actions screen in Elsa to determine if the VIN# applies to this Campaign/Action

NOTE:

- *Elsa is the only valid campaign inquiry/verification source. Check Elsa on the day the campaign work will be performed to verify vehicle eligibility for the repair in order to receive claim payment consideration. Campaign status must show "open".*
- *If this repair appears to have already been performed on the vehicle but the code still shows open in Elsa, contact Warranty before proceeding further, e.g. a dealer may have recently performed this repair but not yet entered a claim for it in the system.*
- *Elsa may also show additional open action(s); if so, inform your customer - this work can be done while the vehicle is in for this campaign.*
- *Contact Warranty if you have any questions.*

Inventory Vehicle Open Campaign/Action Report (VIM)
On or about April 07, 2015, affected vehicles will be listed on the Inventory Vehicle Open Campaign Action report under My Dealership Reports (found on www.vwhub.com & VIM). A list will not be posted for dealers who do not have any affected vehicles.

Parts Information and Allocation
This action is a software update only; no parts are required.

Owner Notification Mailing
On or about April 07, 2015, the owner mailing will take place. A sample copy of the owner letter is enclosed.

Requirements for Emissions Campaigns Having Customer Notification (CALIFORNIA ONLY)
The California Air Resources Board and the Department of Motor Vehicles (DMV) require emissions-related campaigns to be completed prior to vehicle registration renewal. **When campaign work is done you must provide the owner with a signed "Vehicle Emission Recall – Proof of Correction" certificate (RC EMISCAVWAU).** Certificates can be ordered at no cost online via the Compliance Label Ordering portal at www.vwhub.com.

Campaign Completion Labeling Guidelines
Vehicles repaired under this action must be identified with a campaign completion label (part number CAMP 010 000). Labels can be ordered at no cost online via the Compliance Label Ordering portal at www.vwhub.com.

The repair information in this document is intended for use only by skilled technicians who have the proper tools, equipment and training to correctly and safely maintain your vehicle. These procedures are not intended to be attempted by "do-it-yourselfers," and you should not assume this document applies to your vehicle, or that your vehicle has the condition described. To determine whether this information applies, contact an authorized Volkswagen dealer. ©2015 Volkswagen Group of America, Inc. and Volkswagen Canada. All Rights Reserved.

VW FOIA, EPA 06/20/2017 2017-FFP_028295

Claim Entry Procedure
Immediately upon completion of the repair work, enter the Applicable Criteria ID and Repair Operation from the following chart. **The Applicable Criteria ID is shown in Elsa**. Claims will only be paid for vehicles that show this campaign open in Elsa on the day of the repair. To help ensure prompt and proper payment, attach the screen print to the repair order.

Saga Claim Entry Procedure

Check Elsa to determine if this campaign is open.

Service No.: **23O6 (Letter O, not number zero)**
Damage Code: **0099**

Parts Manufacturer
Removed part: Use vendor code **WWO**
Sold vehicle = 7 10
Unsold vehicle = 7 90

Accounting Instructions

Criteria I.D. 01

Check/Updated software present, no further work required

Repair operation:	0183 00 99	20 T.U.

OR

Update ECM software.

Repair operation:	2360 25 99	50 T.U.

There is NO reimbursement for Vehicle Wash or Loaner

If customer refused repairs

U.S. dealers: Submit the request through WISE under the Campaigns/Update/Recall Closure option.

Canadian dealers: Fax the Repair Order to Warranty at (905) 428-4811 and provide VIN, applicable Service Number, Customer Information, Dealer Number and Date.

The repair information in this document is intended for use only by skilled technicians who have the proper tools, equipment and training to correctly and safely maintain your vehicle. These procedures are not intended to be attempted by "do-it-yourselfers," and you should not assume this document applies to your vehicle, or that your vehicle has the condition described. To determine whether this information applies, contact an authorized Volkswagen dealer. ©2015 Volkswagen Group of America, Inc. and Volkswagen Canada. All Rights Reserved.

VW FOIA, EPA 06/20/2017 2017-FFP_028296

Customer Letter Example (United States – 49 states)

Subject: **Emissions Service Action 23O6 – ECM Software**
Certain 2010-2014 Model Year Volkswagen Vehicles Equipped with a 2.0L TDI® Clean Diesel Engine

Dear Volkswagen Owner,

As part of Volkswagen's ongoing commitment to our environment, and in cooperation with the United States Environmental Protection Agency, we are informing you of our decision to conduct an emissions service action on certain 2010-2014 model year Volkswagen vehicles equipped with a 2.0L TDI® Clean Diesel engine. Our records show that you are the owner of a vehicle affected by this action.

What is the issue, and what will we do?

The vehicle's engine management software has been improved to assure your vehicle's tailpipe emissions are optimized and operating efficiently. Under certain operating conditions, the earlier strategy may have increased the chance of the vehicle's MIL light illuminating. If the MIL illuminates for any reason, your vehicle will not pass an IM emissions inspection in some regions.

To address this issue, your authorized Volkswagen dealer will update the ECM software in your vehicle. This work will take about one hour to complete and will be performed for you free of charge. Please keep in mind that your dealer may need additional time for the preparation of the repair, as well as to accommodate their daily workshop schedule.

IMPORTANT!
Please note that if the ECM in your vehicle has been "chipped," "tuned," or otherwise modified from original factory specifications with aftermarket components and/or software, work needed to repair, replace, or return the ECM to original factory specifications is NOT covered under this action.

What should you do?

In order to limit any possible inconvenience, please contact your authorized Volkswagen dealer as soon as possible to schedule this service.

Lease vehicles and address changes

If you are the lessor and registered owner of the vehicle identified in this action, please forward this letter immediately via first-class mail to the lessee within ten (10) days of receipt. If you have changed your address or sold the vehicle, please fill out the enclosed prepaid Owner Reply card and mail it to us so we can update our records.

Reimbursement of Expenses

If you have previously paid for repairs relating to the condition described in this letter, the enclosed form explains how to request reimbursement. We would be pleased to review your reimbursement request.

Can we assist you further?

If your authorized Volkswagen dealer fails or is unable to complete this work free of charge within a reasonable time, please call or write to:

Volkswagen of America, Inc.,
Attn: Customer CARE (23O6)
3800 Hamlin Road, Auburn Hills, MI 48326
1-800-893-5298
www.vw.com

Checking your vehicle for open Recalls and Service Campaigns

To check your vehicle's eligibility for repair under this or any other recall/service campaign, please visit the ***Recall/Service Campaign Lookup*** tool at www.vw.com and enter your Vehicle Identification Number (VIN). As always, if you have any questions or if you need additional assistance, please contact Customer CARE or your authorized Volkswagen dealer.

We apologize for any inconvenience this matter may cause; however we are taking this action to help ensure your vehicle continues to meet and exceed your expectations. Thank you for driving a Volkswagen!

Sincerely,

Volkswagen Customer Protection

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Customer Letter Example (United States – California)

Subject: **Emissions Service Action 23O6 – ECM Software**
Certain 2010-2014 Model Year Volkswagen Vehicles Equipped with a 2.0L TDI® Clean Diesel Engine

Dear Volkswagen Owner,

As part of Volkswagen's ongoing commitment to our environment, and in cooperation with the United States Environmental Protection Agency and the California Air Resources Board, we are informing you of our decision to conduct an emissions service action on certain 2010-2014 model year Volkswagen vehicles equipped with a 2.0L TDI® Clean Diesel engine. Our records show that you are the owner of a vehicle affected by this action.

What is the issue, and what will we do?

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Important information for California Vehicle Owners – California Regulations

California regulations require that this campaign be completed prior to the time you renew your vehicle registration. Therefore, **please make sure that this campaign is completed prior to the renewal of your vehicle registration**, and that you furnish proof of completion to the Department of Motor Vehicles (DMV) in the form of a copy of the dealer's repair order, including a signed "Proof of Correction" certificate. You obtain this from your dealer after the campaign has been completed. Please retain the signed "Proof of Correction Certificate" with your vehicle records. DO NOT MAIL THIS FORM to the DMV, unless requested.

Reimbursement of Expenses

If you have previously paid for repairs relating to the condition described in this letter, the enclosed form explains how to request reimbursement. We would be pleased to review your reimbursement request.

Can we assist you further?

If your authorized Volkswagen dealer fails or is unable to complete this work free of charge within a reasonable time, please call or write to:

Volkswagen of America, Inc.,
Attn: Customer CARE (23O6)
3800 Hamlin Road, Auburn Hills, MI 48326
1-800-893-5298
www.vw.com

Checking your vehicle for open Recalls and Service Campaigns

To check your vehicle's eligibility for repair under this or any other recall/service campaign, please visit the ***Recall/Service Campaign Lookup*** tool at www.vw.com and enter your Vehicle Identification Number (VIN). As always, if you have any questions or if you need additional assistance, please contact Customer CARE or your authorized Volkswagen dealer.

We apologize for any inconvenience this matter may cause; however we are taking this action to help ensure your vehicle continues to meet and exceed your expectations. Thank you for driving a Volkswagen!

Sincerely,

Volkswagen Customer Protection

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Customer Letter Example (CANADA)

Subject: **Emissions Service Action 23O6 – ECM Software**
Certain 2010-2014 Model Year Volkswagen Vehicles Equipped with a 2.0L TDI® Clean Diesel Engine

Dear Volkswagen Owner,

This notice is sent to you in accordance with the requirements of the *Canadian Environmental Protection Act, 1999*. Volkswagen has determined that a defect, which relates to a prescribed emission standard, exists in certain 2010-2014 model year Volkswagen vehicle equipped with a 2.0L TDI® Clean Diesel engine. Our records show that you are the owner of a vehicle affected by this action.

What is the issue, and what will we do?

The vehicle's engine management software has been improved to assure your vehicle's tailpipe emissions are optimized and operating efficiently. Under certain operating conditions, the earlier strategy may have increased the chance of the vehicle's MIL light illuminating. If the MIL illuminates for any reason, your vehicle will not pass an IM emissions inspection in some regions.

To address this issue, your authorized Volkswagen dealer will update the ECM software in your vehicle. This work will take about one hour to complete and will be performed for you free of charge. Please keep in mind that your dealer may need additional time for the preparation of the repair, as well as to accommodate their daily workshop schedule.

IMPORTANT!
Please note that if the ECM in your vehicle has been "chipped," "tuned," or otherwise modified from original factory specifications with aftermarket components and/or software, work needed to repair, replace, or return the ECM to original factory specifications is NOT covered under this action.

What should you do?

In order to limit any possible inconvenience, please contact your authorized Volkswagen dealer as soon as possible to schedule this service. On or about April 07, 2015 the necessary repair instructions will be available to your authorized Volkswagen dealer.

Lease vehicles and address changes

If you are the lessor and registered owner of the vehicle identified in this action, please forward this letter immediately via first-class mail to the lessee within ten (10) days of receipt. If you have changed your address or sold the vehicle, please fill out the enclosed prepaid Owner Reply card and mail it to us so we can update our records.

Reimbursement of Expenses

If you have previously paid for repairs relating to the condition described in this letter, the enclosed form explains how to request reimbursement. We would be pleased to review your reimbursement request.

Can we assist you further?

If your authorized Volkswagen dealer fails or is unable to complete this work free of charge within a reasonable time, please call or write to:

Volkswagen Canada
Attn: Customer Relations (23O6)
PO Box 842, Stn. A
Windsor, ON N9A 6P2
1-800-822-8987
www.vw.ca

We apologize for any inconvenience this matter may cause; however we are taking this action to help ensure your vehicle continues to meet and exceed your expectations. Thank you for driving a Volkswagen!

Sincerely,

Volkswagen Customer Protection

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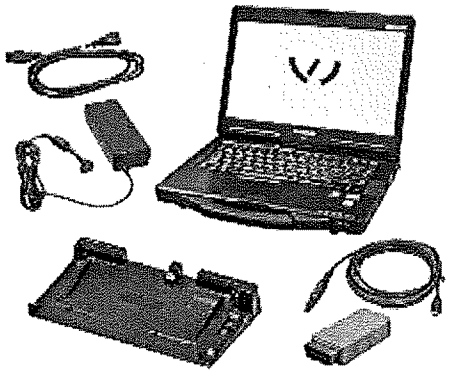
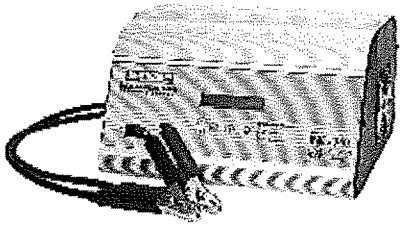
Required Tools:



- VAS 6150C Scan Tool (or equivalent)



- INC-940 Battery Charger (or equivalent)

Required Parts:
NONE – Software update only

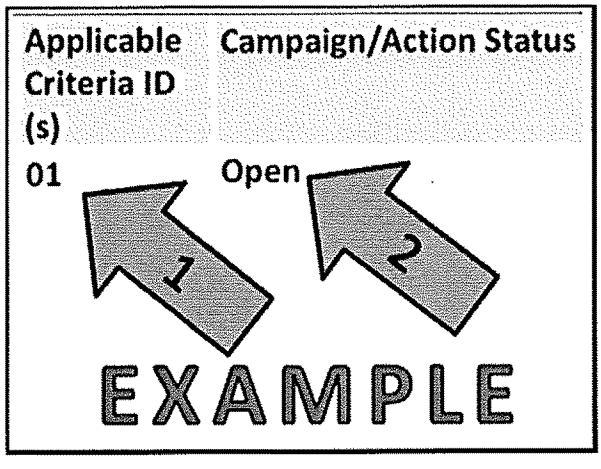
Work Procedure

> **TIP**
> If Campaign Completion label is present, no further work is required

Section A – Check for Previous Repair

- Enter the VIN in Elsa and proceed to the "Campaign/Action" screen

> **TIP**
> On the date of repair, print this screen and keep a copy with the repair order



⇐ Ensure that the Status is "Open" <arrow 2>

⇐ Note the Applicable Criteria ID <arrow 1> for use in determining the correct work to be done and corresponding parts associated

Proceed to Section B

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VW FOIA, EPA 06/20/2017 2017-FFP_028300

NOTE

Prior to launching VAS Diagnostic Device application and starting control module update process, confirm tester screen saver and power settings are off.

Failure to do so may result in the tester entering power save mode during data transfer, and subsequent control module failure.

When using any tester in conjunction with a VAS 5054A wireless transmitter head for a flash procedure:

- Connect the tester using an Ethernet "hard line" cable between the tester and the on-line network. DO NOT USE WI-FI.
- Connect a USB cable between the transmitter head and the tester. Failure to do so may lead to errors during the flash procedure.
- **DISABLE BLUETOOTH and ensure that the tester is NOT communicating via Bluetooth as the Bluetooth protocol is not a robust data transfer environment for the flash process. DO NOT USE BLUETOOTH for flashing. Control module failures caused by flashing via Bluetooth will not be covered.**

All Volkswagen scan tool devices must only be used with their power adapters plugged in. Under no circumstances should they be used on battery power alone during the programming procedure.

Critical Warning: The Midtronics Battery Charger **must** be connected to the vehicle battery for the duration of the programming, to ensure the battery state of charge remains above 12.5 volts during the update process. If the battery drops below 12.5 volts, the programming could fail which may result in damage to the control module.

The technician should verify the vehicle voltage prior to starting the update process, and should monitor the voltage for the duration of the update.

Control modules damaged by insufficient voltage will not be covered.

WARNING

Radiator Fan(s) may cycle ON high speed during the Update Process! There is a serious risk that personal injury may result if contact is made with spinning fan blades. Keep hands and all objects away from Radiator Fan(s) during Update Process!

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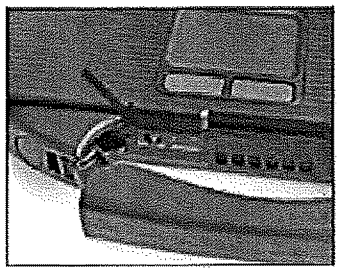
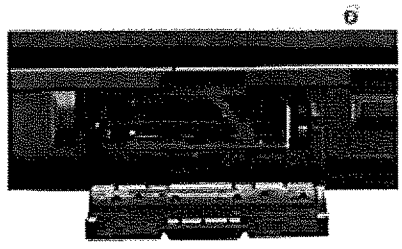


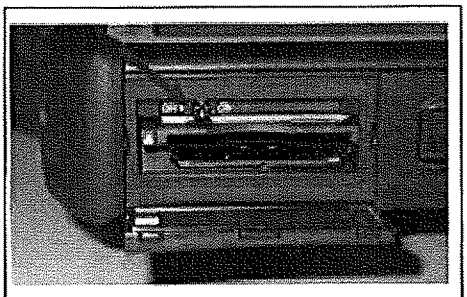
VAS 6150 & VAS 6150A

(Front panel behind handle)



VAS 6150B

(Middle right side behind WIRELESS door)



VAS 6160/-VPC

(Upper left side behind SC/EX door)

- Switch the ignition OFF.
- Switch off the headlights, radio, HVAC, and all other battery consumers.
- Open the hood.
- If necessary, open/remove the battery cover.
- Connect the battery charger to the vehicle.
- Connect the VAS tester to the online network using an Ethernet cable.
- Connect the VAS 5054A transmitter head to the VAS tester using the USB cable.
- Disable the Bluetooth by physically turning the switch to the "off" position.

NOTE

If the Bluetooth wireless VAS 5054A transmitter head is used in conjunction with a VAS tester, the transmitter head MUST BE connected with a USB cable to the tester.

WARNING

The Bluetooth function of the scan tool **MUST BE PHYSICALLY SWITCHED OFF** prior to performing this update. <See pictures>

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Prerequisites for SVM software update

1. Ensure the customer's vehicle condition matches the conditions stated in the Campaign Circular.
2. Ensure the user has a valid GeKo ID and password.
3. Only perform operations explicitly stated in the Campaign Circular.
4. Ensure that the following tester requirements are met:
   - Off-board Diagnostic Information System Service (ODIS) is installed and up to date.
   - VAS tester is plugged into a 120V AC power supply at all times.
   - The VAS tester is connected, via wired connection, to the internet.
   - The VAS tester is connected via USB cable to the VAS5054A Bluetooth head **PRIOR** to launching the ODIS program.

⚠ CAUTION

Prior to launching the ODIS application and starting the control module update process, confirm the tester screensaver and power settings are in accordance with Special Tools and Equipment - Service Information Document # VSE-08-18. Failure to do so may result in the tester entering power save mode during data transfer andsubsequent control module failure. When performing a flash procedure using a VAS tester in conjunction with a VAS 5054A wireless transmitter head, please connect a USB cable between the transmitter head and the tester. Failure to do so may lead to errors during the flash procedure and may damage control modules.

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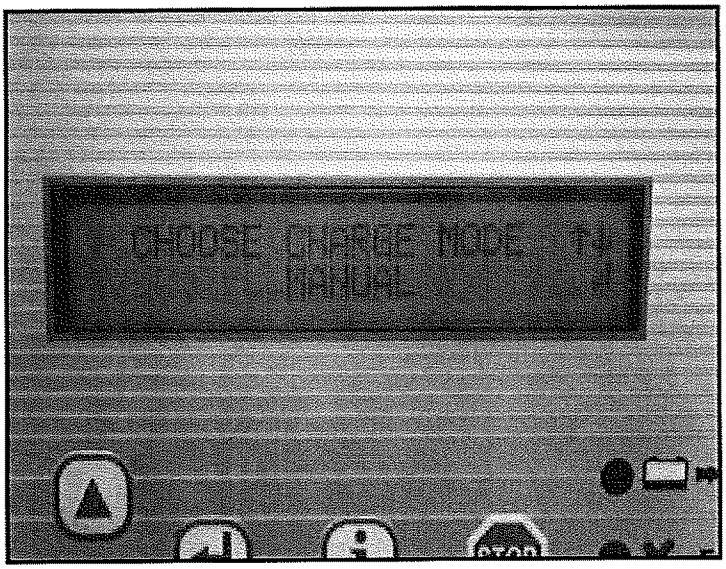
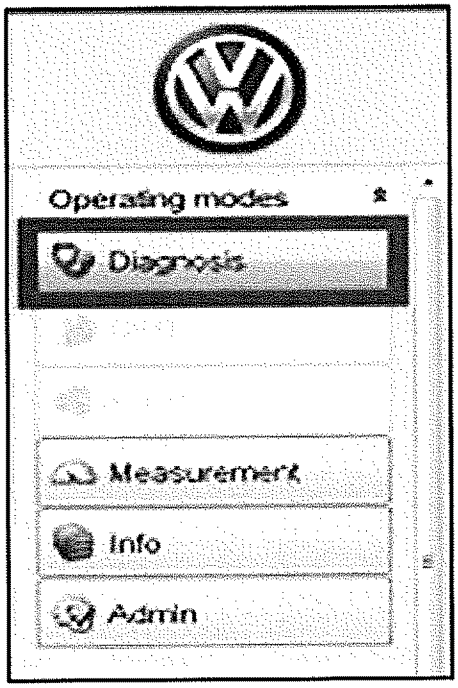


⇐ Install the inCharge 940 battery tester onto the vehicle, switch the tester on, then select the "manual" option <as shown>.

- Follow the on screen prompts to charge the battery during the SVM procedure.



- Switch the ignition on.
- Apply the parking brake.
- Switch the headlights off.
- Attach an appropriate VAS tester to the vehicle.
- Start the ODIS program.

⇐ Upon ODIS startup, verify the "Diagnosis" operating mode is selected <as shown>.

- Using ODIS, perform a Guided Fault Finding scan of the vehicle.

NOTE

If GFF does not interrogate all control modules, manually select and interrogate remaining modules before proceeding. Address or record all DTCs related to a customer concern before continuing. Sporadic communication DTCs will be created during the flash procedure and must be erased with all other sporadic DTCs by GFF after exiting the flash test plan.

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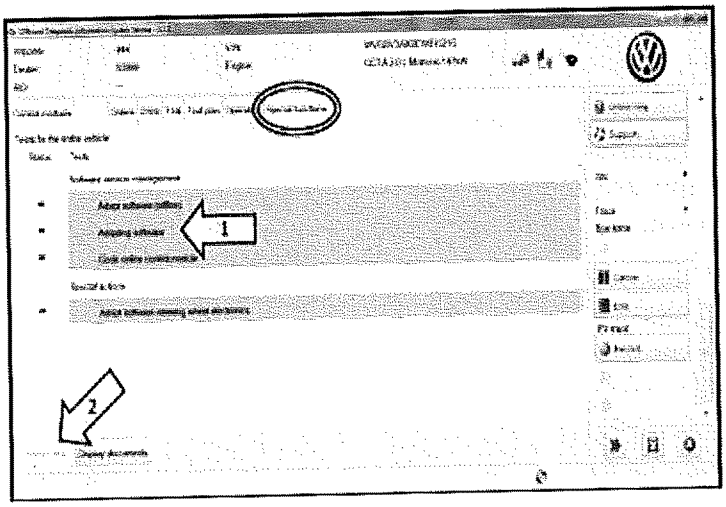
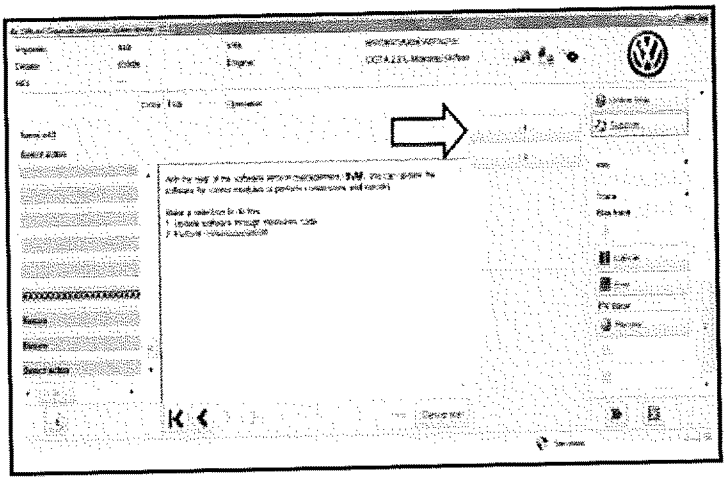


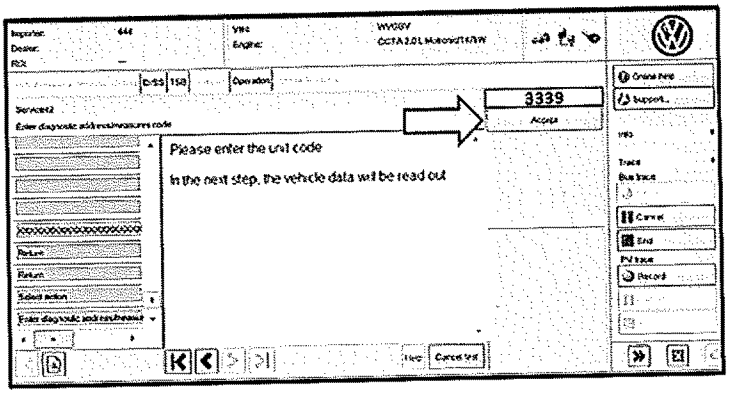
⇐ Once the GFF scan is complete, select "Special functions" <circle>, then "Adapting Software" <arrow 1>, then select "Perform test" <arrow 2>.



⇐ Select the appropriate option to update "**through measures code**" <arrow>.

NOTE

Read this screen carefully. The option to update software through measures code is **NOT** always selection #1 on this screen.



⇐ Enter "**3339**" <as shown>.

⇐ Select "Accept" <arrow>.

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Software Change Table

Model Year	Transmission	Original ECM		New ECM	
		Part Number	Software	Part Number	Software (or higher)
2014	Manual	03L 906 019 JS	All	03L 906 019 JS	8183
	Auto	03L 906 019 JT	All	03L 906 019 JT	8184
	Manual	03L 906 019 KA	All	03L 906 019 KA	8185
	Auto	03L 906 019 KB	All	03L 906 019 KB	8186
	Manual	03L 906 019 KD	All	03L 906 019 KD	8182
	Auto	03L 906 019 KC	All	03L 906 019 KC	8181
2013	Manual	03L 906 019 HE	All	03L 906 019 HE	8174
	Auto	03L 906 019 HD	All	03L 906 019 HD	8175
	Manual	03L 906 019 HB	All	03L 906 019 HB	8169
	Auto	03L 906 019 HC	All	03L 906 019 HC	8170
	Manual	03L 906 019 AN	All	03L 906 019 AN	8171
	Auto	03L 906 019 AP	All	03L 906 019 AP	8172
2012	Manual	03L 906 019 EE	All	03L 906 019 EE	8177
	Auto	03L 906 019 EF 03L 906 019 HG	All	03L 906 019 HG	8178
	Manual	03L 906 019 EH	All	03L 906 019 EH	8179
	Auto	03L 906 019 HH 03L 906 019 EG	All	03L 906 019 HH	8180
2011	Manual	03L906022KB	All	03L 906 022 KB	9971
	Auto	03L906022PB	All	03L 906 022 PB	9971
	Auto	03L 906 019 DB	All	03L 906 019 DB	9971
	Manual	03L 906 019 DA	All	03L 906 019 DA	9971
2010	Auto	03L 906 019 CM 03L 906 022 TT	All	03L 906 019 CM	9971
	Manual	03L 906 019 CL 03L 906 022 TS	All	03L 906 019 CL	9971

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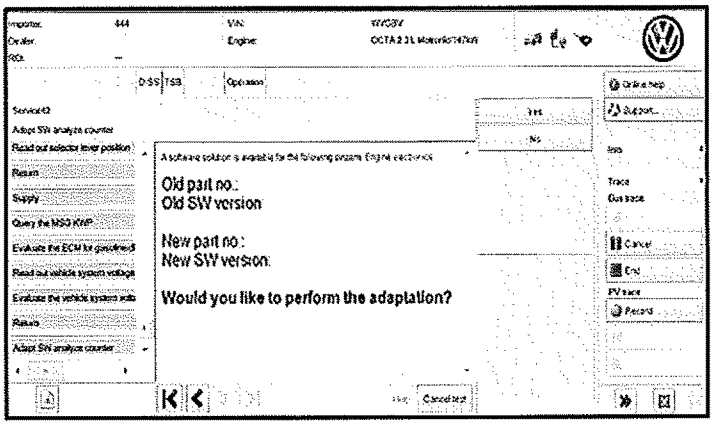
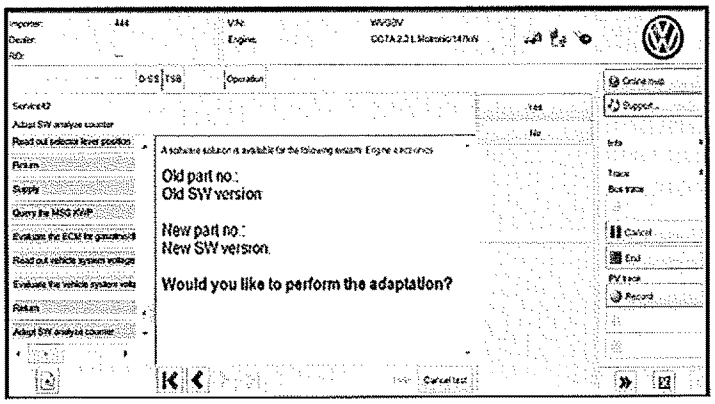


⇐ Compare the old and new part number and software version.

⇐ If the old and new software versions displayed are the same.

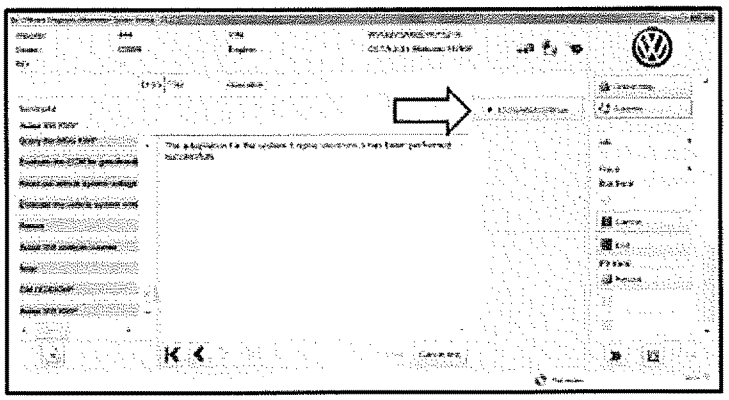
Work Complete, proceed to Section C

All others continue software update



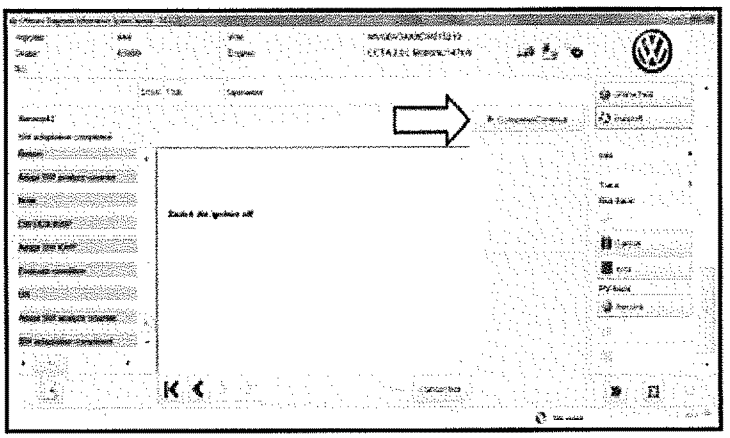
⇐ If the old and new software versions displayed are different, Select "Yes" and follow the on-screen prompts to complete the test plan.

- Reference the ECM Software Change Table above for affected ECMs.



⇐ When the SVM update is complete a confirmation message is displayed <as shown>.

⇐ Select "Complete/Continue" <arrow>.



⇐ Switch the ignition off, then select "Complete/Continue" <arrow>.

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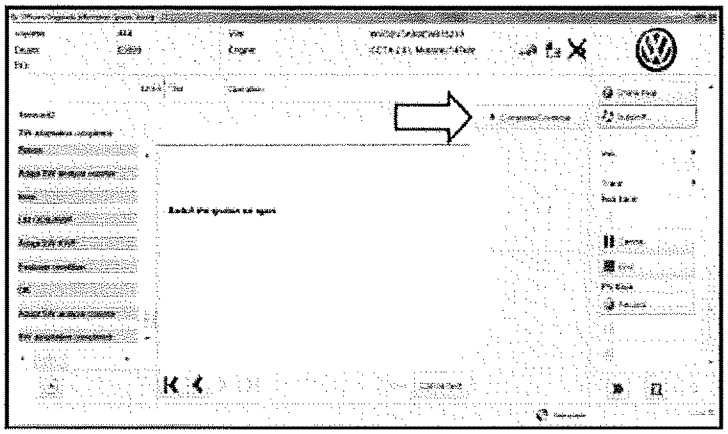
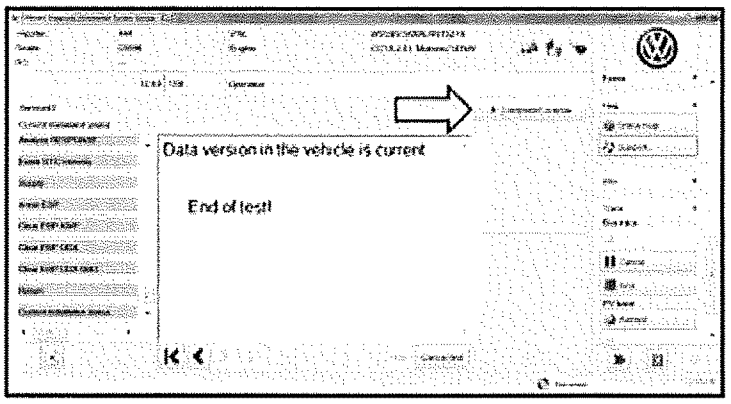
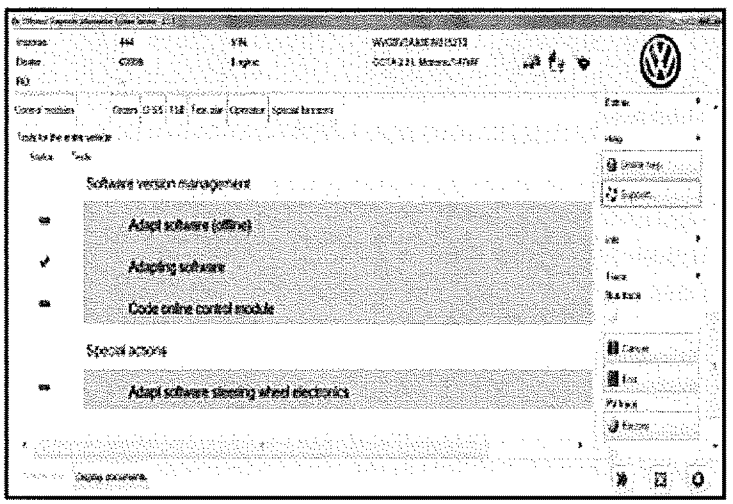


⇐ Switch the ignition on, then select "Complete/Continue" <arrow>.



⇐ Select "Complete/Continue" <arrow>.



- The green check mark indicates the test plan was successfully carried out.

- Release the parking brake.
- Disconnect the VAS tester.
- Switch off and disconnect the inCharge 940.
- Reinstall the battery cover.
- Close the hood.

Work Complete – Proceed to Section C

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VW FOIA, EPA 06/20/2017 2017-FFP_028308

Section C – Campaign Completion Label

Install Campaign Completion Label

- Open the hood.
- Fill out and affix Campaign Completion label, part number CAMP 010 000, next to the vehicle emission control information label

TIP
Ensure Campaign Completion label does not cover any existing label(s)

- Close the hood.

California Only – Continue to Section D

Section D – CALIFORNIA ONLY Requirements for Emissions Campaigns Having Customer Notification

The California Air Resources Board and the Department of Motor Vehicles (DMV) require emissions-related campaigns to be completed prior to vehicle registration renewal. **When campaign work is done you must provide the owner with a signed "Vehicle Emission Recall – Proof of Correction" certificate (RC EMIS_CAL VW).** Certificates can be ordered at no cost can be ordered at no cost online via the Compliance Label Ordering portal at www.vwhub.com.

TIP
Ensure owners are aware of the importance of retaining the completed certificate for their records. It should be mailed to the California DMV *only upon request.*

ALL WORK IS COMPLETE

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DRAFT 02/23/2015

Das Auto.

Volkswagen of America, Inc.
3800 Hamlin Road
Auburn Hills, MI 48326

<MONTH YEAR>

<CUSTOMER NAME>
<CUSTOMER ADDRESS>
<CUSTOMER CITY STATE ZIPCODE>

This notice applies to your vehicle: <VIN>

Subject: **Emissions Service Action 23O6 – ECM Software**
Certain 2010-2014 Model Year Volkswagen Vehicles Equipped with a 2.0L TDI® Clean Diesel Engine

Dear Volkswagen Owner,

As part of Volkswagen's ongoing commitment to our environment, and in cooperation with the United States Environmental Protection Agency, we are informing you of our decision to conduct an emissions service action on certain 2010-2014 model year Volkswagen vehicles equipped with a 2.0L TDI® Clean Diesel engine. Our records show that you are the owner of a vehicle affected by this action.

What is the issue, and what will we do?

The vehicle's engine management software has been improved to assure your vehicle's tailpipe emissions are optimized and operating efficiently. Under certain operating conditions, the earlier strategy may have increased the chance of the vehicle's MIL light illuminating. If the MIL illuminates for any reason, your vehicle will not pass an IM emissions inspection in some regions.

To address this issue, your authorized Volkswagen dealer will update the ECM software in your vehicle. This work will take about one hour to complete and will be performed for you free of charge. Please keep in mind that your dealer may need additional time for the preparation of the repair, as well as to accommodate their daily workshop schedule.

IMPORTANT!
Please note that if the ECM in your vehicle has been "chipped," "tuned," or otherwise modified from original factory specifications with aftermarket components and/or software, work needed to repair, replace, or return the ECM to original factory specifications is NOT covered under this action.

What should you do?

In order to limit any possible inconvenience, please contact your authorized Volkswagen dealer as soon as possible to schedule this service.

23O6/D8 USA

Lease vehicles and address changes	If you are the lessor and registered owner of the vehicle identified in this action, please forward this letter immediately via first-class mail to the lessee within ten (10) days of receipt. If you have changed your address or sold the vehicle, please fill out the enclosed prepaid Owner Reply card and mail it to us so we can update our records.
Reimbursement of Expenses	If you have previously paid for repairs relating to the condition described in this letter, the enclosed form explains how to request reimbursement. We would be pleased to review your reimbursement request.
Can we assist you further?	If your authorized Volkswagen dealer fails or is unable to complete this work free of charge within a reasonable time, please call or write to: Volkswagen of America, Inc., Attn: Customer CARE (23O6) 3800 Hamlin Road, Auburn Hills, MI 48326 1-800-893-5298 www.vw.com
Checking your vehicle for open Recalls and Service Campaigns	To check your vehicle's eligibility for repair under this or any other recall/service campaign, please visit the ***Recall/Service Campaign Lookup*** tool at www.vw.com and enter your Vehicle Identification Number (VIN). As always, if you have any questions or if you need additional assistance, please contact Customer CARE or your authorized Volkswagen dealer.

We apologize for any inconvenience this matter may cause; however we are taking this action to help ensure your vehicle continues to meet and exceed your expectations. Thank you for driving a Volkswagen!

Sincerely,
Volkswagen Customer Protection

23O6/D8 USA

DRAFT 02/23/2015

Das Auto.

Volkswagen of America, Inc.
3800 Hamlin Road
Auburn Hills, MI 48326

<MONTH YEAR>

<CUSTOMER NAME>
<CUSTOMER ADDRESS>
<CUSTOMER CITY STATE ZIPCODE>

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Dear Volkswagen Owner,

As part of Volkswagen's ongoing commitment to our environment, and in cooperation with the United States Environmental Protection Agency and the California Air Resources Board, we are informing you of our decision to conduct an emissions service action on certain 2010-2014 model year Volkswagen vehicles equipped with a 2.0L TDI® Clean Diesel engine. Our records show that you are the owner of a vehicle affected by this action.

What is the issue, and what will we do?

The vehicle's engine management software has been improved to assure your vehicle's tailpipe emissions are optimized and operating efficiently. Under certain operating conditions, the earlier strategy may have increased the chance of the vehicle's MIL light illuminating. If the MIL illuminates for any reason, your vehicle will not pass an IM emissions inspection in some regions.

To address this issue, your authorized Volkswagen dealer will update the ECM software in your vehicle. This work will take about one hour to complete and will be performed for you free of charge. Please keep in mind that your dealer may need additional time for the preparation of the repair, as well as to accommodate their daily workshop schedule.

IMPORTANT!
Please note that if the ECM in your vehicle has been "chipped," "tuned," or otherwise modified from original factory specifications with aftermarket components and/or software, work needed to repair, replace, or return the ECM to original factory specifications is NOT covered under this action.

What should you do?

In order to limit any possible inconvenience, please contact your authorized Volkswagen dealer as soon as possible to schedule this service.

23O6/D8 USA

Lease vehicles and address changes	If you are the lessor and registered owner of the vehicle identified in this action, please forward this letter immediately via first-class mail to the lessee within ten (10) days of receipt. If you have changed your address or sold the vehicle, please fill out the enclosed prepaid Owner Reply card and mail it to us so we can update our records.
Important information for California Vehicle Owners – California Regulations	California regulations require that this campaign be completed prior to the time you renew your vehicle registration. Therefore, **please make sure that this campaign is completed prior to the renewal of your vehicle registration**, and that you furnish proof of completion to the Department of Motor Vehicles (DMV) in the form of a copy of the dealer's repair order, including a signed "Proof of Correction" certificate. You obtain this from your dealer after the campaign has been completed. Please retain the signed "Proof of Correction Certificate" with your vehicle records. DO NOT MAIL THIS FORM to the DMV, unless requested.
Reimbursement of Expenses	If you have previously paid for repairs relating to the condition described in this letter, the enclosed form explains how to request reimbursement. We would be pleased to review your reimbursement request.
Can we assist you further?	If your authorized Volkswagen dealer fails or is unable to complete this work free of charge within a reasonable time, please call or write to: Volkswagen of America, Inc., Attn: Customer CARE (23O6) 3800 Hamlin Road, Auburn Hills, MI 48326 1-800-893-5298 www.vw.com
Checking your vehicle for open Recalls and Service Campaigns	To check your vehicle's eligibility for repair under this or any other recall/service campaign, please visit the ***Recall/Service Campaign Lookup*** tool at www.vw.com and enter your Vehicle Identification Number (VIN). As always, if you have any questions or if you need additional assistance, please contact Customer CARE or your authorized Volkswagen dealer.

We apologize for any inconvenience this matter may cause; however we are taking this action to help ensure your vehicle continues to meet and exceed your expectations. Thank you for driving a Volkswagen!

Sincerely,

Volkswagen Customer Protection

23O6/D8 USA

To: Grundler, Christopher[grundler.christopher@epa.gov]; Stewart, Gwen[Stewart.Gwen@epa.gov]
From: Birgfeld, Erin
Sent: Thur 10/1/2015 2:27:40 PM
Subject: RE: HOLD: Potential VW Press Interviews

Gwen and Chris,

We will use this slotted time for the WaPo interview. There is now also another potential interview with Reuters on similar topics (testing methods etc..). Can you extend this meeting to 3:30 so we can do both of those interviews and add a call in number?

Thank you!

-Erin

-----Original Appointment-----
From: Grundler, Christopher
Sent: Wednesday, September 30, 2015 2:08 PM
To: Grundler, Christopher; Birgfeld, Erin; Bunker, Byron; Cohen, Janet
Cc: Jones, Jacqueline; Hengst, Benjamin
Subject: HOLD: Potential VW Press Interviews
When: Thursday, October 01, 2015 2:30 PM-3:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: RM. 6520 DC/RM. C-174 DOD AA

MEETING REQUEST:

HI Gwen,

We continue to get huge amounts of interest from reporters on the VW issue.

Can you block off some time for Chris for the next few days just so we have some time for him to talk with reporters if necessary. Here are suggested times but feel free to mak

Title: - HOLD for potential VW press interviews

Invitees: me, Byron, Janet, (optional Ben H.)2

Times:

Today at 3
Thursday at 2
Friday at 2

Thank you!

Erin Birgfeld

Communications Director
Office of Transportation and Air Quality
U.S. EPA

202-564-6741 (work)
202-255-4434 (cell)

Via Electronic and First Class Mail

October 1, 2015

Gina McCarthy, Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, DC 20460
Email: McCarthy.Gina@epa.gov

Mark R. Rosekind, Ph.D., Administrator
National Highway Traffic Safety Administration
U.S. Department of Transportation
400 Seventh Street, S.W.
Washington, DC 20590
Email: Mark.Rosekind@dot.gov

RE: Petition for Rulemaking to Implement New Emissions Testing for Motor Vehicles and Increase Penalties for Violations of Fuel Standards

Dear Administrator McCarthy and Administrator Rosekind,

The Center for Biological Diversity (the "Center") requests that you take immediate action to protect public health and the environment from the toxic impacts of greenhouse gas and nitrogen oxides emissions from motor vehicles, and from corporate practices designed to evade regulations restricting the quantity of these dangerous emissions. Specifically, pursuant to the Administrative Procedure Act, 5 U.S.C. § 553(e), Title II of the Clean Air Act ("CAA"), 42 U.S.C. §§ 7521-7554, and Title VI of the Energy Policy and Conservation Act ("EPCA"), 49 U.S.C. §§ 32901-32919, the Center requests that the U.S. Environmental Protection Agency ("EPA") and the National Highway Traffic Safety Administration ("NHTSA"):

(1) immediately conduct in-use emissions testing of each make and model of diesel-powered motor vehicles sold in the United States since 2009 that have not previously undergone such tests;

(2) immediately conduct in-use emissions testing of each make and model of other fossil fuel-powered motor vehicles sold in the United States since 2009 that have not previously undergone such tests;

(3) promulgate regulations to require on-road emissions testing for all types of new diesel-powered motor vehicles;

Alaska · Arizona · California · Florida · Minnesota · Nevada · New Mexico · New York · Oregon · Vermont · Washington, DC
Kristen Monsell, Staff Attorney, Oceans Program · 1212 Broadway, Suite 800 · Oakland, CA 94612
Phone: 510-844-7100 x 337 · Fax: 510-844-7150 · kmonsell@biologicaldiversity.org

(4) promulgate regulations to require on-road emissions testing for all other types of new fossil fuel-powered motor vehicles; and

(5) promulgate regulations to increase the penalties for violations of corporate average fuel economy standards.

As you are well-aware, Volkswagen recently admitted that 11 million of its diesel cars sold worldwide since 2009, including nearly half a million sold in the United States, contain software specifically designed to cheat emissions tests. The software — known as "defeat devices" — can detect when a car is being tested in a laboratory setting and adjusts engine operations to emit less-polluting exhaust during the test than in real-world driving conditions. EPA has said that these devices allowed each car to spew up to *40 times* the legal limit of nitrogen oxides emissions in the United States. Accordingly, in addition to the specific actions requested above, **the Center also requests that EPA assess the maximum permissible penalties against VW for such egregious violations of law.**

This widespread fraud not only deceived consumers who purchased VW cars based on the belief the cars were "clean diesel," but is a significant threat to public health and the environment. Emissions of nitrogen oxides contribute to climate change and ocean acidification — nitrogen oxides react with other substances to form the greenhouse gas ozone, and contain a highly potent and long-lived greenhouse gas. In addition, ground-level ozone can trigger or worsen asthma and other respiratory ailments, make the lungs more susceptible to infection, damage vegetation and reduce crop yields. Nitrogen oxides are also a precursor to particulate matter which causes breathing problems, lung tissue damage and premature death.

To make matters worse, the use of such devices, and thus unlawful emissions of such dangerous pollutants, may not be limited to VW. Indeed, defeat devices have existed almost since the inception of the CAA, and EPA has previously levied fines against car and truck manufacturers for the use of such devices. Recent reports indicate that tests of on-road emissions of cars made by other companies exceed that of laboratory testing, indicating that these manufactures might also be using defeat devices — or, at a minimum, are not performing as required. Despite the existence of technology that can measure emissions during normal operation and use, EPA does not require such tests for the vast majority of motor vehicles.

And the recent scandal highlights yet another industry-wide problem — that car manufacturers routinely pay fines, rather than comply with mandatory fuel economy standards that seek to improve fuel efficiency and reduce carbon dioxide emissions. As we have frequently pointed out, and as government reports indicate, the meager fines are too low to act as a deterrent, thereby failing to inspire the technological innovation contemplated by EPCA and the CAA. Yet NHTSA has not increased the penalty for violation of the standards in nearly two decades.

Comprehensive action is therefore needed to ensure long-term solutions to such pervasive problems. Taking the actions requested in this petition will improve the accuracy of emissions testing of motor vehicles and help ensure against future deception, and incentivize compliance with fuel economy standards intended to reduce greenhouse gas emissions and improve energy security. In other words, granting this petition will help better protect public health and the

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environment from dangerous air pollutants from motor vehicles, while ensuring fuel economy continues to improve as intended by the CAA and EPCA.[1] The Center requests that EPA and NHTSA take the regulatory actions requested in this petition within 180 days.

I. Factual Background: Harmful Emissions from Motor Vehicles

As the VW scandal demonstrates, motor vehicles emit harmful air pollutants. In fact, according to the Union of Concerned Scientists, transportation is the largest single source of air pollution in the United States.[2] Motor vehicles emit carbon dioxide, oxides of nitrogen, particulate matter, hydrocarbons, carbon monoxide, sulfur dioxide, as well as benzene and other hazardous air pollutants.[3] These emissions contribute to a myriad of public health problems, negative impacts to public welfare and the environment, and climate change.

A. Emissions from Motor Vehicles Are Harmful to Public Health

Motor vehicles emit air pollutants that cause or contribute to health problems, including nitrogen oxides. For example, ground level ozone is created by chemical reaction between nitrogen oxides and volatile organic compounds. Ground-level ozone pollution is linked to many public health impacts, especially those related to respiratory function. Ozone can irritate the respiratory tract and throat, impair lung function, and cause coughing, chest pains and lung inflammation.[4] EPA has recognized the association between ozone exposure and hospital visits for respiratory problems — especially for children — noting that ozone pollution is responsible for as much as twenty percent of all summertime respiratory hospital visits.[5] Ozone is also linked to the development of respiratory diseases, such as asthma.[6] But the health effects of ozone are not limited to respiratory illnesses. Ozone pollution is linked to other serious health impacts, such as heart disease and certain types of strokes.[7] "[M]ost importantly," according to the American Lung Association, ozone exposure and the associated health impacts can shorten lives

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[1] The provisions of this Petition are severable. If any request contained within this Petition is found to be invalid or unenforceable, the invalidity or lack of legal obligation shall not affect other provisions of the Petition.

[2] Union of Concerned Scientists, *Cars, Trucks and Air Pollution*, http://www.ucsusa.org/clean_vehicles/why-clean-cars/air-pollution-and-health/cars-trucks-air-pollution html#.Vgh8P_lViko (last updated Dec. 5, 2014).

[3] *Id.*

[4] Barbara Hackley et al., Air Pollution: Impact on Maternal and Perinatal Health, 52 J. MIDWIFERY & WOMEN'S HEALTH 435, 436 table 1 (2010), available at http://www.sciencedirect.com/science/article/pii/S1526952307001079.

[5] Ozone Action Days, Region 7 Air Program, U.S. ENVTL. PROT. AGENCY, http://www.epa.gov/region07/air/quality/action htm (last updated Aug. 28, 2015).

[6] *Id.*; Michelle L. Bell et al., The Exposure-Response Curve for Ozone and Risk of Mortality and the Adequacy of Current Ozone Regulations, 114 ENVTL. HEALTH PERSPECTIVES 532, 532 (2006), available at http://www ncbi.nlm.nih.gov/pubmed/ 16581541.

[7] Jean-Bernard Ruidavets et al., Ozone Air Pollution Is Associated with Acute Myocardial Infarction, 111 CIRCULATION 563, 566 (2005), available at http://circ.ahajournals.org/content/111/5/563.long; J. B. Henrotin et al., Short Term Effects of Ozone Air Pollution on Ischaemic Stroke Occurrence: A Case Crossover Analysis from a 10-Year Population-Based Study in Dijon, France, 64 OCCUPATIONAL & ENVTL. MED. 439, 442 (2007), available at http://oem.bmj.com/content/64/7/439.short

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by months and even years.[8] "Even at very low levels including days that meet current regulatory requirements," ozone is associated with premature mortality.[9]

Ozone also has detrimental ecological effects. According to EPA, ozone "affects sensitive vegetation and ecosystems, including forests, parks, wildlife refuges, and wilderness areas," especially during growing seasons.[10] Ozone can interfere with a plant's ability to produce and store food, visibly damage leaves, and make plants susceptible to damage from disease, insects, competition and severe weather.[11]

Nitrogen oxides also mix with other air pollutants to create particulate matter ("PM"). The effects associated with PM exposure are "premature mortality, increased hospital admissions and emergency department visits, and development of chronic respiratory disease."[12] California has identified diesel PM as a toxic air contaminant and has estimated that 70 percent of the cancer risk from the air Californians breathe is attributable to diesel PM; EPA says that diesel PM is "likely to be a carcinogen."[13] Diesel exhaust is a major contributor to PM pollution. In fact, it is estimated that diesel-powered vehicles and equipment account for nearly half of all nitrogen oxides and more than two-thirds of all PM emissions from U.S. transportation sources.[14]

B. Emissions from Motor Vehicles Contribute to Climate Change

The burning of fossil fuels is the largest source of domestic greenhouse gas emissions, accounting for 77 percent of total warming emissions in 2013.[15] One of the primary sources of such emissions is from the transportation sector, which in 2013 accounted for 27 percent of all greenhouse gas emissions in the United States.[16] The largest source of such emissions from the transportation sector is passenger cars, representing nearly 43 percent of emissions in 2013.[17]

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[8] Stephanie Carroll Carson, Ozone, Warming Temperatures, Coal-Fired Power Plants Impact NC Air, PUB. NEWS SERV. (May 2, 2014), http://www.publicnewsservice.org/2014-05-02/climate-change-air-quality/ozone-warmingtemperatures-coal-fired-power-plants-impact-nc-air/a39132-1.

[9] Bell, supra note 6 at 535.

[10] Ecosystem Effects, Ground-Level Ozone, U.S. ENVTL. PROT. AGENCY, http://www.epa.gov/airquality/ozonepollution/ecosystem html (last updated Sept. 25, 2015).

[11] *Id.*

[12] EPA, Fine Particulate Matter National Ambient Air Quality Standards, 80 Fed. Reg. 15340, 15347 (Mar. 23, 2015).

[13] Union of Concerned Scientists, *California: Diesel Trucks, Air Pollution and Public Health*, http://www.ucsusa.org/clean_vehicles/why-clean-cars/air-pollution-and-health/trucks-buses-and-other-commercial-vehicles/diesel-trucks-air-pollution.html#.VXRuhc9Viko; Trade, Health and Environmental Impact Project, *Driving Harm: Health and Community Impacts of Living Near Truck Corridors* (Jan. 2012), http://hydra.usc.edu/scehsc/pdfs/Trucks%20issue%20brief.%20January%202012.pdf.

[14] Union of Concerned Scientists, *Diesel Engines and Pubic Health*, http://www.ucsusa.org/clean_vehicles/why-clean-cars/air-pollution-and-health/trucks-buses-and-other-commercial-vehicles/diesel-engines-and-public.html#.Vgh-7vlViko (last accessed Sept. 28, 2015).

[15] EPA, *Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990 – 2013* (Apr. 15, 2015), EPA 430-R-15-004, available at http://www3.epa.gov/climatechange/Downloads/ghgemissions/US-GHG-Inventory-2015-Main-Text.pdf.

[16] *Id.*

[17] *Id.*

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The transportation sector has been the fastest-growing source of greenhouse gas emissions since 1990.[18]

Carbon dioxide is the dominant greenhouse gas driving observed changes in the Earth's climate.[19] Emissions of nitrogen oxides also contribute to climate change through two primary means: (1) nitrogen oxides react with other substances to form the greenhouse gas ozone; and (2) nitrous oxide is itself a highly potent and long-lived greenhouse gas. Nitrous oxide behaves very similarly to carbon dioxide in that it both directly traps heat in the atmosphere and remains in existence for many decades once emitted.[20]

There is a strong, international scientific consensus that anthropogenic climate threatens human society and natural systems. The U.S. Global Change Research Program in its 2009 report *Climate Change Impacts in the United States* similarly stated that "global warming is unequivocal and primarily human-induced" and "widespread climate-related impacts are occurring now and are expected to increase."[21] The U.S. National Research Council similarly concluded that "[c]limate change is occurring, is caused largely by human activities, and poses significant risks for — and in many cases is already affecting — a broad range of human and natural systems."[22] Based on observed and expected harms from climate change, in 2009 EPA concluded that greenhouse gas pollution endangers the health and welfare of current and future generations.[23] Current atmospheric concentrations of greenhouse gases are already resulting in significant climate change impacts that are projected to worsen as emissions rise.[24]

Key changes include warming temperatures, the increasing frequency of extreme weather events, rapidly melting glaciers, ice sheets, and sea ice and rising sea levels.[25] There will be significant costs associated with these changes. For example, in the United States in 2011 alone, a record 14 weather and climate disasters occurred, including droughts, heat waves, and floods, that cost at least $1 billion each in damages and loss of human lives.[26] In addition, air pollution components that trigger asthma attacks, specifically air particulates and ozone, are expected to increase with climate change;[27] in 2020, the continental United States could pay an average of

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[18] *Id.*

[19] NRC. 2011. Climate Stabilization Targets: Emissions, Concentrations, and Impacts over Decades to Millennia. Washington, DC: National Academies Press, *available at* http://www.nap.edu/catalog/12877.html.

[20] Solomon, S., et al., Technical Summary, Working Group I, (2007), at 27, *available at* http://ipccwg1.ucar.edu/wg1/Report/AR4WG1_Print_TS.pdf.

[21] Karl, T. R. et al. 2009. Global Climate Change Impacts in the United States. U.S. Global Change Research Program. Thomas R. Karl, Jerry M. Melillo, and Thomas C. Peterson, (eds.). Cambridge University Press, 2009.

[22] NRC. 2010. Advancing the Science of Climate Change, National Research Council, available at www nap.edu.

[23] U.S. Environmental Protection Agency, Endangerment and Cause or Contribute Findings for Greenhouse Gases Under Section 202(a) of the Clean Air Act; Final Rule, 74 Federal Register 66496 (2009).

[24] Melillo, Jerry M., Terese (T.C.) Richmond, and Gary W. Yohe, Eds., 2014: Climate Change Impacts in the United States: The Third National Climate Assessment. U.S. Global Change Research Program, 841 pp. doi:10.7930/J0Z31WJ2; IPCC. 2013. Summary for Policymakers. Working Group I Contribution to the IPCC Fifth Assessment Report Climate Change 2013: The Physical Science Basis.

[25] Melillo, supra n. 24; IPCC, supra n. 24.

[26] NOAA. 2012. NOAA : Extreme Weather 2011, *available at* http://www.noaa.gov/extreme2011/; WMO. 2012. World's 10th warmest year, warmest year with La Niña on record, second-lowest Arctic sea ice extent.

[27] Bernstein, A. S., and S. S. Myers. 2011. Climate change and children's health. Current Opinion in Pediatrics 23:221–6.

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$5.4 billion (2008$) in health impact costs associated with the climate penalty on ozone, with California experiencing the greatest estimated impacts averaged at $729 million.[28]

Anthropogenic climate change also poses a significant threat to biodiversity. Climate change is already causing changes in distribution, phenology, physiology, genetics, species interactions, ecosystem services, demographic rates and population viability: many animals and plants are moving poleward and upward in elevation, shifting their timing of breeding and migration, and experiencing population declines and extirpations.[29] Because climate change is occurring at an unprecedented pace with multiple synergistic impacts, climate change is predicted to result in catastrophic species losses during this century.

The Intergovernmental Panel on Climate Change ("IPCC") concluded that 20 to 30 percent of plant and animal species will face an increased risk of extinction if global average temperature rise exceeds 1.5°C to 2.5°C relative to 1980-1999, with an increased risk of extinction for up to 70 percent of species worldwide if global average temperature exceeds 3.5°C relative to 1980-1999.[30] Other studies have predicted similarly severe losses: 15 to 37 percent of the world's plants and animals committed to extinction by 2050 under a mid-level emissions scenario;[31] the potential extinction of 10 to 14 percent of species by 2100 if climate change continues unabated;[32] and the loss of more than half of the present climatic range for 58 percent of plants and 35 percent of animals by the 2080s under the current emissions pathway, in a sample of 48,786 species.[33] Scientists have warned that the Earth is fast approaching a global "state-shift" that could result in unanticipated and rapid changes to Earth's biological systems.[34] As summarized by the 2014 National Climate Assessment, "landscapes and seascapes are changing rapidly, and species, including many iconic species, may disappear from regions where they have been prevalent or become extinct, altering some regions so much that their mix of plant and animal life will become almost unrecognizable."[35]

In addition, the ocean's absorption of anthropogenic greenhouse gas emissions, including both carbon dioxide and nitrogen oxides, has already resulted in more than a 30 percent increase

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[28] Union of Concerned Scientists, Rising Temperatures and Your Health: After the Storm - The Hidden Health Risks of Flooding in a Warming World (2012), *available at* http://www.ucsusa.org/sites/default/files/legacy/assets/documents/global_warming/climate-change-and-flooding.pdf.

[29] Maclean, I. M. D., and R. J. Wilson. 2011. Recent ecological responses to climate change support predictions of high extinction risk. Proceedings of the National Academy of Sciences of the United States of America 108: 12337-1234; Warren, R., J. Price, A. Fischlin, S. de la Nava Santos, and G. Midgley, Increasing impacts of climate change upon ecosystems with increasing global mean temperature rise, 106 CLIMATE CHANGE 141–177 (2011); Cahill, A.E. et al. 2012. How does climate change cause extinction? Proceedings of the Royal Society B, doi:10.1098/rspb.2012.1890.

[30] IPCC. 2007. Climate Change 2007 : Synthesis Report: An Assessment of the Intergovernmental Panel on Climate Change. www.ipcc.ch.

[31] Thomas, C. D., et al., Extinction risk from climate change, 427 NATURE 145-48 (2004).

[32] Maclean and Wilson, supra n. 29.

[33] Warren, R. et al. 2013. Quantifying the benefit of early climate change mitigation in avoiding biodiversity loss. Nature Climate Change 3:678-682.

[34] Barnosky, A.D. et al., Approaching a state shift in Earth's biosphere, 486 NATURE 52 (2012).

[35] Melillo, Jerry M., Terese (T.C.) Richmond, and Gary W. Yohe, Eds., 2014: Climate Change Impacts in the United States: The Third National Climate Assessment. U.S. Global Change Research Program, 841 pp. doi:10.7930/J0Z31WJ2.

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in the acidity of ocean surface waters, at a rate faster than anything believed to have occurred in the past 300 million years.[36] Ocean acidity is projected to increase by 150 to 200 percent by the end of the century if carbon dioxide emissions continue unabated.[37] Ocean acidification negatively affects a wide range of marine species by hindering the ability of calcifying marine creatures to build protective shells and skeletons and by disrupting metabolism and critical biological functions.[38] The adverse effects of ocean acidification are already being observed in wild populations, including reduced coral calcification rates,[39] dissolution of pteropod shells in the California Current,[40] reduced shell weights of foraminifera in the Southern Ocean,[41] and mass die-offs of larval Pacific oysters in the Pacific Northwest.[42]

II. Legal Background: The Regulation of Emissions from Motor Vehicles

Given the negative impacts on public health and the environment caused by the emission of air pollutants from various sources, including the transportation sector, Congress has enacted several laws to regulate and limit the amount of air pollutants from motor vehicles.

A. The Clean Air Act

In enacting the CAA, Congress found that "that the growth in the amount and complexity of air pollution brought about by urbanization, industrial development, *and the increasing use of*

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[36] Doney, S.C., Mahowald N. Lima, et al., "Impact of Anthropogenic Atmospheric Nitrogen and Sulfur Deposition on Ocean Acidification and the Inorganic Carbon System", Proc. Nat. Acad. Sci. 2007; 104(37); 14580. doi: 10173/pnas.0702218104; James C Orr, et al., Anthropogenic Ocean Acidification over the Twenty-First Century and its Impacts on Calcifying Organisms, 437 NATURE 681-86 (2005).

[37] Feely, Richard A., S. Doney and S. Cooley, 2009, "Ocean Acidification: Present Conditions and Future Changes in a High CO2 World", Oceanography 22 (4) (June): 36-47; Hönisch, Bärbel, Andy Ridgwell, Daniela N. Schmidt, Ellen Thomas, Samantha J. Gibbs, Apply Slujs, Re Zeebe et al. 2012; "The Geological Record of Ocean Acidification", Science 335 (6072) March: 1058-63. doi. 10. 1126/science. 1208277; Orr, James C. Victoria, J. Fabry, Oliver Aumont, Laurent Bopp, Scott C. Doney, Richard A. Feely, Anand Gnandaesikan, et al., Anthropogenic Ocean Acidification over the Twenty-First Century and Its Impact on Calcifying Organisms, 437 NATURE 681-86 (2005), doi: 10, 1038/nature 04095.

[38] Feely, supra n. 37; Fabry V.J., Seibel BA, Feely, RA, Orr J., "Impacts of Ocean Acidification on Marine Fauna and Ecosystem Processes" 65 ICES J. MAR SCI. 414 (2008); Kroeker K.J., Kordas, R.L., Crim R.N., Singh G.G., Meta-analysis Reveals Negative Yet Variable Effects of Ocean Acidification on Marine Organisms, ECOL. LETT., 2010:no-no. doi:10.1111/j.1461-0248.2010.01518.x.

[39] De'ath G. Lough JM, Fabricius KE, "Declining Coral Calcification on the Great Barrier Reef", 323 SCIENCE 116, doi:10.1126/science.1165283; Cooper T.F., De'Ath G., Fabricius KE, Lough, JM, Declining Coral Calcification in Massive Porties in Two Nearshore Regions of the Northern Great Barrier Reef, 14 GLOB CHANGE BIO. 529-538 (2008), doi:10.1111/j. 1365-2486.2007.01520 x; Bates N. Amat A., Andersson A., Feedbacks and Responses of Coral Calcification on the Bermuda Reef System to Seasonal Changes in Biological Processes and Ocean Acidification on the Bermuda Reef System, 7 BIOGEOSCIENCES 2509-2530 (2010), doi:105194/bg-7-2509-2010.

[40] Bednaršek N. Feely, RA, Reum JCP, Peterson B., Menkel J., Limacina Helicina Shell Dissolution as an Indicator of Declining Habitat Suitability Owing to Ocean Acidification in the California Current Ecosystem, Proc. R. Soc. B. 2014:281:20140123; Gledhill, D.K., Wannikhof R. Millero FJ, Eakin M. Ocean Acidification of the Greater Caribbean Region 1996- 2006, J. Geophys Res. 2008; 113(C10): C10031. doi:10.1029/2007JC004629.

[41] Moy, A.D., Howard W.R., Bray S.G., Trull, T.W., Reduced Calcification in Modern Southern Ocean Planktonic Foraminifera, 2 NAT. GEOSCI. 276-280 (2009), doi:10,1038/ngeo460.

[42] Barton A., Hales B., Waldbusser G.G., Langdo C., Feely R., The Pacific Oyster, Crassostrea Gigas, Shows A Negative Correlation to Naturally Elevated Carbon Dioxide levels: Implications for Near Term Ocean Acidification Effects, 57 LIMMOL OCEANOGR. 698-710 (2012), doi:10.4319/lo. 2012.573.0698.

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motor vehicles, has resulted in mounting dangers to the public health and welfare, including injury to agricultural crops and livestock..."[43] Accordingly, the CAA establishes a comprehensive scheme "to protect and enhance the quality of the Nation's air resources so as to promote the public health and welfare and the productive capacity of its population."[44]

To reach these goals, Title II of the CAA prescribes a regulatory scheme to control emissions from mobile sources.[45] Specifically, the CAA requires EPA to promulgate regulations that establish standards for the emissions of air pollutants from new motor vehicles that "cause, or contribute to, air pollution which may reasonably be anticipated to endanger public health or welfare" and prohibits exceedances of those standards.[46] The CAA mandates that EPA set emission standards for particular pollutants from light and heavy duty vehicles, including carbon monoxide, hydrocarbons and oxides of nitrogen and amend the standards as necessary to protect public health and welfare.[47]

Pursuant to these statutory requirements, EPA has established emissions standards and testing procedures for light duty vehicles and heavy trucks.[48] To ensure compliance with these standards, EPA requires manufacturers to receive a certificate of conformity from EPA before a manufacturer can introduce vehicles into U.S. commerce.[49] To receive such a certificate, manufacturers must submit a detailed application to EPA for each test group of vehicles it intends to sell in the United States; the application must include a certification that the vehicles comply with emission standards as determined by specific testing procedures required by EPA, and a description of any air emission control devices contained within the vehicles.[50] The CAA provides for a fine of up to $37,500 for each car that does not conform to details within the certificate of compliance.[51]

In recognition of the fact that manufacturers may attempt to circumvent emission standards, the CAA prohibits any person from manufacturing, selling, offering to sell or installing any part in a motor vehicle that bypasses, defeats or renders inoperative any device or element of a vehicle's emission control technology.[52] EPA's implementing regulations specifically prohibit the use of "defeat devices," defined generally as an air emission control device "that reduces the effectiveness of the emission control system under conditions which may reasonably be expected to be encountered in normal vehicle operation and use…"[53] Under the CAA and EPA's regulations, manufacturers may be liable for up to $3,750 for each use of a defeat device.[54]

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[43] 42 U.S.C. § 7401(a)(2).
[44] *Id.* § 7401(b)(1).
[45] *Id.* §§ 7521-7590.
[46] *Id.* §§ 7521; 7522.
[47] *Id.* § 7521.
[48] 40 C.F.R. Part 86 (emission standards and testing procedures for light-duty vehicles and light trucks); 40 C.F.R. § 86.1811-04 (emission standards for light-duty vehicles including NOx); *id.* § 86.1816-05, -18 (emission standards for heavy-duty vehicles).
[49] 40 C.F.R. § 86.1848-01.
[50] *Id.* §§ 86.1843-01; 86.1844-01.
[51] 42 U.S.C. § 7524(a); 40 C.F.R. § 19.4.
[52] 42 U.S.C. § 7522(a)(3)(B).
[53] 40 C.F.R. § 86.1809-01; *id.* § 86.1803-01.
[54] 42 U.S.C. § 7524(a); 40 C.F.R. § 19.4.

B. The Energy Policy and Conservation Act

Congress enacted the EPCA in 1975 following the energy crisis caused by the 1973 Mideast oil embargo.[55] In enacting EPCA, Congress observed that "[t]he fundamental reality is that this nation has entered a new era in which energy resources previously abundant, will remain in short supply retarding our economic growth and necessitating an alteration in our life's habitats and expectations."[56] Among the goals of EPCA are to "'decrease dependence on foreign imports, enhance national security [and to] achieve the efficient utilization of scarce resources...'"[57] The fundamental purpose of EPCA, however, is energy conservation.[58]

To comply with these goals, EPCA vests NHTSA with broad regulatory authority,[59] and requires NHTSA to set fuel economy standards at "the maximum feasible average fuel economy level that the Secretary decides the manufacturers can achieve in that model year."[60] In this way, EPCA is meant to encourage technological innovation — meaning new technologies, not simply better versions of what exists today. As the court in *Center for Auto Safety v. Thomas* noted, "[t]he experience of a decade leaves little doubt that the congressional scheme in fact induced manufacturers to achieve major technological breakthroughs as they advanced towards the mandated goal."[61] And as explained by the D.C. Circuit "when a statute is technology forcing, the agency can impose a standard which only the most technologically advanced plants in an industry have been able to achieve — even if only in some of their operations some of the time."[62]

In 2007, Congress passed the Energy Independence and Security Act of 2007 ("EISA"), which amended EPCA.[63] The EISA eliminated the previous 27.5 mpg standard for passenger cars with a mandate that NHTSA set separate passenger car and light truck standards for each model year beginning in 2011 "to achieve a combined fuel economy average for model year 2020 of at least 35 miles per gallon for the total fleet of passenger and non-passenger automobiles manufactured for sale in the United States for that model year."[64] Fuel economy standards for model years 2021 through 2030 must be the maximum feasible average fuel economy standard for each fleet of passenger and non-passenger cars for that model year.[65] These standards are known as the corporate average fuel economy ("CAFE") standards.

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[55] *Center for Biological Diversity v. Nat'l Highway Safety Transportation Administration*, 538 F.3d 1172, 1182 (9th Cir. 2008).
[56] H.R. Rep. No. 94-340 at 1-3 (1975), as reprinted in 1975 U.S.C.C.A.N. 1762, 1763.
[57] *Center for Biological Diversity*, 538 F.3d at 1182 (quoting S.Rep. No. 94-516 (1975) (Conf. Rep.), as reprinted in 1975 U.S.C.C.A.N. 1956, 1957).
[58] *Id.* at 1195.
[59] 49 U.S.C. § 32910.
[60] *Id.* § 32902(a). In determining what constitutes the "maximum feasible" level, NHTSA must take into account four factors: technological feasibility, economic practicability, the effect of other motor vehicle standards of the Government on fuel economy, and the need of the United States to conserve energy. *Id.* § 32902(f).
[61] 847 F.2d 843, 870 (D.C. Cir. 1988) (overruled on other grounds); see *also Green Mt. Chrysler Plymouth Dodge Jeep v. Crombie*, 508 F. Supp. 2d 295, 358-59 (D. Vt. 2008) (discussing technology-forcing character of EPCA and the use of increased fuel efficiency to augment performance rather than mileage).
[62] *Kennecott Greens Creek Min. Co. v. Mine Safety and Health Admin.*, 476 F.3d 946, 957 (D.C. Cir. 2008).
[63] Pub. L. 11-140, 121 Sat. 1492 (Dec. 18, 2007).
[64] 49 U.S.C. § 32902(b)(2)(A).
[65] *Id.* § 32902(b)(2)(B).

To help manufacturers comply with the CAFE standards, EPCA prescribes civil penalties that NHTSA can impose if their cars do not meet regulatory requirements. Specifically, a manufacturer is liable for a civil penalty of five dollars per automobile for each 0.1 mile per gallon shortfall.[66] The Act vests NHTSA with the authority to raise the total penalty up to ten dollars for each 0.1 mile per gallon shortfall, provided it first makes certain findings. NHTSA raised the penalty to $5.50 for each 0.1 mile per gallon shortfall in 1997, but has not raised it since, nor has the penalty been adjusted for inflation.[67]

III. The VW Scandal Reveals the Need to Issues Regulations to Amend Testing Procedures and Increase Penalties for Violations of Fuel Economy Standards

Volkswagen recently admitted that 11 million of its diesel cars sold worldwide since 2009, including nearly half a million sold in the United States, contain software specifically designed to cheat emissions tests. EPA has said that these devices allowed each car to spew up to *40 times* the legal limit of nitrogen oxides in the United States. Better testing procedures that more accurately reflect a vehicle's on-road emissions could prevent such egregious actions from occurring in the future.

This scandal raises yet another problem in the government's regulation of emissions from motor vehicles — that manufacturers regularly pay civil penalties rather than comply with NHTSA's CAFE standards. The penalties are therefore clearly inadequate to deter violations and inspire the technological innovation contemplated by EPCA, and reduce carbon dioxide emissions, and must be increased as a result.

A. EPA Must Promulgate Regulations to Require On-Road Emissions Testing, and Must Test Cars Sold in the United States Since 2009

The VW scandal demonstrates that EPA's current testing procedures for passenger cars and light trucks do not accurately reflect the actual emissions of these vehicles. EPA must promulgate regulations that require accurate, on-road testing sufficiently rigorous to detect defeat devices and thereby protect public health and welfare from the deleterious impacts of motor vehicle emissions.

As explained by EPA in its Notice of Violation to VW, "defeat devices" can detect when a car is being tested in a laboratory setting and adjusts engine operations to emit less-polluting exhaust during the test than in real-world driving conditions. Specifically, VW manufactured and installed software in the electronic control modules ("ECM") of vehicles equipped with 2.0 liter diesel engines.[68] The software could sense when the vehicle was being tested pursuant to EPA's dynamometer testing equipment.[69] When the software sensed testing, it produced compliant emission results under an ECM calibration, but at all other times the ECM ran a separate calibration that reduced the effectiveness of the emission control system, and the selective

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[66] *Id.* § 32912(b).
[67] *See* 62 Fed. Reg. 5,167, 5,168 (Feb. 4, 1997) (raising the penalty to $5.50 for every 0.1 mpg); *codified at* 49 C.F.R. § 578.6(h)(2).
[68] EPA, Notice of Violation to Volkswagen AG, Sept. 18, 2015.
[69] *Id.*

catalytic reduction, or the lean NOx trap, in particular.[70] EPA has determined that the software is an air emission control device that was not described in VW's certification applications and is an illegal defeat device, and that "VW violated section 203(a)(1) the CAA, 42 U.S.C. § 7522(a)(1), each time it sold, offered for sale, introduced into commerce, delivered for introduction into commerce, or imported…" one of the offending vehicles as a result.[71]

But this is not the first time a manufacturer has used these illegal, deceitful devices. Despite the express prohibitions on the use of defeat devices in the CAA and EPA's regulations, the use of such devices by a variety of manufacturers has been discovered on several occasions.[72] Indeed, such devices have been used beginning shortly after the enactment of the CAA, with early regulatory actions specifically intended to prevent their use.[73] And car and truck manufacturers have repeatedly been caught using such devices for almost as long as their use has been prohibited. For example, in 1973, EPA found that VW had installed temperature-sensitive devices that turned off emissions controls on tens of thousands of its vehicles.[74] And in 1998, the U.S. Department of Justice and EPA settled an enforcement case against the diesel engine industry for the widespread use of defeat devices in everything from tractor trailers to pick-up trucks. The settlement required seven companies, which comprised 95 percent of the U.S. heavy duty diesel engine market, to pay over one billion dollars, including $83.4 million in civil penalties, the largest ever imposed in environmental enforcement at that time.[75]

As suggested by EPA's letter to VW, a key reason vehicle manufacturers are able to use such devices to beat emissions tests are the inadequate testing procedures currently required by EPA. In particular, EPA's requirements for testing light-duty vehicles and trucks, known as the Federal Test Procedure ("FTP"), use a chassis dynamometer to test for various emissions, including nitrogen oxides, in a laboratory setting by simulating driving conditions. But given the artificial, predictable conditions in which the tests are run, software can sense when treadmill-like dynamometer equipment is being used based on the position of the steering wheel, vehicle speed and how long the engine operates, among other inputs.[76]

But alternative, on-road testing technologies exist. For example, on-road vehicle remote sensing is a type of technology that can scan the emissions of thousands of vehicles within a single day, and has previously been used to monitor real driving conditions by using optical sensors or a laboratory vehicle that follows cars and samples exhaust plumes.[77] And EPA already

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[70] *Id.*
[71] *Id.*
[72] *See e.g.*, U.S. Dep't of Justice, *Clean Air Act Mobile Sources Cases*, http://www.justice.gov/enrd/mobile-sources (updated May 14, 2015) (describing past enforcement actions for the use of defeat devices).
[73] *See e.g.*, 37 Fed. Reg. 28,775 (Dec. 29, 1972) (order requiring defeat devices to be eliminated by March 1973).
[74] *See e.g.*, Michael Biesecker and Eric Tucker, *German automaker facing 'tsunami' of possible enforcement actions after emissions scandal*, Associated Press, Sept. 28, 2015, http://www.usnews.com/news/business/articles/2015/09/28/volkswagen-faces-major-legal-trouble-in-emissions-scandal.
[75] U.S. Dep't of Justice, Press Release: DOJ, EPA Announce One Billion Dollar Settlement With Diesel Engine Industry For Clean Air Act Violations, Oct. 22, 1998, *available at* http://www.justice.gov/archive/opa/pr/1998/October/499_enr.htm.
[76] Notice of Violation to Volkswagen.
[77] International Council on Clean Transportation, Guidance note about on-road vehicle emissions remote sensing, June 2013, *available at* http://www.theicct.org/sites/default/files/publications/RSD_Guidance_BorKlee.pdf.

requires on-road testing for heavy-duty diesel trucks.[78] Specifically, EPA has established a mandatory manufacturer-run, in-use emissions testing for heavy-duty diesel trucks using a portable emission measurement system ("PEMS").[79] PEMS typically involves equipping a test vehicle with a portable gas analyzer, and measuring emission rates during the driving. In announcing the regulatory change, EPA specifically noted that using such systems is "a significant step forward. . . in helping ensure that heavy-duty diesel engines comply with applicable emission standards" and that "these systems offer[] advantages over conventional approaches to assess in-use exhaust emissions from engines for design improvement, research, modeling, and compliance purposes."[80] Nevertheless, EPA has not implemented a similar requirement for passenger cars and light trucks.

The urgent need for such testing is now beyond dispute, and its benefits would not be limited to detecting the use of unlawful defeat devices alone. Even when cars do not contain defeat devices, the laboratory tests often fail to accurately reflect emissions as laboratory settings do not adequately incorporate road and weather conditions, use of accessories and aggressive driving. On-road tests reflect normal operation and use, and therefore a more accurate picture of emissions. And the benefits would not be limited to emissions of nitrogen oxides — the use of on-road emissions testing would also enable tests to more accurately reflect a vehicle's fuel efficiency and thus, its carbon dioxide emissions.

While current regulations vest EPA with the authority to conduct or require testing on any vehicle using driving cycles and conditions that may reasonably be expected to be encountered in normal operation and use (i.e., on-road conditions) for purposes of investigating the use of defeat devices,[81] the regulations do not go far enough as they do not mandate such inspections prior to putting new cars and light trucks on the road.[82] Mandating on-road inspections prior to the introduction of new light-duty motor vehicles is thus necessary to ensure cars comply with emission standards.

Accordingly, the Center hereby requests that EPA promulgate regulations to require on-road testing for all types of new diesel-powered motor vehicles not already subject to such testing requirements. The Center also requests that EPA promulgate regulations to require on-road testing for all other types of fossil fuel-powered motor vehicles. While VW's scandal involved diesel-powered cars, there is no indication that the use of such devices is limited to diesel vehicles. In fact, recent reports indicate that VW's gasoline-powered cars, as well as models from other manufacturers, consume significantly more fuel than measured in laboratory tests.

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[78] *See e.g.*, EPA, Regulatory Announcement: Final Rule on In-Use Testing Program for Heavy-Duty Diesel Engines and Vehicles, EPA420-F-05-021, June 2005, *available at* http://www3.epa.gov/otaq/regs/hd-hwy/inuse/420f05021.pdf.

[79] *Id.*

[80] *Id.*

[81] 40 C.F.R. § 86.1809.

[82] *See e.g.*, International Council on Clean Transportation, In-use emission testing of light-duty diesel vehicles in the U.S., May 30, 2015, *available at* http://www.theicct.org/sites/default/files/publications/WVU_LDDV_in-use_ICCT_Report_Final_may2014.pdf (noting that there is no regulatory requirement in the United States to verify compliance of Tier 2 vehicles for emissions standards over off-cycle tests such as on road emissions testing).

Specifically, the Center requests that EPA adopt regulations in 40 C.F.R. part 86 and/or 1066 requiring on-road emissions testing as part of the certification process necessary to introduce any vehicle type into U.S commerce. These regulations could emulate those required for heavy-duty highway engines, adjusted as necessary to accommodate testing parameters needed for passenger cars and lighter trucks, and require state-of-the art on-road emission testing technology.[83]

The Center also requests that EPA conduct immediate in-use testing of each make and model of diesel-powered motor vehicles sold in the United States since 2009 that have not already undergone such tests, and each make and model of other fossil fuel-powered motor vehicles sold in the United States since 2009[84] to ensure that emissions comply with relevant standards, and any additional violators are held accountable.

B. NHTSA Must Promulgate Regulations to Increase the Penalties for Violations of CAFE Standards

NHTSA must increase the penalty for violations of CAFE standards. As explained above, EPCA vests NHTSA with the authority to impose a civil penalty of five dollars per automobile for each 0.1 mile per gallon a car falls short of the standards.[85] EPCA also vests NHTSA with the authority to increase the penalty for violations, provided it first makes certain findings. These findings include that increasing the penalty "will result in, or substantially further, substantial energy conservation for automobiles in model years in which the increased penalty may be imposed; . . . will not have a substantial deleterious impact on the economy of the United States, a State, or a region of a State" and will not cause significant unemployment, a significant increase in automobile imports or adversely affect competition.[86]

NHTSA exercised its statutory authority to increase the maximum civil penalty to $5.50 for each 0.1 mile per gallon shortfall in 1997. But NHTSA has not increased the penalty since, nor has it been adjusted for inflation. It is no surprise then that NHTSA has repeatedly acknowledged that many companies choose to regularly pay the fines rather than comply with the standards.[87] Indeed, the Government Accountability Office ("GAO") has reported that because the fines for violations of the CAFE standards have not increased, "CAFE penalties may not provide a strong enough incentive for manufacturers to comply with CAFE."[88] In this way, EPCA has not been implemented to its full potential, and continuing technological innovation and reductions in greenhouse emissions are thwarted. However, the GAO also found that "stricter penalties" for "noncompliance could improve compliance with CAFE standards."[89]

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[83] *See* 40 C.F.R. part 1065 (emission testing requirements for heavy-duty highway vehicles).
[84] To the extent conducting these tests is not feasible, the Center alternatively requests that EPA conduct in-use testing of a significant portion of the top selling makes and models of motor vehicles in the United States.
[85] 49 U.S.C. § 32912(b).
[86] *Id.*
[87] GAO, Report to Congress, Vehicle Fuel Economy: NHTSA and EPA's Partnership for Setting Fuel Economy and Greenhouse Gas Emissions Standards Improved Analysis and Should Be Maintained, Feb. 2010, GAO-10-336, *available at* http://www.gao.gov/assets/310/301199 html.
[88] *Id.*
[89] *Id.*

Accordingly, the Center hereby requests that NHTSA promulgate regulations to increase the penalty for a violation of the CAFE standards. Specifically, the Center requests that NHTSA amend its regulation at 49 C.F.R. § 578.6(h)(2) to increase the penalty to the statutory maximum of $10 per 0.1 mile per gallon shortfall. The Center believes that NHTSA can easily make the requisite statutory findings in order to do so. Ensuring compliance with CAFE standards will promote competition by encouraging innovation and technological improvements, and will lead to economic benefits by reducing costly greenhouse gas emissions.[90] And the requested increase in the penalty is reasonable, as it is still below the statutory minimum adjusted for inflation. Specifically, the five dollar fine in 1975 adjusted for inflation would be roughly $22.15 today.[91]

IV. Conclusion

The transportation sector is the single largest source of air pollution and the second largest source of greenhouse gas emissions in the United States. While there are laws in place to attempt to reduce the impacts of these emissions by prescribing limits on the quantity of such emissions, the recent VW scandal reveals that car manufacturers often find ways to skirt such requirements. Improving testing procedures by requiring in-use testing of vehicles currently on the road, and on-road testing of all new motor vehicles in the future would help ensure emissions tests better reflect actual emissions, and thus provide a more accurate picture of whether car manufacturers are actually complying with emission standards. Similarly, increasing the penalties for a violation of the CAFE standards would incentivize compliance with fuel economy standards and reduce emissions of greenhouse gases from motor vehicles. All of these actions would promote the protection of public health, welfare and the environment by reducing dangerous emissions and reducing our dependency on dirty fossil fuels, as envisioned by the CAA and EPCA.

Sincerely,

/s/ Kristen Monsell

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[90] *See e.g.*, Ker Than, *Estimated social cost of climate change not accurate, Stanford scientists say*, Stanford Report, Jan. 12, 2015, http://news.stanford.edu/news/2015/january/emissions-social-costs-011215.html (estimating the social cost of carbon to be $220 per ton rather than $37 as estimated by the government); *see also* Marten, A.L., and Newbold, S.C., *Estimating the social cost of non-CO2 GHG emissions: Methane and nitrous oxide*, 51 Energy Policy 957 (2012), available as EPA Working Paper No. 11-10 at http://yosemite.epa.gov/ee/epa/eed nsf/ec2c5e0aaed27ec385256b330056025c/f7c9fc6133698cc38525782b00556de1/$FILE/2011-01v2.pdf (estimating the social cost of nitrous oxide to be $4,300 to $33,000 per metric ton in 2015).

[91] U.S. Dep't of Labor, CPI Inflation Calculator, http://www.bls.gov/data/inflation_calculator htm.

CENTER for BIOLOGICAL DIVERSITY Because life is good.

Via Electronic and First Class Mail

October 1, 2015

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Mark R. Rosekind, Ph.D., Administrator
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RE: Petition for Rulemaking to Implement New Emissions Testing for Motor Vehicles and Increase Penalties for Violations of Fuel Standards

Dear Administrator McCarthy and Administrator Rosekind,

The Center for Biological Diversity (the "Center") requests that you take immediate action to protect public health and the environment from the toxic impacts of greenhouse gas and nitrogen oxides emissions from motor vehicles, and from corporate practices designed to evade regulations restricting the quantity of these dangerous emissions. Specifically, pursuant to the Administrative Procedure Act, 5 U.S.C. § 553(e), Title II of the Clean Air Act ("CAA"), 42 U.S.C. §§ 7521-7554, and Title VI of the Energy Policy and Conservation Act ("EPCA"), 49 U.S.C. §§ 32901-32919, the Center requests that the U.S. Environmental Protection Agency ("EPA") and the National Highway Traffic Safety Administration ("NHTSA"):

(1) immediately conduct in-use emissions testing of each make and model of diesel-powered motor vehicles sold in the United States since 2009 that have not previously undergone such tests;

(2) immediately conduct in-use emissions testing of each make and model of other fossil fuel-powered motor vehicles sold in the United States since 2009 that have not previously undergone such tests;

(3) promulgate regulations to require on-road emissions testing for all types of new diesel-powered motor vehicles;

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(4) promulgate regulations to require on-road emissions testing for all other types of new fossil fuel-powered motor vehicles; and

(5) promulgate regulations to increase the penalties for violations of corporate average fuel economy standards.

As you are well-aware, Volkswagen recently admitted that 11 million of its diesel cars sold worldwide since 2009, including nearly half a million sold in the United States, contain software specifically designed to cheat emissions tests. The software — known as "defeat devices" — can detect when a car is being tested in a laboratory setting and adjusts engine operations to emit less-polluting exhaust during the test than in real-world driving conditions. EPA has said that these devices allowed each car to spew up to *40 times* the legal limit of nitrogen oxides emissions in the United States. Accordingly, in addition to the specific actions requested above, **the Center also requests that EPA assess the maximum permissible penalties against VW for such egregious violations of law.**

This widespread fraud not only deceived consumers who purchased VW cars based on the belief the cars were "clean diesel," but is a significant threat to public health and the environment. Emissions of nitrogen oxides contribute to climate change and ocean acidification — nitrogen oxides react with other substances to form the greenhouse gas ozone, and contain a highly potent and long-lived greenhouse gas. In addition, ground-level ozone can trigger or worsen asthma and other respiratory ailments, make the lungs more susceptible to infection, damage vegetation and reduce crop yields. Nitrogen oxides are also a precursor to particulate matter which causes breathing problems, lung tissue damage and premature death.

To make matters worse, the use of such devices, and thus unlawful emissions of such dangerous pollutants, may not be limited to VW. Indeed, defeat devices have existed almost since the inception of the CAA, and EPA has previously levied fines against car and truck manufacturers for the use of such devices. Recent reports indicate that tests of on-road emissions of cars made by other companies exceed that of laboratory testing, indicating that these manufactures might also be using defeat devices — or, at a minimum, are not performing as required. Despite the existence of technology that can measure emissions during normal operation and use, EPA does not require such tests for the vast majority of motor vehicles.

And the recent scandal highlights yet another industry-wide problem — that car manufacturers routinely pay fines, rather than comply with mandatory fuel economy standards that seek to improve fuel efficiency and reduce carbon dioxide emissions. As we have frequently pointed out, and as government reports indicate, the meager fines are too low to act as a deterrent, thereby failing to inspire the technological innovation contemplated by EPCA and the CAA. Yet NHTSA has not increased the penalty for violation of the standards in nearly two decades.

Comprehensive action is therefore needed to ensure long-term solutions to such pervasive problems. Taking the actions requested in this petition will improve the accuracy of emissions testing of motor vehicles and help ensure against future deception, and incentivize compliance with fuel economy standards intended to reduce greenhouse gas emissions and improve energy security. In other words, granting this petition will help better protect public health and the

environment from dangerous air pollutants from motor vehicles, while ensuring fuel economy continues to improve as intended by the CAA and EPCA.[1] The Center requests that EPA and NHTSA take the regulatory actions requested in this petition within 180 days.

I. Factual Background: Harmful Emissions from Motor Vehicles

As the VW scandal demonstrates, motor vehicles emit harmful air pollutants. In fact, according to the Union of Concerned Scientists, transportation is the largest single source of air pollution in the United States.[2] Motor vehicles emit carbon dioxide, oxides of nitrogen, particulate matter, hydrocarbons, carbon monoxide, sulfur dioxide, as well as benzene and other hazardous air pollutants.[3] These emissions contribute to a myriad of public health problems, negative impacts to public welfare and the environment, and climate change.

A. Emissions from Motor Vehicles Are Harmful to Public Health

Motor vehicles emit air pollutants that cause or contribute to health problems, including nitrogen oxides. For example, ground level ozone is created by chemical reaction between nitrogen oxides and volatile organic compounds. Ground-level ozone pollution is linked to many public health impacts, especially those related to respiratory function. Ozone can irritate the respiratory tract and throat, impair lung function, and cause coughing, chest pains and lung inflammation.[4] EPA has recognized the association between ozone exposure and hospital visits for respiratory problems — especially for children — noting that ozone pollution is responsible for as much as twenty percent of all summertime respiratory hospital visits.[5] Ozone is also linked to the development of respiratory diseases, such as asthma.[6] But the health effects of ozone are not limited to respiratory illnesses. Ozone pollution is linked to other serious health impacts, such as heart disease and certain types of strokes.[7] "[M]ost importantly," according to the American Lung Association, ozone exposure and the associated health impacts can shorten lives

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[1] The provisions of this Petition are severable. If any request contained within this Petition is found to be invalid or unenforceable, the invalidity or lack of legal obligation shall not affect other provisions of the Petition.

[2] Union of Concerned Scientists, *Cars, Trucks and Air Pollution*, http://www.ucsusa.org/clean_vehicles/why-clean-cars/air-pollution-and-health/cars-trucks-air-pollution html#.Vgh8P_lViko (last updated Dec. 5, 2014).

[3] *Id.*

[4] Barbara Hackley et al., Air Pollution: Impact on Maternal and Perinatal Health, 52 J. MIDWIFERY & WOMEN'S HEALTH 435, 436 table 1 (2010), available at http://www.sciencedirect.com/science/article/pii/S1526952307001079.

[5] Ozone Action Days, Region 7 Air Program, U.S. ENVTL. PROT. AGENCY, http://www.epa.gov/region07/air/quality/action htm (last updated Aug. 28, 2015).

[6] *Id.*; Michelle L. Bell et al., The Exposure-Response Curve for Ozone and Risk of Mortality and the Adequacy of Current Ozone Regulations, 114 ENVTL. HEALTH PERSPECTIVES 532, 532 (2006), available at http://www ncbi.nlm.nih.gov/pubmed/ 16581541.

[7] Jean-Bernard Ruidavets et al., Ozone Air Pollution Is Associated with Acute Myocardial Infarction, 111 CIRCULATION 563, 566 (2005), available at http://circ.ahajournals.org/content/111/5/563.long; J. B. Henrotin et al., Short Term Effects of Ozone Air Pollution on Ischaemic Stroke Occurrence: A Case Crossover Analysis from a 10-Year Population-Based Study in Dijon, France, 64 OCCUPATIONAL & ENVTL. MED. 439, 442 (2007), available at http://oem.bmj.com/content/64/7/439.short

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by months and even years.[8] "Even at very low levels including days that meet current regulatory requirements," ozone is associated with premature mortality.[9]

Ozone also has detrimental ecological effects. According to EPA, ozone "affects sensitive vegetation and ecosystems, including forests, parks, wildlife refuges, and wilderness areas," especially during growing seasons.[10] Ozone can interfere with a plant's ability to produce and store food, visibly damage leaves, and make plants susceptible to damage from disease, insects, competition and severe weather.[11]

Nitrogen oxides also mix with other air pollutants to create particulate matter ("PM"). The effects associated with PM exposure are "premature mortality, increased hospital admissions and emergency department visits, and development of chronic respiratory disease."[12] California has identified diesel PM as a toxic air contaminant and has estimated that 70 percent of the cancer risk from the air Californians breathe is attributable to diesel PM; EPA says that diesel PM is "likely to be a carcinogen."[13] Diesel exhaust is a major contributor to PM pollution. In fact, it is estimated that diesel-powered vehicles and equipment account for nearly half of all nitrogen oxides and more than two-thirds of all PM emissions from U.S. transportation sources.[14]

B. Emissions from Motor Vehicles Contribute to Climate Change

The burning of fossil fuels is the largest source of domestic greenhouse gas emissions, accounting for 77 percent of total warming emissions in 2013.[15] One of the primary sources of such emissions is from the transportation sector, which in 2013 accounted for 27 percent of all greenhouse gas emissions in the United States.[16] The largest source of such emissions from the transportation sector is passenger cars, representing nearly 43 percent of emissions in 2013.[17]

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[8] Stephanie Carroll Carson, Ozone, Warming Temperatures, Coal-Fired Power Plants Impact NC Air, PUB. NEWS SERV. (May 2, 2014), http://www.publicnewsservice.org/2014-05-02/climate-change-air-quality/ozone-warmingtemperatures-coal-fired-power-plants-impact-nc-air/a39132-1.

[9] Bell, supra note 6 at 535.

[10] Ecosystem Effects, Ground-Level Ozone, U.S. ENVTL. PROT. AGENCY, http://www.epa.gov/airquality/ozonepollution/ecosystem html (last updated Sept. 25, 2015).

[11] *Id.*

[12] EPA, Fine Particulate Matter National Ambient Air Quality Standards, 80 Fed. Reg. 15340, 15347 (Mar. 23, 2015).

[13] Union of Concerned Scientists, *California: Diesel Trucks, Air Pollution and Public Health*, http://www.ucsusa.org/clean_vehicles/why-clean-cars/air-pollution-and-health/trucks-buses-and-other-commercial-vehicles/diesel-trucks-air-pollution.html#.VXRuhc9Viko; Trade, Health and Environmental Impact Project, *Driving Harm: Health and Community Impacts of Living Near Truck Corridors* (Jan. 2012), http://hydra.usc.edu/scehsc/pdfs/Trucks%20issue%20brief.%20January%202012.pdf.

[14] Union of Concerned Scientists, *Diesel Engines and Pubic Health*, http://www.ucsusa.org/clean_vehicles/why-clean-cars/air-pollution-and-health/trucks-buses-and-other-commercial-vehicles/diesel-engines-and-public.html#.Vgh-7vlViko (last accessed Sept. 28, 2015).

[15] EPA, *Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990 – 2013* (Apr. 15, 2015), EPA 430-R-15-004, available at http://www3.epa.gov/climatechange/Downloads/ghgemissions/US-GHG-Inventory-2015-Main-Text.pdf.

[16] *Id.*

[17] *Id.*

The transportation sector has been the fastest-growing source of greenhouse gas emissions since 1990.[18]

Carbon dioxide is the dominant greenhouse gas driving observed changes in the Earth's climate.[19] Emissions of nitrogen oxides also contribute to climate change through two primary means: (1) nitrogen oxides react with other substances to form the greenhouse gas ozone; and (2) nitrous oxide is itself a highly potent and long-lived greenhouse gas. Nitrous oxide behaves very similarly to carbon dioxide in that it both directly traps heat in the atmosphere and remains in existence for many decades once emitted.[20]

There is a strong, international scientific consensus that anthropogenic climate threatens human society and natural systems. The U.S. Global Change Research Program in its 2009 report *Climate Change Impacts in the United States* similarly stated that "global warming is unequivocal and primarily human-induced" and "widespread climate-related impacts are occurring now and are expected to increase."[21] The U.S. National Research Council similarly concluded that "[c]limate change is occurring, is caused largely by human activities, and poses significant risks for — and in many cases is already affecting — a broad range of human and natural systems."[22] Based on observed and expected harms from climate change, in 2009 EPA concluded that greenhouse gas pollution endangers the health and welfare of current and future generations.[23] Current atmospheric concentrations of greenhouse gases are already resulting in significant climate change impacts that are projected to worsen as emissions rise.[24]

Key changes include warming temperatures, the increasing frequency of extreme weather events, rapidly melting glaciers, ice sheets, and sea ice and rising sea levels.[25] There will be significant costs associated with these changes. For example, in the United States in 2011 alone, a record 14 weather and climate disasters occurred, including droughts, heat waves, and floods, that cost at least $1 billion each in damages and loss of human lives.[26] In addition, air pollution components that trigger asthma attacks, specifically air particulates and ozone, are expected to increase with climate change;[27] in 2020, the continental United States could pay an average of

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[18] *Id.*

[19] NRC. 2011. Climate Stabilization Targets: Emissions, Concentrations, and Impacts over Decades to Millennia. Washington, DC: National Academies Press, *available at* http://www.nap.edu/catalog/12877.html.

[20] Solomon, S., et al., Technical Summary, Working Group I, (2007), at 27, *available at* http://ipccwg1.ucar.edu/wg1/Report/AR4WG1_Print_TS.pdf.

[21] Karl, T. R. et al. 2009. Global Climate Change Impacts in the United States. U.S. Global Change Research Program. Thomas R. Karl, Jerry M. Melillo, and Thomas C. Peterson, (eds.). Cambridge University Press, 2009.

[22] NRC. 2010. Advancing the Science of Climate Change, National Research Council, available at www nap.edu.

[23] U.S. Environmental Protection Agency, Endangerment and Cause or Contribute Findings for Greenhouse Gases Under Section 202(a) of the Clean Air Act; Final Rule, 74 Federal Register 66496 (2009).

[24] Melillo, Jerry M., Terese (T.C.) Richmond, and Gary W. Yohe, Eds., 2014: Climate Change Impacts in the United States: The Third National Climate Assessment. U.S. Global Change Research Program, 841 pp. doi:10.7930/J0Z31WJ2; IPCC. 2013. Summary for Policymakers. Working Group I Contribution to the IPCC Fifth Assessment Report Climate Change 2013: The Physical Science Basis.

[25] Melillo, supra n. 24; IPCC, supra n. 24.

[26] NOAA. 2012. NOAA : Extreme Weather 2011, *available at* http://www.noaa.gov/extreme2011/; WMO. 2012. World's 10th warmest year, warmest year with La Niña on record, second-lowest Arctic sea ice extent.

[27] Bernstein, A. S., and S. S. Myers. 2011. Climate change and children's health. Current Opinion in Pediatrics 23:221–6.

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$5.4 billion (2008$) in health impact costs associated with the climate penalty on ozone, with California experiencing the greatest estimated impacts averaged at $729 million.[28]

Anthropogenic climate change also poses a significant threat to biodiversity. Climate change is already causing changes in distribution, phenology, physiology, genetics, species interactions, ecosystem services, demographic rates and population viability: many animals and plants are moving poleward and upward in elevation, shifting their timing of breeding and migration, and experiencing population declines and extirpations.[29] Because climate change is occurring at an unprecedented pace with multiple synergistic impacts, climate change is predicted to result in catastrophic species losses during this century.

The Intergovernmental Panel on Climate Change ("IPCC") concluded that 20 to 30 percent of plant and animal species will face an increased risk of extinction if global average temperature rise exceeds 1.5°C to 2.5°C relative to 1980-1999, with an increased risk of extinction for up to 70 percent of species worldwide if global average temperature exceeds 3.5°C relative to 1980-1999.[30] Other studies have predicted similarly severe losses: 15 to 37 percent of the world's plants and animals committed to extinction by 2050 under a mid-level emissions scenario;[31] the potential extinction of 10 to 14 percent of species by 2100 if climate change continues unabated;[32] and the loss of more than half of the present climatic range for 58 percent of plants and 35 percent of animals by the 2080s under the current emissions pathway, in a sample of 48,786 species.[33] Scientists have warned that the Earth is fast approaching a global "state-shift" that could result in unanticipated and rapid changes to Earth's biological systems.[34] As summarized by the 2014 National Climate Assessment, "landscapes and seascapes are changing rapidly, and species, including many iconic species, may disappear from regions where they have been prevalent or become extinct, altering some regions so much that their mix of plant and animal life will become almost unrecognizable."[35]

In addition, the ocean's absorption of anthropogenic greenhouse gas emissions, including both carbon dioxide and nitrogen oxides, has already resulted in more than a 30 percent increase

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[28] Union of Concerned Scientists, Rising Temperatures and Your Health: After the Storm - The Hidden Health Risks of Flooding in a Warming World (2012), *available at* http://www.ucsusa.org/sites/default/files/legacy/assets/documents/global_warming/climate-change-and-flooding.pdf.

[29] Maclean, I. M. D., and R. J. Wilson. 2011. Recent ecological responses to climate change support predictions of high extinction risk. Proceedings of the National Academy of Sciences of the United States of America 108: 12337-1234; Warren, R., J. Price, A. Fischlin, S. de la Nava Santos, and G. Midgley, Increasing impacts of climate change upon ecosystems with increasing global mean temperature rise, 106 CLIMATE CHANGE 141–177 (2011); Cahill, A.E. et al. 2012. How does climate change cause extinction? Proceedings of the Royal Society B, doi:10.1098/rspb.2012.1890.

[30] IPCC. 2007. Climate Change 2007 : Synthesis Report: An Assessment of the Intergovernmental Panel on Climate Change. www.ipcc.ch.

[31] Thomas, C. D., et al., Extinction risk from climate change, 427 NATURE 145-48 (2004).

[32] Maclean and Wilson, supra n. 29.

[33] Warren, R. et al. 2013. Quantifying the benefit of early climate change mitigation in avoiding biodiversity loss. Nature Climate Change 3:678-682.

[34] Barnosky, A.D. et al., Approaching a state shift in Earth's biosphere, 486 NATURE 52 (2012).

[35] Melillo, Jerry M., Terese (T.C.) Richmond, and Gary W. Yohe, Eds., 2014: Climate Change Impacts in the United States: The Third National Climate Assessment. U.S. Global Change Research Program, 841 pp. doi:10.7930/J0Z31WJ2.

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in the acidity of ocean surface waters, at a rate faster than anything believed to have occurred in the past 300 million years.[36] Ocean acidity is projected to increase by 150 to 200 percent by the end of the century if carbon dioxide emissions continue unabated.[37] Ocean acidification negatively affects a wide range of marine species by hindering the ability of calcifying marine creatures to build protective shells and skeletons and by disrupting metabolism and critical biological functions.[38] The adverse effects of ocean acidification are already being observed in wild populations, including reduced coral calcification rates,[39] dissolution of pteropod shells in the California Current,[40] reduced shell weights of foraminifera in the Southern Ocean,[41] and mass die-offs of larval Pacific oysters in the Pacific Northwest.[42]

II. Legal Background: The Regulation of Emissions from Motor Vehicles

Given the negative impacts on public health and the environment caused by the emission of air pollutants from various sources, including the transportation sector, Congress has enacted several laws to regulate and limit the amount of air pollutants from motor vehicles.

A. The Clean Air Act

In enacting the CAA, Congress found that "that the growth in the amount and complexity of air pollution brought about by urbanization, industrial development, *and the increasing use of*

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[36] Doney, S.C., Mahowald N. Lima, et al., "Impact of Anthropogenic Atmospheric Nitrogen and Sulfur Deposition on Ocean Acidification and the Inorganic Carbon System", Proc. Nat. Acad. Sci. 2007; 104(37); 14580. doi: 10173/pnas.0702218104; James C Orr, et al., Anthropogenic Ocean Acidification over the Twenty-First Century and its Impacts on Calcifying Organisms, 437 NATURE 681-86 (2005).

[37] Feely, Richard A., S. Doney and S. Cooley, 2009, "Ocean Acidification: Present Conditions and Future Changes in a High CO2 World", Oceanography 22 (4) (June): 36-47; Hönisch, Bärbel, Andy Ridgwell, Daniela N. Schmidt, Ellen Thomas, Samantha J. Gibbs, Apply Slujs, Re Zeebe et al. 2012; "The Geological Record of Ocean Acidification", Science 335 (6072) March: 1058-63. doi. 10. 1126/science. 1208277; Orr, James C. Victoria, J. Fabry, Oliver Aumont, Laurent Bopp, Scott C. Doney, Richard A. Feely, Anand Gnandaesikan, et al., Anthropogenic Ocean Acidification over the Twenty-First Century and Its Impact on Calcifying Organisms, 437 NATURE 681-86 (2005), doi: 10, 1038/nature 04095.

[38] Feely, supra n. 37; Fabry V.J., Seibel BA, Feely, RA, Orr J., "Impacts of Ocean Acidification on Marine Fauna and Ecosystem Processes" 65 ICES J. MAR SCI. 414 (2008); Kroeker K.J., Kordas, R.L., Crim R.N., Singh G.G., Meta-analysis Reveals Negative Yet Variable Effects of Ocean Acidification on Marine Organisms, ECOL. LETT., 2010:no-no. doi:10.1111/j.1461-0248.2010.01518.x.

[39] De'ath G. Lough JM, Fabricius KE, "Declining Coral Calcification on the Great Barrier Reef", 323 SCIENCE 116, doi:10.1126/science.1165283; Cooper T.F., De'Ath G., Fabricius KE, Lough, JM, Declining Coral Calcification in Massive Porties in Two Nearshore Regions of the Northern Great Barrier Reef, 14 GLOB CHANGE BIO. 529-538 (2008), doi:10.1111/j. 1365-2486.2007.01520 x; Bates N. Amat A., Andersson A., Feedbacks and Responses of Coral Calcification on the Bermuda Reef System to Seasonal Changes in Biological Processes and Ocean Acidification on the Bermuda Reef System, 7 BIOGEOSCIENCES 2509-2530 (2010), doi:105194/bg-7-2509-2010.

[40] Bednaršek N. Feely, RA, Reum JCP, Peterson B., Menkel J., Limacina Helicina Shell Dissolution as an Indicator of Declining Habitat Suitability Owing to Ocean Acidification in the California Current Ecosystem, Proc. R. Soc. B. 2014:281:20140123; Gledhill, D.K., Wannikhof R. Millero FJ, Eakin M. Ocean Acidification of the Greater Caribbean Region 1996- 2006, J. Geophys Res. 2008; 113(C10): C10031. doi:10.1029/2007JC004629.

[41] Moy, A.D., Howard W.R., Bray S.G., Trull, T.W., Reduced Calcification in Modern Southern Ocean Planktonic Foraminifera, 2 NAT. GEOSCI. 276-280 (2009), doi:10,1038/ngeo460.

[42] Barton A., Hales B., Waldbusser G.G., Langdo C., Feely R., The Pacific Oyster, Crassostrea Gigas, Shows A Negative Correlation to Naturally Elevated Carbon Dioxide levels: Implications for Near Term Ocean Acidification Effects, 57 LIMMOL OCEANOGR. 698-710 (2012), doi:10.4319/lo. 2012.573.0698.

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motor vehicles, has resulted in mounting dangers to the public health and welfare, including injury to agricultural crops and livestock..."[43] Accordingly, the CAA establishes a comprehensive scheme "to protect and enhance the quality of the Nation's air resources so as to promote the public health and welfare and the productive capacity of its population."[44]

To reach these goals, Title II of the CAA prescribes a regulatory scheme to control emissions from mobile sources.[45] Specifically, the CAA requires EPA to promulgate regulations that establish standards for the emissions of air pollutants from new motor vehicles that "cause, or contribute to, air pollution which may reasonably be anticipated to endanger public health or welfare" and prohibits exceedances of those standards.[46] The CAA mandates that EPA set emission standards for particular pollutants from light and heavy duty vehicles, including carbon monoxide, hydrocarbons and oxides of nitrogen and amend the standards as necessary to protect public health and welfare.[47]

Pursuant to these statutory requirements, EPA has established emissions standards and testing procedures for light duty vehicles and heavy trucks.[48] To ensure compliance with these standards, EPA requires manufacturers to receive a certificate of conformity from EPA before a manufacturer can introduce vehicles into U.S. commerce.[49] To receive such a certificate, manufacturers must submit a detailed application to EPA for each test group of vehicles it intends to sell in the United States; the application must include a certification that the vehicles comply with emission standards as determined by specific testing procedures required by EPA, and a description of any air emission control devices contained within the vehicles.[50] The CAA provides for a fine of up to $37,500 for each car that does not conform to details within the certificate of compliance.[51]

In recognition of the fact that manufacturers may attempt to circumvent emission standards, the CAA prohibits any person from manufacturing, selling, offering to sell or installing any part in a motor vehicle that bypasses, defeats or renders inoperative any device or element of a vehicle's emission control technology.[52] EPA's implementing regulations specifically prohibit the use of "defeat devices," defined generally as an air emission control device "that reduces the effectiveness of the emission control system under conditions which may reasonably be expected to be encountered in normal vehicle operation and use…"[53] Under the CAA and EPA's regulations, manufacturers may be liable for up to $3,750 for each use of a defeat device.[54]

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[43] 42 U.S.C. § 7401(a)(2).
[44] *Id.* § 7401(b)(1).
[45] *Id.* §§ 7521-7590.
[46] *Id.* §§ 7521; 7522.
[47] *Id.* § 7521.
[48] 40 C.F.R. Part 86 (emission standards and testing procedures for light-duty vehicles and light trucks); 40 C.F.R. § 86.1811-04 (emission standards for light-duty vehicles including NOx); *id.* § 86.1816-05, -18 (emission standards for heavy-duty vehicles).
[49] 40 C.F.R. § 86.1848-01.
[50] *Id.* §§ 86.1843-01; 86.1844-01.
[51] 42 U.S.C. § 7524(a); 40 C.F.R. § 19.4.
[52] 42 U.S.C. § 7522(a)(3)(B).
[53] 40 C.F.R. § 86.1809-01; *id.* § 86.1803-01.
[54] 42 U.S.C. § 7524(a); 40 C.F.R. § 19.4.

B. The Energy Policy and Conservation Act

Congress enacted the EPCA in 1975 following the energy crisis caused by the 1973 Mideast oil embargo.[55] In enacting EPCA, Congress observed that "[t]he fundamental reality is that this nation has entered a new era in which energy resources previously abundant, will remain in short supply retarding our economic growth and necessitating an alteration in our life's habitats and expectations."[56] Among the goals of EPCA are to "'decrease dependence on foreign imports, enhance national security [and to] achieve the efficient utilization of scarce resources...'"[57] The fundamental purpose of EPCA, however, is energy conservation.[58]

To comply with these goals, EPCA vests NHTSA with broad regulatory authority,[59] and requires NHTSA to set fuel economy standards at "the maximum feasible average fuel economy level that the Secretary decides the manufacturers can achieve in that model year."[60] In this way, EPCA is meant to encourage technological innovation — meaning new technologies, not simply better versions of what exists today. As the court in *Center for Auto Safety v. Thomas* noted, "[t]he experience of a decade leaves little doubt that the congressional scheme in fact induced manufacturers to achieve major technological breakthroughs as they advanced towards the mandated goal."[61] And as explained by the D.C. Circuit "when a statute is technology forcing, the agency can impose a standard which only the most technologically advanced plants in an industry have been able to achieve — even if only in some of their operations some of the time."[62]

In 2007, Congress passed the Energy Independence and Security Act of 2007 ("EISA"), which amended EPCA.[63] The EISA eliminated the previous 27.5 mpg standard for passenger cars with a mandate that NHTSA set separate passenger car and light truck standards for each model year beginning in 2011 "to achieve a combined fuel economy average for model year 2020 of at least 35 miles per gallon for the total fleet of passenger and non-passenger automobiles manufactured for sale in the United States for that model year."[64] Fuel economy standards for model years 2021 through 2030 must be the maximum feasible average fuel economy standard for each fleet of passenger and non-passenger cars for that model year.[65] These standards are known as the corporate average fuel economy ("CAFE") standards.

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[55] *Center for Biological Diversity v. Nat'l Highway Safety Transportation Administration*, 538 F.3d 1172, 1182 (9th Cir. 2008).
[56] H.R. Rep. No. 94-340 at 1-3 (1975), as reprinted in 1975 U.S.C.C.A.N. 1762, 1763.
[57] *Center for Biological Diversity*, 538 F.3d at 1182 (quoting S.Rep. No. 94-516 (1975) (Conf. Rep.), as reprinted in 1975 U.S.C.C.A.N. 1956, 1957).
[58] *Id.* at 1195.
[59] 49 U.S.C. § 32910.
[60] *Id.* § 32902(a). In determining what constitutes the "maximum feasible" level, NHTSA must take into account four factors: technological feasibility, economic practicability, the effect of other motor vehicle standards of the Government on fuel economy, and the need of the United States to conserve energy. *Id.* § 32902(f).
[61] 847 F.2d 843, 870 (D.C. Cir. 1988) (overruled on other grounds); see *also Green Mt. Chrysler Plymouth Dodge Jeep v. Crombie*, 508 F. Supp. 2d 295, 358-59 (D. Vt. 2008) (discussing technology-forcing character of EPCA and the use of increased fuel efficiency to augment performance rather than mileage).
[62] *Kennecott Greens Creek Min. Co. v. Mine Safety and Health Admin.*, 476 F.3d 946, 957 (D.C. Cir. 2008).
[63] Pub. L. 11-140, 121 Sat. 1492 (Dec. 18, 2007).
[64] 49 U.S.C. § 32902(b)(2)(A).
[65] *Id.* § 32902(b)(2)(B).

To help manufacturers comply with the CAFE standards, EPCA prescribes civil penalties that NHTSA can impose if their cars do not meet regulatory requirements. Specifically, a manufacturer is liable for a civil penalty of five dollars per automobile for each 0.1 mile per gallon shortfall.[66] The Act vests NHTSA with the authority to raise the total penalty up to ten dollars for each 0.1 mile per gallon shortfall, provided it first makes certain findings. NHTSA raised the penalty to $5.50 for each 0.1 mile per gallon shortfall in 1997, but has not raised it since, nor has the penalty been adjusted for inflation.[67]

III. The VW Scandal Reveals the Need to Issues Regulations to Amend Testing Procedures and Increase Penalties for Violations of Fuel Economy Standards

Volkswagen recently admitted that 11 million of its diesel cars sold worldwide since 2009, including nearly half a million sold in the United States, contain software specifically designed to cheat emissions tests. EPA has said that these devices allowed each car to spew up to *40 times* the legal limit of nitrogen oxides in the United States. Better testing procedures that more accurately reflect a vehicle's on-road emissions could prevent such egregious actions from occurring in the future.

This scandal raises yet another problem in the government's regulation of emissions from motor vehicles — that manufacturers regularly pay civil penalties rather than comply with NHTSA's CAFE standards. The penalties are therefore clearly inadequate to deter violations and inspire the technological innovation contemplated by EPCA, and reduce carbon dioxide emissions, and must be increased as a result.

A. EPA Must Promulgate Regulations to Require On-Road Emissions Testing, and Must Test Cars Sold in the United States Since 2009

The VW scandal demonstrates that EPA's current testing procedures for passenger cars and light trucks do not accurately reflect the actual emissions of these vehicles. EPA must promulgate regulations that require accurate, on-road testing sufficiently rigorous to detect defeat devices and thereby protect public health and welfare from the deleterious impacts of motor vehicle emissions.

As explained by EPA in its Notice of Violation to VW, "defeat devices" can detect when a car is being tested in a laboratory setting and adjusts engine operations to emit less-polluting exhaust during the test than in real-world driving conditions. Specifically, VW manufactured and installed software in the electronic control modules ("ECM") of vehicles equipped with 2.0 liter diesel engines.[68] The software could sense when the vehicle was being tested pursuant to EPA's dynamometer testing equipment.[69] When the software sensed testing, it produced compliant emission results under an ECM calibration, but at all other times the ECM ran a separate calibration that reduced the effectiveness of the emission control system, and the selective

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[66] *Id.* § 32912(b).
[67] *See* 62 Fed. Reg. 5,167, 5,168 (Feb. 4, 1997) (raising the penalty to $5.50 for every 0.1 mpg); *codified at* 49 C.F.R. § 578.6(h)(2).
[68] EPA, Notice of Violation to Volkswagen AG, Sept. 18, 2015.
[69] *Id.*

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catalytic reduction, or the lean NOx trap, in particular.[70] EPA has determined that the software is an air emission control device that was not described in VW's certification applications and is an illegal defeat device, and that "VW violated section 203(a)(1) the CAA, 42 U.S.C. § 7522(a)(1), each time it sold, offered for sale, introduced into commerce, delivered for introduction into commerce, or imported…" one of the offending vehicles as a result.[71]

But this is not the first time a manufacturer has used these illegal, deceitful devices. Despite the express prohibitions on the use of defeat devices in the CAA and EPA's regulations, the use of such devices by a variety of manufacturers has been discovered on several occasions.[72] Indeed, such devices have been used beginning shortly after the enactment of the CAA, with early regulatory actions specifically intended to prevent their use.[73] And car and truck manufacturers have repeatedly been caught using such devices for almost as long as their use has been prohibited. For example, in 1973, EPA found that VW had installed temperature-sensitive devices that turned off emissions controls on tens of thousands of its vehicles.[74] And in 1998, the U.S. Department of Justice and EPA settled an enforcement case against the diesel engine industry for the widespread use of defeat devices in everything from tractor trailers to pick-up trucks. The settlement required seven companies, which comprised 95 percent of the U.S. heavy duty diesel engine market, to pay over one billion dollars, including $83.4 million in civil penalties, the largest ever imposed in environmental enforcement at that time.[75]

As suggested by EPA's letter to VW, a key reason vehicle manufacturers are able to use such devices to beat emissions tests are the inadequate testing procedures currently required by EPA. In particular, EPA's requirements for testing light-duty vehicles and trucks, known as the Federal Test Procedure ("FTP"), use a chassis dynamometer to test for various emissions, including nitrogen oxides, in a laboratory setting by simulating driving conditions. But given the artificial, predictable conditions in which the tests are run, software can sense when treadmill-like dynamometer equipment is being used based on the position of the steering wheel, vehicle speed and how long the engine operates, among other inputs.[76]

But alternative, on-road testing technologies exist. For example, on-road vehicle remote sensing is a type of technology that can scan the emissions of thousands of vehicles within a single day, and has previously been used to monitor real driving conditions by using optical sensors or a laboratory vehicle that follows cars and samples exhaust plumes.[77] And EPA already

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[70] *Id.*
[71] *Id.*
[72] *See e.g.*, U.S. Dep't of Justice, *Clean Air Act Mobile Sources Cases*, http://www.justice.gov/enrd/mobile-sources (updated May 14, 2015) (describing past enforcement actions for the use of defeat devices).
[73] *See e.g.*, 37 Fed. Reg. 28,775 (Dec. 29, 1972) (order requiring defeat devices to be eliminated by March 1973).
[74] *See e.g.*, Michael Biesecker and Eric Tucker, *German automaker facing 'tsunami' of possible enforcement actions after emissions scandal*, Associated Press, Sept. 28, 2015, http://www.usnews.com/news/business/articles/2015/09/28/volkswagen-faces-major-legal-trouble-in-emissions-scandal.
[75] U.S. Dep't of Justice, Press Release: DOJ, EPA Announce One Billion Dollar Settlement With Diesel Engine Industry For Clean Air Act Violations, Oct. 22, 1998, *available at* http://www.justice.gov/archive/opa/pr/1998/October/499_enr.htm.
[76] Notice of Violation to Volkswagen.
[77] International Council on Clean Transportation, Guidance note about on-road vehicle emissions remote sensing, June 2013, *available at* http://www.theicct.org/sites/default/files/publications/RSD_Guidance_BorKlee.pdf.

requires on-road testing for heavy-duty diesel trucks.[78] Specifically, EPA has established a mandatory manufacturer-run, in-use emissions testing for heavy-duty diesel trucks using a portable emission measurement system ("PEMS").[79] PEMS typically involves equipping a test vehicle with a portable gas analyzer, and measuring emission rates during the driving. In announcing the regulatory change, EPA specifically noted that using such systems is "a significant step forward. . . in helping ensure that heavy-duty diesel engines comply with applicable emission standards" and that "these systems offer[] advantages over conventional approaches to assess in-use exhaust emissions from engines for design improvement, research, modeling, and compliance purposes."[80] Nevertheless, EPA has not implemented a similar requirement for passenger cars and light trucks.

The urgent need for such testing is now beyond dispute, and its benefits would not be limited to detecting the use of unlawful defeat devices alone. Even when cars do not contain defeat devices, the laboratory tests often fail to accurately reflect emissions as laboratory settings do not adequately incorporate road and weather conditions, use of accessories and aggressive driving. On-road tests reflect normal operation and use, and therefore a more accurate picture of emissions. And the benefits would not be limited to emissions of nitrogen oxides — the use of on-road emissions testing would also enable tests to more accurately reflect a vehicle's fuel efficiency and thus, its carbon dioxide emissions.

While current regulations vest EPA with the authority to conduct or require testing on any vehicle using driving cycles and conditions that may reasonably be expected to be encountered in normal operation and use (i.e., on-road conditions) for purposes of investigating the use of defeat devices,[81] the regulations do not go far enough as they do not mandate such inspections prior to putting new cars and light trucks on the road.[82] Mandating on-road inspections prior to the introduction of new light-duty motor vehicles is thus necessary to ensure cars comply with emission standards.

Accordingly, the Center hereby requests that EPA promulgate regulations to require on-road testing for all types of new diesel-powered motor vehicles not already subject to such testing requirements. The Center also requests that EPA promulgate regulations to require on-road testing for all other types of fossil fuel-powered motor vehicles. While VW's scandal involved diesel-powered cars, there is no indication that the use of such devices is limited to diesel vehicles. In fact, recent reports indicate that VW's gasoline-powered cars, as well as models from other manufacturers, consume significantly more fuel than measured in laboratory tests.

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[78] *See e.g.*, EPA, Regulatory Announcement: Final Rule on In-Use Testing Program for Heavy-Duty Diesel Engines and Vehicles, EPA420-F-05-021, June 2005, *available at* http://www3.epa.gov/otaq/regs/hd-hwy/inuse/420f05021.pdf.

[79] *Id.*

[80] *Id.*

[81] 40 C.F.R. § 86.1809.

[82] *See e.g.*, International Council on Clean Transportation, In-use emission testing of light-duty diesel vehicles in the U.S., May 30, 2015, *available at* http://www.theicct.org/sites/default/files/publications/WVU_LDDV_in-use_ICCT_Report_Final_may2014.pdf (noting that there is no regulatory requirement in the United States to verify compliance of Tier 2 vehicles for emissions standards over off-cycle tests such as on road emissions testing).

Specifically, the Center requests that EPA adopt regulations in 40 C.F.R. part 86 and/or 1066 requiring on-road emissions testing as part of the certification process necessary to introduce any vehicle type into U.S commerce. These regulations could emulate those required for heavy-duty highway engines, adjusted as necessary to accommodate testing parameters needed for passenger cars and lighter trucks, and require state-of-the art on-road emission testing technology.[83]

The Center also requests that EPA conduct immediate in-use testing of each make and model of diesel-powered motor vehicles sold in the United States since 2009 that have not already undergone such tests, and each make and model of other fossil fuel-powered motor vehicles sold in the United States since 2009[84] to ensure that emissions comply with relevant standards, and any additional violators are held accountable.

B. NHTSA Must Promulgate Regulations to Increase the Penalties for Violations of CAFE Standards

NHTSA must increase the penalty for violations of CAFE standards. As explained above, EPCA vests NHTSA with the authority to impose a civil penalty of five dollars per automobile for each 0.1 mile per gallon a car falls short of the standards.[85] EPCA also vests NHTSA with the authority to increase the penalty for violations, provided it first makes certain findings. These findings include that increasing the penalty "will result in, or substantially further, substantial energy conservation for automobiles in model years in which the increased penalty may be imposed; . . . will not have a substantial deleterious impact on the economy of the United States, a State, or a region of a State" and will not cause significant unemployment, a significant increase in automobile imports or adversely affect competition.[86]

NHTSA exercised its statutory authority to increase the maximum civil penalty to $5.50 for each 0.1 mile per gallon shortfall in 1997. But NHTSA has not increased the penalty since, nor has it been adjusted for inflation. It is no surprise then that NHTSA has repeatedly acknowledged that many companies choose to regularly pay the fines rather than comply with the standards.[87] Indeed, the Government Accountability Office ("GAO") has reported that because the fines for violations of the CAFE standards have not increased, "CAFE penalties may not provide a strong enough incentive for manufacturers to comply with CAFE."[88] In this way, EPCA has not been implemented to its full potential, and continuing technological innovation and reductions in greenhouse emissions are thwarted. However, the GAO also found that "stricter penalties" for "noncompliance could improve compliance with CAFE standards."[89]

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[83] *See* 40 C.F.R. part 1065 (emission testing requirements for heavy-duty highway vehicles).
[84] To the extent conducting these tests is not feasible, the Center alternatively requests that EPA conduct in-use testing of a significant portion of the top selling makes and models of motor vehicles in the United States.
[85] 49 U.S.C. § 32912(b).
[86] *Id.*
[87] GAO, Report to Congress, Vehicle Fuel Economy: NHTSA and EPA's Partnership for Setting Fuel Economy and Greenhouse Gas Emissions Standards Improved Analysis and Should Be Maintained, Feb. 2010, GAO-10-336, *available at* http://www.gao.gov/assets/310/301199 html.
[88] *Id.*
[89] *Id.*

Accordingly, the Center hereby requests that NHTSA promulgate regulations to increase the penalty for a violation of the CAFE standards. Specifically, the Center requests that NHTSA amend its regulation at 49 C.F.R. § 578.6(h)(2) to increase the penalty to the statutory maximum of $10 per 0.1 mile per gallon shortfall. The Center believes that NHTSA can easily make the requisite statutory findings in order to do so. Ensuring compliance with CAFE standards will promote competition by encouraging innovation and technological improvements, and will lead to economic benefits by reducing costly greenhouse gas emissions.[90] And the requested increase in the penalty is reasonable, as it is still below the statutory minimum adjusted for inflation. Specifically, the five dollar fine in 1975 adjusted for inflation would be roughly $22.15 today.[91]

IV. Conclusion

The transportation sector is the single largest source of air pollution and the second largest source of greenhouse gas emissions in the United States. While there are laws in place to attempt to reduce the impacts of these emissions by prescribing limits on the quantity of such emissions, the recent VW scandal reveals that car manufacturers often find ways to skirt such requirements. Improving testing procedures by requiring in-use testing of vehicles currently on the road, and on-road testing of all new motor vehicles in the future would help ensure emissions tests better reflect actual emissions, and thus provide a more accurate picture of whether car manufacturers are actually complying with emission standards. Similarly, increasing the penalties for a violation of the CAFE standards would incentivize compliance with fuel economy standards and reduce emissions of greenhouse gases from motor vehicles. All of these actions would promote the protection of public health, welfare and the environment by reducing dangerous emissions and reducing our dependency on dirty fossil fuels, as envisioned by the CAA and EPCA.

Sincerely,

/s/ Kristen Monsell

Kristen Monsell
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Oakland, CA 94612
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[90] *See e.g.*, Ker Than, *Estimated social cost of climate change not accurate, Stanford scientists say*, Stanford Report, Jan. 12, 2015, http://news.stanford.edu/news/2015/january/emissions-social-costs-011215.html (estimating the social cost of carbon to be $220 per ton rather than $37 as estimated by the government); *see also* Marten, A.L., and Newbold, S.C., *Estimating the social cost of non-CO2 GHG emissions: Methane and nitrous oxide*, 51 Energy Policy 957 (2012), available as EPA Working Paper No. 11-10 at http://yosemite.epa.gov/ee/epa/eed nsf/ec2c5e0aaed27ec385256b330056025c/f7c9fc6133698cc38525782b00556de1/$FILE/2011-01v2.pdf (estimating the social cost of nitrous oxide to be $4,300 to $33,000 per metric ton in 2015).

[91] U.S. Dep't of Labor, CPI Inflation Calculator, http://www.bls.gov/data/inflation_calculator htm.

To: Shepardson, David[DShepardson@detroitnews.com]
From: Grundler, Christopher
Sent: Thur 10/1/2015 2:54:27 PM
Subject: Re: Tweet by E.W. Niedermeyer on Twitter

Wtf?

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

On Oct 1, 2015, at 10:50 AM, Shepardson, David <DShepardson@detroitnews.com> wrote:

> **E.W. Niedermeyer**
> **(@Tweetermeyer)**
>
> 10/1/15, 10:49 AM
> WOW: French Economy Minister says the VW scandal was drummed up by Detroit via @BertelSchmitt
> dailykanban.com/2015/10/diesel…
> pic.twitter.com/dzsws9vVQe

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To: Shepardson, David[DShepardson@detroitnews.com]
From: Grundler, Christopher
Sent: Thur 10/1/2015 3:00:51 PM
Subject: Re: Tweet by E.W. Niedermeyer on Twitter

Fight in' words

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

On Oct 1, 2015, at 10:50 AM, Shepardson, David <DShepardson@detroitnews.com> wrote:

> **E.W. Niedermeyer**
> **(@Tweetermeyer)**
> 10/1/15, 10:49 AM
> WOW: French Economy Minister says the VW scandal was drummed up by Detroit via @BertelSchmitt
> dailykanban.com/2015/10/diesel…
> pic.twitter.com/dzsws9vVQe
>
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To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Shepardson, David
Sent: Thur 10/1/2015 3:01:24 PM
Subject: Re: Tweet by E.W. Niedermeyer on Twitter

Crazy stuff :)

Sent from my iPhone

On Oct 1, 2015, at 11:00 AM, Grundler, Christopher <grundler.christopher@epa.gov> wrote:

> Fight in' words
>
> Christopher Grundler, Director
> Office of Transportation and Air Quality
> U.S. EPA
> 202-564-1682 (DC)
> 734-214-4207 (Ann Arbor)
>
> On Oct 1, 2015, at 10:50 AM, Shepardson, David <DShepardson@detroitnews.com> wrote:
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> > **E.W. Niedermeyer (@Tweetermeyer)**
> > 10/1/15, 10:49 AM
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> > dailykanban.com/2015/10/diesel…
> > pic.twitter.com/dzsws9vVQe
> >
> > Download the Twitter app
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> Sent from my iPhone

To: Allnutt, David[Allnutt.David@epa.gov]; Anderson, Lea[anderson.lea@epa.gov]; Anderson, Steve[Anderson.Steve@epa.gov]; Aranda, Amber[aranda.amber@epa.gov]; Averback, Jonathan[Averback.Jonathan@epa.gov]; Belser, Evan[Belser.Evan@epa.gov]; Bianco, Karen[Bianco.Karen@epa.gov]; Bogoshian, Matthew[Bogoshian.Matt@epa.gov]; Branning, Amy[Branning.Amy@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Chapman, Apple[Chapman.Apple@epa.gov]; Choi, Jake[Choi.Jake@epa.gov]; Cozad, David[Cozad.David@epa.gov]; Crum, Lynda[Crum.Lynda@epa.gov]; Crystal, Roy[crystal.roy@epa.gov]; Davis, Julian[davis.julian@epa.gov]; Dickinson, David[Dickinson.David@epa.gov]; Dierker, Carl[Dierker.Carl@epa.gov]; Dolph, Becky[Dolph.Becky@epa.gov]; Doster, Brian[Doster.Brian@epa.gov]; Dubey, Susmita[dubey.susmita@epa.gov]; Dubois, Roland[Dubois.Roland@epa.gov]; Frey, Bert[frey.bertram@epa.gov]; Froikin, Sara[Froikin.Sara@epa.gov]; Giles-AA, Cynthia[Giles-AA.Cynthia@epa.gov]; Graham, Cheryl[Graham.Cheryl@epa.gov]; Harrison, Ben[Harrison.Ben@epa.gov]; Hoffman, Howard[hoffman.howard@epa.gov]; Hogan, Stephanie[Hogan.Stephanie@epa.gov]; Holmes, Carol[Holmes.Carol@epa.gov]; Igoe, Sheila[Igoe.Sheila@epa.gov]; Jordan, Scott[Jordan.Scott@epa.gov]; Kaplan, Robert[kaplan.robert@epa.gov]; Kataoka, Mark[Kataoka.Mark@epa.gov]; Klepp, Robert[Klepp.Robert@epa.gov]; Knapp, Kristien[Knapp.Kristien@epa.gov]; Lee, Michael[lee.michaelg@epa.gov]; Lovett, Lauren[Lovett.Lauren@epa.gov]; Mackey, Cyndy[Mackey.Cyndy@epa.gov]; Manners, Mary[manners.mary@epa.gov]; Marks, Matthew[Marks.Matthew@epa.gov]; Matthews, Julie[Matthews.Juliane@epa.gov]; McConkey, Diane[Mcconkey.Diane@epa.gov]; Mclean, Kevin[Mclean.Kevin@epa.gov]; Moore, Bruce[Moore.Bruce@epa.gov]; Morgan, Jeanette[Morgan.Jeanette@epa.gov]; Moyer, Robert[Moyer.Robert@epa.gov]; Muller, Sheldon[Muller.Sheldon@epa.gov]; Niebling, William[Niebling.William@epa.gov]; Nguyen, Quoc[Nguyen.Quoc@epa.gov]; Adair, Jocelyn[Adair.Jocelyn@epa.gov]; Odendahl, Steve[Odendahl.Steve@epa.gov]; Okoye, Winifred[Okoye.Winifred@epa.gov]; Orlin, David[Orlin.David@epa.gov]; Pastorkovich, Anne-Marie[Pastorkovich.Anne-Marie@epa.gov]; Roberts, Martha[Roberts.Martha@epa.gov]; Rodman, Sonja[Rodman.Sonja@epa.gov]; Rowland, John[Rowland.John@epa.gov]; Schaaf, Eric[Schaaf.Eric@epa.gov]; Schmidt, Lorie[Schmidt.Lorie@epa.gov]; Senn, John[Senn.John@epa.gov]; Shenkman, Ethan[Shenkman.Ethan@epa.gov]; Silverman, Steven[silverman.steven@epa.gov]; Smith, Kristi[Smith.Kristi@epa.gov]; Snyder, Doug[Snyder.Doug@epa.gov]; Srinivasan, Gautam[Srinivasan.Gautam@epa.gov]; Stahle, Susan[Stahle.Susan@epa.gov]; Starfield, Lawrence[Starfield.Lawrence@epa.gov]; Stern, Allyn[Stern.Allyn@epa.gov]; Tate, Ragan[Tate.Ragan@epa.gov]; Thrift, Mike[thrift.mike@epa.gov]; Tierney, Jan[tierney.jan@epa.gov]; Ting, Kaytrue[Ting.Kaytrue@epa.gov]; Tsirigotis, Peter[Tsirigotis.Peter@epa.gov]; Versace, Paul[Versace.Paul@epa.gov]; Vetter, Rick[Vetter.Rick@epa.gov]; Walker, Mike[Walker.Mike@epa.gov]; Ward, W. Robert[Ward.Robert@epa.gov]; Werner, Jacqueline[Werner.Jacqueline@epa.gov]; Wilcox, Geoffrey[wilcox.geoffrey@epa.gov]; Williams, Brent[Williams.Brent@epa.gov]; Williams, Melina[Williams.Melina@epa.gov]; Williamson, Timothy[Williamson.Tim@epa.gov]; Zenick, Elliott[Zenick.Elliott@epa.gov]; Wills, Jennifer[Wills.Jennifer@epa.gov]; Conger, Nick[Conger.Nick@epa.gov]; Blake, Wendy[Blake.Wendy@epa.gov]; Schramm, Daniel[Schramm.Daniel@epa.gov]; Vergeront, Julie[Vergeront.Julie@epa.gov]; Tozzi, Lauren[Tozzi.Lauren@epa.gov]; Coursen, David[Coursen.David@epa.gov]; Pilchen, Zach[Pilchen.Zach@epa.gov]; Skinner-Thompson, Jonathan[Skinner-Thompson.Jonathan@epa.gov]; Vijayan, Abi[Vijayan.Abi@epa.gov]; Roder, Aileen[Roder.Aileen@epa.gov]; Walker, Denise[Walker.Denise@epa.gov]; Caballero, Kathryn[Caballero.Kathryn@epa.gov]; Thompson, Christopher[Thompson.Christopher@epa.gov]; Williams, Christopher[Williams.Christopher@epa.gov]; Matthew, Dayna[Matthew.Dayna@epa.gov]; Reid, Lauren[Reid.Lauren@epa.gov]; Sweet, Andrew[Sweet.Andrew@epa.gov]; Hammons, Jeffrey[Hammons.Jeffrey@epa.gov]; Morris, Rachel[Morris.Rachel@epa.gov]; Nguyen, DucH[Nguyen.DucH@epa.gov]; Jordan, Deborah[Jordan.Deborah@epa.gov]; Charlton, Tom[Charlton.Tom@epa.gov]; Kulschinsky, Edward[Kulschinsky.Edward@epa.gov]; Portmess, Jessica[Portmess.Jessica@epa.gov]; kaminer, joan[Kaminer.Joan@epa.gov]; Kryman, Matthew[Kryman.Matthew@epa.gov]
From: Turley, Jennifer
Sent: Thur 10/1/2015 3:42:12 PM

Subject: Air & Radiation Law News for October 1, 2015

Air & Radiation Law News

for October 1, 2015

Bloomberg BNA Daily Environment Report™

Air Pollution

Updated Ozone Transport Proposal Under OMB Review

The White House Office of Management and Budget is reviewing a proposal to update requirements for states to control emissions of ozone precursor emissions that cross state lines and affect downwind areas....

Budget

Congress Clears Funding Bill Minus Environmental Riders

A short-term federal spending bill without policy provisions that affect environmental programs cleared both chambers of Congress with hours to spare before a government shutdown....

Climate Change

Whitehouse Sees GOP 'Epiphanies' on Climate Change

Republican presidential candidates will have to talk seriously to voters about how they will address climate change before the 2016 elections, and that will create an opening for renewed discussion of a carbon fee, Sen. Sheldon Whitehouse...

Climate Policy

California Draft Targets Short-Lived Climate Pollutants

California unveiled a draft plan Sept. 30 to reduce emissions of methane and fluorinated gases 40 percent from 2013 levels by 2030 and cut non-forest black carbon emissions in half by the same date....

Climate Regulation

D.C. Circuit Won't Rehear Early Clean Power Plan Lawsuits

A federal appeals court has said it will not rehear an initial volley of challenges from states and several industry groups to the Environmental Protection Agency's Clean Power Plan (In re Murray Energy Corp., D.C. Cir., No. 14-1112, 9/29/15;...

Energy

British Lord Using Wi-Fi to Power Pollution Sensor

We are surrounded by "electrosmog"—invisible clouds of electromagnetic radiation that enable the mobile and Wi-Fi networks we all rely upon. If you know how to capture it, there is also enough extra to power small devices....

Energy

House Panel Approves Energy Bill, Overrules Democrats

The House Energy and Commerce Committee voted Sept. 30 to approve a broad energy bill after a marathon markup session during which scores of Democratic amendments were defeated. ...

Energy

Southern Co. Faces $234 Million Tax Bill on Kemper Delays

Southern Co. may be on the hook for about $234 million in payments to the Internal Revenue Service after saying on Sept. 29 that it doesn't expect its Kemper clean-coal power plant to be in service by April 19....

Energy

TransCanada to Seek State Approval for Keystone XL Route

TransCanada Corp. announced Sept. 30 that it will go through the Nebraska Public Service Commission rather than the courts in seeking approval for its proposed route for the Keystone XL pipeline through the state....

International Climate

Japan to Consider Emissions Trading: Environment Minister

Japan may consider introducing a national carbon emissions trading system, following announcements on China's plan to start a similar program to tackle climate change....

International Climate

The $100 Billion Question on Climate Starts to Find Answer

Industrial nations are starting to answer the question of how they will scale up aid for projects that curb global warming, unleashing development banks to help catalyze investment....

Storage Tanks

New York Publishes Final Bulk Storage Rules

The New York State Department of Environmental Conservation (DEC) will have authority to prohibit deliveries of petroleum and chemicals to tank storage systems that are in significant noncompliance with bulk storage regulations, under...

Taxes

BGOV Analysis: Wind Production Tax Credit Lobbying

Congressional discussions on whether to extend or eliminate the wind production tax credit (PTC) present a business opportunity for lobbying firms on both sides of the debate....

Vehicle Fuels

Global Group Formed to Advance Deployment of ZEVs

California and six other states have joined an international group to advance the use of zero-emission vehicles around the globe....

INTERVIEW

Sustainability

Steve Howard on How Ikea Is Assembling a More Sustainable Future

Ikea Group, the world's biggest home-furnishings retailer, has been going all-out on energy efficiency and renewable energy, from its recent move to sell only light-emitting diode (LED) lamps and bulbs in its stores by 2016 to its pilot...

Inside EPA's **Weekly Report**, 10/02/2015

http://insideepa.com/newsletters/inside-epa

Latest News

Wilson Center Finds Limited Federal Research On Synthetic Biology Risk

A new report from the Wilson Center's Synthetic Biology (synbio) Project finds federal agencies spending little on environmental and health risk research related to nascent synbio technologies, despite the growing number of applications EPA has received seeking permission to test or produce synbio products in recent years.

States Face Federal ESPS Plan If They Miss 2016 Deadline, McCabe Warns

Acting EPA air chief Janet McCabe is warning that states that fail to meet a September 2016 deadline for submitting "initial" compliance plans under EPA's greenhouse gas controls for existing power plants will face a federal plan soon thereafter, which she said is consistent with the agency's statutory obligations.

California District Aims To Build Support For Plan To Overhaul Clean Air Act

Officials with California's San Joaquin Valley air district authorizing staff to try and build public support for their five-point plan for how Congress should overhaul and relax the federal Clean Air Act, though environmentalists say the plan failed to undergo a necessary public vetting process and will weaken air pollution protections.

News Briefs

3rd Circuit Faults State's EPA-Approved Haze Plan

The U.S. Court of Appeals for the 3rd Circuit has ruled to partially reject EPA's approval of Pennsylvania's state implementation plan (SIP) for reducing haze-forming emissions, saying the agency wrongly overlooked errors and omissions by state air regulators based on a theory of "harmless error" that the court says is mistaken.

OMB Starts Review Of EPA Ozone Transport Rule

The White House Office of Management & Budget (OMB) has started its review of a proposed EPA rule to curb interstate transport of ozone-forming emissions that aims to help states attain the agency's 2008 ozone standard, while the agency is poised to issue a decision under an Oct. 1 judicial deadline on tightening the standard.

Greenwire

WATER POLLUTION:

EPA finalizes long-awaited power plant discharge rule

Katherine Ling, E&E reporter

Published: Wednesday, September 30, 2015

U.S. EPA today gave owners of coal-fired power plants a bit of breathing room under long-awaited final standards that raise the bar for cutting toxic metal discharge.

The final rule announced today updates for the first time in 30 years federal limits on toxic metals in power plant discharge wastewater but allows industry more time to coordinate how it will comply with these new standards and a rule governing coal ash released at the end of last year, EPA said.

The original 1982 rule focused on solid particulates rather than dissolved pollutants like mercury, lead, selenium and other heavy metals, many of which do not break down for years.

The new rule is "strong but achievable" and "provides flexibility" by creating a phased-in approach to the new requirements between 2018 and 2023, Ken Kopocis, EPA's deputy assistant administrator for water, said today during a call with reporters about the new rule.

It will "allow industry to make rational decisions" about where to make investments related to fuel changes or how to handle waste, Kopocis said.

Steam electric power plants are responsible for more than half of all toxic pollutants poured into surface waters by all industrial categories regulated by the Clean Water Act, or about 5.5 billion pounds of wastewater, according to EPA.

The agency estimates the new rule will cut 1.4 billion pounds of toxic pollutant discharge from electric power plants at a price tag of $480 million per year. It will also reduce water withdrawal by power plants by 57 billion gallons per year, providing an estimated annual benefit of $463 million.

A proposed rule issued in 2013 would have cut up to 2.6 billion pounds of pollutants, but compliance costs for industry could have skyrocketed to $954 million per year.

The final rule borrows heavily from what was described at "option 4" under the proposed rule, controversially including the need for plants producing more than 50 megawatts of power to put fly ash and "bottom ash" -- waste left at the bottom of the boiler -- in landfills, known as dry handling, and providing additional compliance time if owners put in more advanced technology (*Greenwire*, Sept. 29).

"This is a major step forward for protecting the health of American families, especially our kids," Kopocis said.

It is "based on readily available technology that many in the industry already use today while producing affordable power," Kopocis said, noting that 134 plants of 1,080 current plants would incur costs to meet the new requirements, and the requirements would add "pennies" to monthly household power bills.

Environmental groups welcomed the new rule.

"We don't drive cars or fly airplanes based on 1982 safety standards, so why should we allow power plants to dump poisons into our waters under such outdated standards?" Earthjustice attorney Thomas Cmar said in a statement. "Today's rule finally ends the decades-old industry practice of using massive amounts of water to move toxic waste out of power plants and into unlined impoundments, which ultimately goes into our rivers, lakes and streams. This rule is a big step forward, and we stand prepared to help defend against any industry attempts to weaken it."

Dalal Aboulhosn of the Sierra Club said the rule is "a major step in making sure our waterways are not only safe to swim and boat in, but also safe to fish from and use as drinking water."

A 2013 report from a coalition of green groups found that 70 percent of coal-fired power plants' permits had no discharge limits for toxins that are linked with neurological damage, cancer and fish die-offs. More than a quarter of the plants the groups looked at were releasing such metals into waterways that were already declared impaired (*E&ENews PM*, July 23, 2013).

Reporter Annie Snider contributed

NUCLEAR WASTE:

House Ag chairman's bill could draw big cash to district

Hannah Northey, E&E reporter

Published: Wednesday, September 30, 2015

The Republican chairman of the House Agriculture Committee unveiled legislation late last night that could bring hundreds of millions of dollars to a controversial nuclear waste storage company in his West Texas district.

Rep. Michael Conaway's bill, the "Interim Consolidated Storage Act of 2015," would authorize the Energy secretary to move forward with temporary sites to store nuclear waste with interest generated from the Nuclear Waste Fund.

The NWF is a pot of money exceeding $30 billion that consists of fees from nuclear customers and was intended to be used to build the controversial and now-stalled Yucca Mountain nuclear waste repository in Nevada.

Conaway's measure would amend the Nuclear Waste Policy Act of 1982 to authorize the secretary to enter into contracts for the storage of certain high-level radioactive waste and spent nuclear fuel, take title to the material, and use interest from the Nuclear Waste Fund to move forward with interim storage sites.

Co-sponsors of the bill include a host of Texas Republicans: Reps. Sam Johnson, Randy Neugebauer, Blake Farenthold, Kay Granger, Kenny Marchant, John Culberson, Lamar Smith and John Carter, as well as Rep. Darrell Issa (R-Calif.). Democrats backing the language are Reps. Joe Courtney of Connecticut, Doris Matsui of California, Chellie Pingree of Maine and Gene Green of Texas.

The language could benefit Waste Control Specialists, a Texas company whose former owner, billionaire Harold Simmons, once dubbed President Obama the most "dangerous man in America." Dallas-based WCS has been working with Conaway's office on the legislation and last night applauded the bill's introduction.

"This is another significant step in a process to provide a mechanism that will give the U.S. Department of Energy the necessary ability to enter into contracts with private companies with the ability to provide interim storage of spent nuclear fuel," WCS spokesman Chuck McDonald said in an email. "This is an important development in the efforts to establish an interim solution to a national issue -- material currently stranded at nuclear facilities across the country."

WCS has said in the past that the bill will not affect funding for Yucca Mountain because it would only use interest from the Nuclear Waste Fund. WCS is planning to ask the Nuclear Regulatory Commission next year for a license to build an interim storage site in Andrews County, about 350 miles west of Dallas. The site is within Texas' 11th District, which Conaway represents.

WCS is at the forefront of a small group of project developers hoping to temporarily store nuclear waste for the Energy Department, thereby securing the federal government as a top customer. DOE has expressed interest in moving forward with interim storage as a way to stave off costly lawsuits the agency faces for failing to uphold 1980s agreements to take possession of waste piling up at reactors across the country.

Damages could be more than $20 billion by 2020 and up to $500 million annually after 2020, according to the Nuclear Energy Institute.

Also interested in hosting an interim site is the Austin energy company AFCI Texas LLC, which has

proposed to build a facility in Culberson County in West Texas. Holtec International Inc. has also said it intends to move forward with an underground storage facility in southeastern New Mexico, where the government could store casks of used fuel (*E&E Daily*, April 30).

Still, WCS appears to be in the lead, as New Mexico's Democratic senators have voiced opposition to the project in the Land of Enchantment, and residents living near the site of AFCI Texas' proposed project have voiced concerns about it.

Rep. John Shimkus (R-Ill.), the leading House advocate for opening Yucca, has said Conaway's legislation can be part of the answer, just as long as Yucca Mountain remains on the table and is linked to interim storage sites.

Issa, a co-sponsor of the bill, released legislation yesterday that would link up communities housing unwanted nuclear waste with regions of the country willing to host a storage facility.

Issa also made clear his bill wouldn't change the fate of Yucca but would ensure that waste sitting at shuttered reactors -- like the San Onofre units in his district -- is stored someplace safe (*E&E Daily*, Sept. 30).

Issa's bill would rely on interest the Nuclear Waste Fund generates, not the fund itself.

ENERGY POLICY:

GOP defeats host of Dem proposals to sweeping House package

Hannah Northey, E&E reporter

Published: Wednesday, September 30, 2015

Republicans on the House Energy and Commerce Committee today defeated a slew of Democratic proposals for revising a comprehensive energy package as bipartisan relations continued to fizzle along with the bill's chances.

Energy and Commerce Chairman Fred Upton (R-Mich.) repeatedly said he was hopeful the package would make it to President Obama's desk despite opposition from top Democrats on the committee.

"If it somehow gets stalled, I will come back to it," Upton said. "Let's just try and get this done."

But Energy and Commerce ranking member Frank Pallone (D-N.J.) shot back, saying the bill is not headed to the president's desk. He expressed concern again with a manager's amendment Upton unveiled yesterday to H.R. 8, the "North American Energy Security and Infrastructure Act of 2015," with a host of changes addressing exports of domestic gas, the nation's power markets and grid reliability (*Greenwire*, Sept. 29).

"What the committee is doing with the substitute today is going in the direct opposite direction if you're looking to get the president to sign the bill," Pallone said.

Bipartisan efforts to move the bill forward appeared to wane weeks ago after the committee delayed a markup of the bill, with top Republicans outlining sticking points. Those divisions were on full display today as Pallone and other Democrats opposed proposals from their Republican colleagues.

At publication time, the panel was still debating the more than 40 amendments filed to the bill, the majority

of which are sponsored by Democrats.

Grid reliability

The committee today voted 27-22 to defeat language Pallone proposed to scrap a provision in the bill that would require the Federal Energy Regulatory Commission and the country's grid operators to analyze the effects of complying with any proposed or final federal rule costing more than $1 billion and affecting generating units.

Those rules would include environmental rules such as the Clean Power Plan, which has become a target for Republicans. Under the bill, FERC and system operators would need to complete an independent review of how a rule would affect reliability, the nation's energy mix, wholesale markets, and infrastructure like transmission and gas pipelines.

Pallone argued that U.S. EPA's rules had not caused reliability issues and shouldn't be the target of the energy bill.

But Energy and Power Subcommittee Chairman Ed Whitfield (R-Ky.), who yesterday announced plans to retire at the end of the 114th Congress, argued the language was critical to securing the country's energy supplies. Whitfield said the section was one of four that caused bipartisan collaboration on the bill to fail.

EPA, he added, has been active in an unprecedented way because of Obama's climate goals, and the final bill should look at reliability.

"FERC has come up here and testified on these regulations -- from EPA and other agencies -- and said EPA particularly doesn't talk to them about the impact on reliability of these rules," Whitfield said.

Capacity markets

Republicans defeated 26-22 an amendment Democratic Rep. Joe Kennedy of Massachusetts introduced to scrap language in the bill that would require FERC to study whether the country's capacity markets are ensuring that sufficient generation is built.

Kennedy argued that language in the manager's amendment requiring the FERC study would do much more, possibly entering new data into the filing process at FERC and requiring grid operators to make changes before such markets are fully understood. Capacity prices in New England, Kennedy said, have surged from $1 billion to $4 billion in recent years without significant new construction. He said the language requiring the study was too vague and could do more harm than good.

Rep. Peter Welch (D-Vt.) supported Kennedy's amendment and called for additional oversight hearings on capacity markets, noting that the American Public Power Association opposed the original language and agreed the FERC "study" could force grid operators to make changes based on what they find. Welch also said the language was skewed toward fuels that Republicans favor.

"The definition is clearly skewed to favor coal and nuclear resources," he said.

House Republicans, on the other hand, argued that they had significantly watered down the language to appease Democrats and that it was critical to touch on reliability in the final energy bill.

The committee also defeated 27-22 an amendment from Rep. Paul Tonko (D-N.Y.) that would have added an impact analysis to the original study the bill calls for, which he said would allow grid operators to comment on any problems with adopting the energy bill's definition of reliability.

Rep. Mike Doyle (D-Pa.), who voted against Tonko's amendment, said the committee should have had more time and warned the issue is critical because nuclear reactors competing with cheap natural gas are retiring. That, in turn, could degrade his state's ability to meet new climate goals under the Clean Power Plan. Doyle said many Democrats are sensitive to the issue of baseload generation but had little time to digest more than 100 pages of amendments added within the past 24 hours.

"If this bill has any chance of becoming law, and as it's written right now it doesn't, sometime between now and floor time ... we need to sit down" and discuss reliability, Doyle said.

Consumer-side technologies

The committee approved 28-21 an amendment from Rep. Mike Pompeo (R-Kan.) that would require state utility regulators to evaluate -- and make public within 90 days -- whether any subsidies for consumer-side technologies such as rooftop solar or electric vehicle charging stations are providing benefits for consumers.

Pompeo argued that ratepayers deserve to know what benefits they are receiving. "Rooftop solar and energy charging stations are fine," Pompeo said, adding that "we just need to be honest" with ratepayers about the costs.

But Pallone said the amendment would hinder the development of a technology that cuts carbon emissions.

"I think we need to encourage and support the solar industry," he said.

Hydropower

The committee approved by voice vote a bipartisan amendment that Reps. Cathy McMorris Rodgers (R-Wash.) and Jerry McNerney (D-Calif.) introduced to bolster hydropower, but only after Pallone voiced his opposition.

McMorris Rodgers and McNerney argued that federal licensing of hydro projects is taking too long even though they provide valuable, carbon-free power. McNerney said the language reflected compromise on both sides of the aisle that stands to make licensing move faster.

The amendment, a result of months of negotiations, would direct FERC to consult with agencies and tribes in developing a schedule for all federal approvals of nonfederal hydropower, and would authorize the U.S. courts of appeals to grant limited extensions of time as may be requested by agencies and tribes. The bill would also, among other things, expedite the licensing process for closed-loop pumped storage projects and establish an expedited FERC license amendment approval process for increasing hydropower capacity or efficiency.

But Pallone voiced his objection to the amendment, saying the language would give too much authority to FERC and other agencies while overlooking critical environmental protections.

"The problem is the language in this amendment has not been the subject of hearings or even circulated in the public prior to this hearing," he said, adding that farmers', conservationists' and other stakeholders' interests would be trampled. "This is a massive expansion of federal authority."

Strategic Petroleum Reserve

The committee rejected a Pallone amendment that would have increased authorized spending levels to modernize the Strategic Petroleum Reserve and for a grant program to boost the resiliency of electric infrastructure.

Pallone said increasing the funds may help eventually sway the White House toward signing the bill.

Upton said that Pallone's plan "was not a bad amendment" but that he was unable to support the proposed levels at the time.

"I'll let you know the door is definitely not shut," he told Pallone.

Reporter Geof Koss contributed.

APPROPRIATIONS:

Senate clears spending bill, sets up House action

Manuel Quiñones, E&E reporter

Published: Wednesday, September 30, 2015

The Senate approved legislation this morning to keep the federal government funded through Dec. 11, just hours before a potential shutdown.

The Senate voted 78-20 in favor of the continuing resolution despite pleas from conservative Republicans to defund the nonprofit Planned Parenthood over abortion concerns.

Beyond keeping the government open, the bill would provide emergency wildfire suppression funds. The House is scheduled to follow the Senate with a vote later this afternoon.

Beyond the current action, Senate Majority Leader Mitch McConnell (R-Ky.) said he will continue pushing for Congress to pass a series of yearlong appropriations bills. Next up, he said, is legislation to fund military construction and veterans' issues for fiscal 2016.

Democrats have been stalling spending bills from moving forward in the Senate, demanding instead talks toward a bipartisan budget agreement. McConnell hopes the military and veterans bill is too politically sensitive to block.

McConnell said this morning, "It's not right for [Democrats] to again force America into another short-term funding situation like this."

Both McConnell and Senate Democratic Leader Harry Reid (D-Nev.) have promised to engage in talks over spending levels for the next two years.

Reid said, "We should have started this process months ago. Better late than never. Hallelujah. Here we're ready to negotiate."

FEDERAL WORKFORCE:

Shutdown pay bill introduced in House

Kevin Bogardus, E&E reporter

Published: Wednesday, September 30, 2015

Reps. Don Beyer (D-Va.) and Rob Wittman (R-Va.) have introduced legislation that would ensure back pay for federal employees in the event of a government shutdown.

H.R. 3635, the "Federal Employee Retroactive Pay Fairness Act," would secure pay for government workers who would see their salaries suspended if there were a lapse of funding and agencies had to close their doors. The lawmakers introduced the bill yesterday and already have another 67 co-sponsors in support of the legislation.

Lawmakers have battled over whether to include federal funds in the government spending bill for reproductive health group Planned Parenthood -- seemingly threatening a governmentwide shutdown in the process. Nevertheless, the House is poised to pass a stopgap funding measure today before the government runs out of money (*see related story*).

In a statement, Beyer said Congress should not "jeopardize" federal employees' financial security.

"Federal employees have financial obligations just like everyone else. Congress must not jeopardize their financial security yet again," Beyer said. "This bipartisan legislation ensures that these public servants are made whole if Congress cannot keep our government running."

Wittman said, "It is critical to protect these public servants and their families from this uncertainty, and at the same time to bring accountability to the way Congress carries out its business. Long-term vision is necessary for ending this recurring cycle of governing by crisis."

In announcing the bill, both Beyer's and Wittman's offices noted that the lawmakers' Virginia districts are home to roughly 120,000 federal employees altogether.

Federal worker unions such as the American Federation of Government Employees and the National Treasury Employees Union have voiced support for the bill.

Sen. Ben Cardin (D-Md.) has introduced similar legislation in the upper chamber. His bill would guarantee pay for furloughed federal employees and was cheered by unions, as well (*E&E Daily*, Sept. 17).

RAIL:

Bill would extend installation deadline for safety system

Sean Reilly, E&E reporter

Published: Wednesday, September 30, 2015

Freight and commuter railroads would get another three years to implement the automated safety system known as positive train control under a bipartisan bill introduced today by leaders of the House Transportation and Infrastructure Committee.

The bill, H.R. 3651, would push back this year's Dec. 31 implementation deadline until the end of 2018; under somewhat different conditions, the Senate has already approved a three-year extension as part of H.R. 22, a reauthorization of road, rail and transit programs passed in July.

Congress set the current deadline in a 2008 law signed soon after a collision between freight and commuter trains killed 25 people in the Los Angeles area. Despite the seven-year window, most railroads can't meet the existing timetable, with some large freight carriers warning they will halt passenger traffic and some chemical shipments on their tracks after December for fear of the potential liability (*E&E Daily*, Sept. 17).

In a news conference yesterday, Transportation Secretary Anthony Foxx said many of the industry's concerns appear to be legitimate but reiterated that his agency will enforce the existing deadline "absent some congressional action."

In news releases accompanying today's bill introduction, House T&I leaders described more time for positive train control implementation as essential. They are proceeding with stand-alone legislation after hopes of moving a broader surface transportation authorization measure that would include an extension faltered over money issues.

"Railroads must implement this important but complicated safety technology in a responsible manner, and we need to give them the necessary time to do so," said Rep. Bill Shuster (R-Pa.), the committee's chairman.

The panel's top Democrat, Rep. Peter DeFazio of Oregon, voiced disappointment that the extension is needed, adding that he hoped the committee would soon take up the broader reauthorization measure that would include further safeguards on transportation of hazardous materials.

Also co-sponsoring the bill are Reps. Jeff Denham (R-Calif.) and Michael Capuano (D-Mass.), the chairman and ranking member, respectively, of the T&I Subcommittee on Railroads, Pipelines and Hazardous Materials.

Positive train control (PTC) is an umbrella term for an approach that uses a central dispatch office and wireless signals to stay in touch with a locomotive's computer and thus serve as an automated safety backup to the engineer. Railroads have cited the cost, regulatory snarls and technological hurdles as reasons for their inability to meet the existing deadline.

The new House bill would also grant the Department of Transportation the authority to phase in PTC implementation, an option the Obama administration prefers in lieu of a blanket rollback of the current deadline. Under certain conditions, individual railroads could qualify for additional extensions up until the end of 2020.

In a statement, Senate Commerce, Science and Transportation Chairman John Thune (R-S.D.), who has been leading the legislative push for an extension, said he is committed to working out a deal.

"Our country's economy cannot afford the significant disruptions that will occur if we don't act soon," Thune said. "Reaching an agreement and passing legislation in the coming weeks is the only way to avert a rail service shutdown."

In a separate statement, Ed Hamberger, the head of the Association of American Railroads, said he looked forward to working with House and Senate leaders "to quickly get the PTC extension across the finish line and to the President's desk for signature."

HOUSE:

GOP sets leadership elections for next week

Daniel Bush, E&E reporter

Published: Wednesday, September 30, 2015

House Republicans next week will hold their caucus's leadership elections.

Retiring House Speaker John Boehner (R-Ohio) announced today that the race for speaker and other leadership posts will be held Oct. 8, giving candidates one week to shore up support in a deeply divided GOP conference.

"After consulting with our conference, a large majority of our members have made clear they want these elections held next week," Boehner said in a statement.

Majority Leader Kevin McCarthy (R-Calif.) is widely expected to win the speaker's race against Rep. Daniel Webster (R-Fla.), though some members of the House GOP's conservative wing insist McCarthy doesn't have the 218 votes needed to clinch the race.

"It's clear that McCarthy doesn't have 218 votes yet," Rep. Thomas Massie (R-Ky.) said last night after House Republicans held a closed-door meeting on the caucus's future (*E&E Daily*, Sept. 30).

But others said McCarthy has the speaker's race locked up.

"I would be shocked if he does not [win]. I think he has the support of the vast majority" of the conference, Rep. Chris Stewart (R-Utah) said after the meeting.

The races for other leadership posts are less predictable, however. Majority Whip Steve Scalise (R-La.) and Budget Chairman Tom Price (R-Ga.) are vying to replace McCarthy as majority leader. Price received a boost earlier this week when powerful Ways and Means Chairman Paul Ryan (R-Wis.) endorsed him for the House GOP's No. 2 post.

Chief Deputy Whip Patrick McHenry (R-N.C.), Rules Chairman Pete Sessions (R-Texas), and Reps. Dennis Ross (R-Fla.) and Markwayne Mullin (R-Okla.) are running for majority whip.

The elections will be held less than two weeks after Boehner shocked the political world by announcing he would retire Oct. 30 (*Greenwire*, Sept. 25).

OIL:

Enviro leader floats crude exports deal

Daniel Bush, E&E reporter

Published: Wednesday, September 30, 2015

The chief of a top environmental group floated a compromise deal today that would lift the ban on crude oil exports in exchange for conservation measures and support for renewable energy production.

National Wildlife Federation CEO and President Collin O'Mara said his group would be more open to a House bill that would end the decades-old ban if lawmakers attached a wish list of environmental priorities, including language reauthorizing the Land and Water Conservation Fund and a provision extending renewable energy tax credits.

"With momentum appearing to build on both sides of the aisle for repealing export restrictions, Congress should insist that it be coupled with conservation measures to mitigate the impact of expanded oil development on wildlife and natural resources," O'Mara wrote in an op-ed published in *The Wall Street Journal* yesterday.

Specifically, O'Mara called for more funding to restore wildlife habitat, arguing it would give industry "greater regulatory certainty by reducing future listings under the Endangered Species Act."

House and Senate lawmakers should also reauthorize the LWCF, a program created in 1965 that is set to expire today if Congress doesn't act, O'Mara said.

O'Mara also waded into the debate over renewable energy tax credits, saying that extending incentives for clean energy would help lower carbon emissions.

"While [NWF] has deep concerns about lifting the ban on oil exports, the conservation measures outlined here would help secure the future of America's wildlife and our outdoor heritage," O'Mara wrote.

His op-ed comes as House lawmakers are set to move forward on a stand-alone bill that would lift the crude export ban.

AIR POLLUTION:

Exemption may stymie criminal case against Volkswagen

Published: Wednesday, September 30, 2015

Federal prosecutors may face challenges in bringing criminal charges against Volkswagen AG over its role in an emissions testing scandal because of exemptions in the Clean Air Act.

No automaker has ever faced criminal charges for skirting emissions standards. In part, that's because of a carve-out from criminal penalties inserted in the Clean Air Act of 1970 by industry-friendly lawmakers. That could force prosecutors to turn to other criminal statutes, such as charging Volkswagen with lying to regulators.

Sen. Richard Blumenthal (D-Conn.) pledged to introduce legislation to close the exemption. Rep. Fred Upton (R-Mich.), chairman of the House Energy and Commerce Committee, has called for hearings on the matter.

Former Rep. John Dingell (D-Mich.), a supporter of the auto industry who helped pass the Clean Air Act, said it was appropriate to focus on civil penalties.

"It's easier, speedier, quicker," Dingell said.

Volkswagen will still face significant enforcement action, he said.

"The cost to Volkswagen is going to be unbelievable," Dingell said. "The risk of them going out of business is very real" (Harder/Viswanatha, *Wall Street Journal*, Sept. 29). **-- SP**

CLEAN POWER PLAN:

Court rejects latest salvo from EPA foes

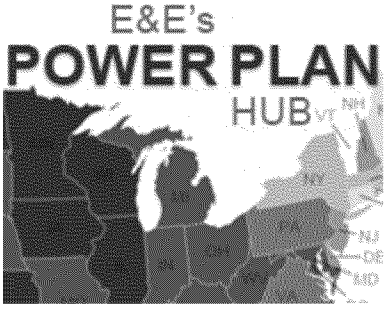
Robin Bravender, E&E reporter

Published: Wednesday, September 30, 2015

Federal judges have rebuffed the latest pre-emptive legal strike against U.S. EPA's landmark greenhouse gas standards for power plants.

The U.S. Court of Appeals for the District of Columbia Circuit yesterday denied requests from states and industries to reconsider the court's decision allowing the Obama administration to move ahead with its high-profile, contentious power plant regulations.

In another blow to EPA's opponents, judges also rejected a procedural maneuver that appeared to be aimed at keeping the same three Republican-appointed judges overseeing legal challenges to the rule.



In short orders issued yesterday, the court rejected requests for a rehearing en banc -- before all of the circuit's judges -- after a three-judge panel decided in June that the court wouldn't rule on the legality of the standards until they were finalized. The court rarely grants such rehearings, and the request was seen as a long shot (*Greenwire*, June 9).

The EPA rule has since been finalized but hasn't yet been published in the *Federal Register*, which will trigger a timeline for challenging the rule in court.

The appeals court judges also rejected requests to effectively put the legal challenges to EPA's proposed rule on ice until the final rule is published. EPA's challengers, including more than a dozen states led by West Virginia, said they plan to eventually challenge the final rule, and that keeping state and industry cases alive would save "substantial resources" for the court and the parties involved and allow for a speedier resolution.

That request, however, was widely viewed as an attempt by challengers to retain the three judges involved in the challenges to EPA's proposed rule. Brett Kavanaugh, Thomas Griffith and Karen Henderson were appointed by Republican presidents, and Kavanaugh in particular has a track record of ruling against EPA in high-profile cases (*Greenwire*, Aug. 14).

The court said in separate short orders yesterday that the challengers' request for a "stay of the mandate" in the case was denied.

Attorneys representing EPA told the court last month that despite petitioners' arguments that they wanted to "consolidate their planned future challenges to the final rule with these challenges to the proposed rule," they had offered "no legitimate basis for departing from established jurisdictional and judicial review principles in this manner."

The administration urged the court to dismiss the case, warning that linking challenges to EPA's final rule and previous court proceedings would "only invite all manner of premature challenges to proposed agency rules with the aim of gaining some perceived tactical advantage."

The court also last month denied states' "emergency motion" to consolidate another court challenge to EPA's power plant rule with the challenge to the proposal -- another effort to keep the three-judge panel overseeing the issue (*Greenwire*, Aug. 20).

BIOFUELS:

Biodiesel can help slash U.S. carbon emissions -- report

Amanda Reilly, E&E reporter

Published: Wednesday, September 30, 2015

Biodiesel can contribute significantly to U.S. carbon dioxide reduction goals, according to a new analysis released by the industry's main trade group.

The report conducted by Bates White Economic Consulting found that boosting biodiesel production would represent nearly 20 percent of the transportation sector's share of the United States' climate commitment by 2025.

"The bottom line is that, for a relatively small industry, biodiesel packs a powerful punch," said Ben Evans, a spokesman for the National Biodiesel Board, which commissioned the study.

NBB provided a summary presentation of the report to *Greenwire*.

Biodiesel, considered an advanced biofuel under the federal renewable fuel standard, is made from soybean oil, used cooking grease and animal fats. The United States last year used about 1.8 billion gallons of the fuel.

The analysis comes ahead of the December negotiations in Paris, where world leaders are hoping to emerge with a new international climate change accord. President Obama has pledged that the United States will reduce emissions by 26 to 28 percent by 2025 compared with 2005 levels.

According to the Bates White report, increasing biodiesel production by 350 million gallons a year between now and 2025 would represent 18 percent of transportation's share of that goal, or 5 percent of the economywide CO2 reduction that is needed.

The reduction would be equivalent to removing 11.5 million cars from U.S. highways, the report found.

The National Biodiesel Board said the data should prompt EPA to consider more aggressive biodiesel targets in its proposal earlier this year to set multiyear renewable fuel standard mandates.

POLITICS:

'Democracy has been hacked' by industry -- Al Gore

Published: Wednesday, September 30, 2015

Former Vice President Al Gore had some choice words for politicians who block efforts to combat global warming.

"Our democracy has been hacked," the environmental advocate and former presidential hopeful said during an interview in Miami. "Large contributors call the shots, and the politicians who are beholden to them respond to their instructions to jump by asking how high."

Gore was in Florida this week as part of a three-day climate science training session aimed at garnering support prior to the U.N. climate talks in Paris in November. The training, which aims to form a "climate corps," drew a crowd of 1,200.

Gore attacked the industry for creating political divides on an issue where science should take precedence.

"The carbon polluters ensured that. They give lots and lots of money in order to buy that polarization, and they attack anyone who supports climate science. They vilify anyone who advocates limitations on using the atmosphere as an open sewer," he said. "They get furious at anybody who tries to change things and make them more rational and sane. And so they've made it polarized."

While Gore lambasted politicians, he said that he is more than willing to meet with those who want to learn more.

That includes Florida Gov. Rick Scott (R), who last year originally refused to meet with climate scientists.

"I'm not sure he would be interested in hearing anything that I would have to say, honestly. I don't know the man, so maybe I shouldn't jump to that conclusion. But that's my impression," Gore said. "If he was genuinely interested in having a conversation about this, I would certainly do it."

Gore also said that though the political system is broken, there is hope in social media, which has the ability to cut through the partisan divides and promote reputable science.

"The new influence of social media and the Internet and people magnifying the impact of articles by journalists who really get to the heart of things, I think that's beginning to have an impact," he said. "So people shouldn't feel discouraged about it. Change is coming. Change is on the way. We're going to win this. But the route to victory goes through changes in the way our political system operates so that the public interest begins to count again" (Jenny Staletovich, *Miami Herald*, Sept. 29). **-- AW**

NUCLEAR WASTE:

Former Idaho Gov. Andrus sues DOE over spent fuel plan

Published: Wednesday, September 30, 2015

Idaho's former governor has made good on his vow to sue the U.S. Department of Energy to get what he is calling concealed information regarding a proposal to transport nuclear waste into the state.

Cecil Andrus (D), who served four terms as governor, is running up against his state's leaders, including current Gov. C.L. "Butch" Otter (R), about the plan to ship spent nuclear fuel to the Idaho National Laboratory from commercial reactors in other states.

Andrus said he thinks DOE's aim is to turn the nuclear research facility into a quasi-nuclear dump, since there is no permanent repository for highly radioactive waste anywhere else in the United States.

In his complaint filed yesterday in Boise's U.S. District Court, Andrus criticized DOE for withholding vital details about the proposal to thwart the public interest. Andrus said that the agency had responded to his Freedom of Information Act request with reams of mostly redacted documents and newspaper clips about its seeking a state waiver to allow the shipment of spent nuclear fuel to the Idaho National Laboratory.

"I suspect they know what they are planning will be very controversial and, for that reason, want to keep it secret," Andrus said in a statement.

Andrus and former Gov. Phil Batt (R) said in March that they would sue DOE for violating a 1995 legal agreement banning the shipment of nuclear waste into the state (*Greenwire*, March 6).

Otter and other state leaders have expressed support for the plan to ship the fuel to the lab for a research program on the condition that DOE meets unfulfilled cleanup obligations (Laura Zuckerman, Reuters, Sept. 29). **-- BTP**

FEDERAL AGENCIES:

GAO finds widespread vulnerabilities in securing data

Kevin Bogardus, E&E reporter

Published: Wednesday, September 30, 2015

Congress' watchdog has given mixed reviews to several federal agencies on their handling of computer and personal information security.

The Government Accountability Office's critical report, released yesterday, highlighted weaknesses and vulnerabilities at 24 federal agencies across the government.

The study comes in the wake of the Office of Personnel Management's massive data breach that included the theft of personal data of 21.5 million people. In addition, OPM has since found that more people, up to 5.6 million, have had their fingerprint information stolen as part of that breach (*Greenwire*, Sept. 23).

In its report, GAO said it found agencies continue to have weak spots when it comes to protecting their information and computer systems. That can leave the government exposed to growing cyberthreats and the disclosure of personal data.

"Our work and reviews by inspectors general highlight information security control deficiencies at agencies that expose information and information systems supporting federal operations and assets to elevated risk of unauthorized use, disclosure, modification, and disruption," the watchdog said.

The vulnerabilities in government information security persist while threats have spiked upward. GAO found that since fiscal 2006, the number of security incidents reported by federal agencies has grown from 5,503 to 67,168 in fiscal 2014 -- an increase of 1,121 percent.

GAO reviewed agencies' handling of information security from fiscal 2013 and 2014 and came across several problems.

For example, the watchdog uncovered that 22 of the 24 agencies it examined had weaknesses in their access controls to their computer systems.

In addition, 18 agencies didn't have adequate continuity of operations plans in the case of accident or sabotage.

Also, GAO found that 23 agencies in fiscal 2014 had poor security management.

In its report, GAO notes that its recommendations for better information security, along with similar suggestions from other watchdogs, have gone unimplemented for years by agencies.

"Until federal agencies take actions to implement the recommendations made by us and the inspectors general, federal systems and information as well as sensitive personal information about the public will be at an increased risk of compromise from cyber-based attacks and other threats," said GAO in its study.

FEDERAL WORKFORCE:

Employees to see largest health care spike in 5 years -- OPM

Published: Wednesday, September 30, 2015

Federal employees will see their share of health care premiums rise by an average of 7.4 percent next year, which is the largest increase in five years.

Employees will also have a chance to switch insurance plans, which could help reduce costs, the federal government said yesterday.

Premiums in the Federal Employees Health Benefits Program are going up by 6.4 percent, but a larger share of that will be borne by federal workers. About 70 percent of the total premium is paid by the federal government.

Officials yesterday defended the increases as in line with similar increases in health care premiums in the private sector, though union officials blasted them as burdensome to workers.

"We are still in a period of relatively modest increases," said John O'Brien, the Office of Personnel Management's director of health care and insurance.

American Federation of Government Employees President J. David Cox Jr. warned the increases would be difficult for federal workers (Eric Yoder, *Washington Post*, Sept. 29). **-- SP**

FEDERAL AGENCIES:

Behavioral science can improve government, save cash

Published: Wednesday, September 30, 2015

The federal government could learn a lot from behavioral science.

That's the idea behind a new Obama administration initiative to create a Social and Behavioral Sciences Team to help make the government function better.

So far, it seems to be working. An experiment last year had vendors that supply federal agencies fill out a slightly different form reporting the rebates they owe the government. Instead of having the companies sign the forms at the end, the signature box was at the beginning.

The change made a huge difference. Companies signing that they would answer truthfully at the beginning of the form reported owing an extra $1.59 million in rebates during the three-month experiment than vendors who signed the old forms at the bottom.

Now the Obama administration is urging agencies to use behavioral science to perform similar experiments.

"The goal is to help people who want to take a given step but may face some barriers," said Maya Shankar, who leads the new team. "You can do everything to make sure that a program is well-designed, but if it's not getting into the hands of people who are supposed to be benefiting from it, everything up to that point was for naught."

Much of behavioral science is based on common sense -- people are more influenced by the last thing they hear, tend to fear losses, are a little lazy and like completing simple tasks better -- said University of Chicago economist Richard Thaler, one of the founders of behavioral economics.

Because of this, Thaler said he believes the plan could result in widespread improvements in federal policies.

"They've been more worried about making sure it's legally perfect than making sure it's understandable to anybody," he said. "So there's a lot of room to simplify things" (Binyamin Appelbaum, *New York Times*, Sept. 29). **-- AW**

AIR POLLUTION:

New rule on oil refinery monitoring a long time coming

Amanda Reilly, E&E reporter

Published: Wednesday, September 30, 2015

For environmentalists and community groups, the Obama administration's new refinery rule is the culmination of a movement that began more than 15 years ago.

In the final rule released yesterday, U.S. EPA will begin requiring oil refiners to surround their properties with air monitors that give benzene readings every two weeks.

Since the 1990s, community groups in industrial areas -- particularly in California, Texas and Louisiana -- have been pushing for fence-line monitoring of air pollution stemming from refineries. They've had limited success; many have resorted to conducting their own monitoring.

To be sure, environmentalists and community advocates say they are disappointed with some aspects of EPA's final rule, including the lack of a requirement for real-time monitoring and the benzene threshold that triggers corrective action.

But, said Adrian Shelley, executive director of Air Alliance Houston, "there's no doubt that we are celebrating. A lot of us have been working on this for many, many years."

The movement for fence-line monitoring of air pollution at refineries began with the 1994 release of the chemical Catacarb from a refinery in Rodeo, Calif., according to Gwen Ottinger, a professor of science and technology studies at Drexel University who is working on a project on the history of refinery

community advocacy.

The Rodeo release lasted 16 days and brought together local groups that called for heightened monitoring.

"Fence-line monitoring would have prevented that if it had been real-time monitoring," Ottinger said. "After that, that community and others started to really advocate for fence-line monitoring."

Community groups began conducting their own monitoring. Anne Rolfes, for example, founded the Louisiana Bucket Brigade in 1999 to train local citizens to take air samples with inexpensive monitors that draw air samples into buckets.

The group has advocated for a nationwide requirement for fence-line monitoring at refineries.

"There have been roadblock after roadblock thrown up about why it can't happen," Rolfes said, "and yet there have been times after we have made a big, big fuss, when we give them the results of our samples, that they will start their own sampling."

A handful of refineries across the country have put in place monitoring systems at their fence lines, mostly prompted by community action and lawsuits, Ottinger said.

"You can point to instances around the country," she said, "but the idea that every refinery would have the obligation to provide people next door with information about what's in the air is just unprecedented."

Shelley of Air Alliance Houston said that efforts to add fence-line monitoring provisions in Texas have fallen flat because of a law that state air pollution regulations can't be more stringent than federal rules.

"The Texas Commission on Environmental Quality takes the position that it legally cannot put a term in a state permit that goes in excess of the federal floor," he said.

EPA's refinery rule arose out of a lawsuit filed by Earthjustice and the Environmental Integrity Project on behalf of community groups, including the Louisiana Bucket Brigade and Air Alliance Houston. The groups charged that EPA had missed a Clean Air Act deadline to review its hazardous air pollution standards for oil refineries.

The final rule requires petroleum refineries to install up to two dozen canisterlike monitors surrounding their properties.

"The primary benefit of the rule is, for the first time, communities will know how much benzene is falling from refineries to their communities' air," said Earthjustice attorney Emma Cheuse.

EPA added flexibilities in the final rule to appease oil refiners, including simplified flare requirements. According to the American Petroleum Institute, the final rule will cost refiners up to $1 billion -- expensive, but a far cry from the oil industry's initial estimate of a $20 billion cost for the proposed rule.

EPA, on the other hand, says that the final requirements will cost refiners $283 million in capital costs and $63 million annually.

While the oil industry yesterday applauded the changes in the final rule, the sector says that the requirements are unnecessary in the first place because refineries have already reduced their air pollution.

"Companies have already spent billions of dollars to reduce emissions by installing flare gas recovery and flare minimization systems to reduce greenhouse gas emissions," said Bob Greco, API's downstream director, "and air quality continues to improve as a result of these voluntary programs and existing regulations."

EPA officials yesterday said the fence-line monitoring provisions were specifically prompted by discussions with community groups (*E&ENews PM*, Sept. 29).

These groups say they'd like to see EPA eventually require real-time readings of air pollution. Real-time monitoring technology exists but doesn't capture benzene levels at the low concentrations that EPA is targeting in its final rule.

"We want something that will allow us to set off alarms and send text messages," Shelley said.

Community groups say they plan to use the data gathered through the rule to conduct their own independent analyses. They also plan to continue advocating for more stringent requirements and are leaving all options on the table, including future litigation.

"This is sort of a foot in the door. We now have a precedent for monitoring at refinery fence lines," Drexel University's Ottinger said. "Now, I think activists groups are unlikely to leave it at that. They'll keep advocating for better and more sophisticated monitoring."

AIR POLLUTION:

NAM leader bashes mayors for supporting lower ozone limit

Amanda Reilly, E&E reporter

Published: Wednesday, September 30, 2015

The head of the nation's manufacturing trade group this week chided 70 mayors who last week signed onto a letter supporting a tighter ozone standard.

In a letter to each of the mayors, National Association of Manufacturers President and CEO Jay Timmons said that the level they supported "would result in devastating economic consequences."

The mayors' letter last week, which was circulated by the Sierra Club, expressed support for a new standard at 60 parts per billion -- the low end of the range recommended by U.S. EPA's scientific advisers and the level called for by public health advocates (*Greenwire*, Sept. 22).

"If your city happens to fall out of compliance with the new standard," Timmons wrote, "the challenges for manufacturers become even greater -- and so do the challenges for your local government and citizens."

EPA is required to sign a new ozone standard by tomorrow under a court-ordered deadline. In November, the agency proposed to lower the standard from 75 ppb -- the limit set in 2008 during the George W. Bush administration -- to between 65 and 70 ppb. According to sources, EPA is poised to finalize a 70 ppb standard.

In their letter, the mayors from 24 states urged EPA to follow advice from the medical science community, which has recommended a 60 ppb standard based on studies that have linked higher levels to adverse health effects.

The manufacturing group has waged an aggressive campaign against a tighter standard. In his response to the mayors, Timmons enclosed a copy of a report that NAM commissioned last year that found a 60 ppb standard would cost the economy $270 billion a year.

"Manufacturers wanted to be sure you had all the facts about the 60 ppb standard and its negative impact on economic development and quality of life in your locality," Timmons wrote.

Outside experts and environmentalists have questioned the NAM study (*Greenwire*, Sept. 15). EPA's own analysis shows that a tighter standard would cost much less.

The Center for Regulatory Solutions, a group opposed to a tighter ozone standard, has also raised issues with the mayors' letter, noting that some of the signatories have previously called on EPA to retain the existing 75 ppb standard.

STATES:

N.D. governor discusses two-track approach on power plan, shale oil's prospects amid price shift

Published: Wednesday, September 30, 2015

With a 45 percent emissions rate reduction in the final Clean Power Plan, what are North Dakota's plans for complying as it manages a power sector that runs primarily on coal? During today's OnPoint, North Dakota Gov. Jack Dalrymple (R) discusses his state's compliance and litigation plans for the Clean Power Plan. He also talks about the challenges facing his state's shale oil industry following the rapid decline of oil prices.

Click here to watch today's OnPoint.

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CLIMATEWIRE — Thu., October 1, 2015

READ FULL EDITION

1.CALIFORNIA:

Air board targets cuts to climate pollutants like methane, black carbon

California launched its next attack on the climate front yesterday with a proposal on how to cut short-lived climate pollutants like black carbon, methane and refrigerator gases.

2.RENEWABLE ENERGY:

China expects to miss its 2015 target for offshore wind projects

HONG KONG -- China has earned a reputation as the world's fastest-growing renewable energy market, but its offshore wind power program appears to be an exception.

TODAY'S STORIES

3.OCEANS:

Backers of offshore wind power push N.J. to follow through on creating policy

4.FORESTS:

The big, iconic trees are the first to die in severe droughts

5.NEGOTIATIONS:

U.S. climate envoy sees momentum for global deal as U.N. readies draft text

6.RESOURCES:

6 nations join effort to protect world's 2nd-largest tropical forest

7.BUSINESS:

Leading solar firms use vertical integration to scale up

8.SCIENCE:

NAS report calls for more research into Antarctica's melting glaciers

9.OCEANS:

Shark losses, overfishing may be worsening climate change -- study

10.NATIONS:

China's pledge to end support of 'polluting' projects angers Japan

11.FOSSIL FUELS:

Major mining company says carbon limits won't hurt its growth plans

E&ETV'S ONPOINT

12.REGULATION:

Wyo. Gov. Mead discusses coal-heavy state's plans for compliance, litigation on power plan

AN E&E PUBLISHING SERVICE

ENERGYWIRE — Thu., October 1, 2015

READ FULL EDITION

1.OIL AND GAS:

Court says BLM lacks authority to regulate fracking

The Obama administration does not have authority to regulate hydraulic fracturing on public lands, a federal judge decided yesterday.

TOP STORIES

2.ELECTRICITY:

Ohio lawmakers urge continued freeze on clean energy standards

3.ELECTRICITY:

In race to control the home, retailers face more than new competition

4.HYDRAULIC FRACTURING:

Colo. to roll out local-control rules ahead of 2016 elections

ELECTRICITY

5.UTILITIES:

Southwest Power Pool welcomes 3 new members

6.RENEWABLES:

Community solar spreads to Mont.

7.ELECTRICITY:

New England's gas prices rising against the grain

8.TRANSMISSION:

Largest-ever utility takeover moves ahead in Texas

9.UTILITIES:

Texas group bolsters renewables to gain an edge

OIL AND GAS

10.OFFSHORE DRILLING:

Mexico's 2nd lease auction sees more interest

11.WORK FORCE:

Oil rig repair company apologizes for post-Katrina worker abuse

E&ETV'S ONPOINT

12.REGULATION:

Wyo. Gov. Mead discusses coal-heavy state's plans for compliance, litigation on power plan

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U.S. Environmental Protection Agency

Office of General Counsel

202/564-3971

turley.jennifer@epa.gov

To: Birgfeld, Erin[Birgfeld.Erin@epa.gov]
Cc: Cohen, Janet[cohen.janet@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]
From: Grundler, Christopher
Sent: Thur 10/1/2015 4:13:11 PM
Subject: Re: Clean Power Plan info from EPA

Yes

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

On Oct 1, 2015, at 12:07 PM, Birgfeld, Erin <Birgfeld.Erin@epa.gov> wrote:

Chris,

The Liz is looking for TPs on the excess emissions from VW. Are you OK with these TPs for her?

The exact amount of the excess NOx emissions from the VW vehicles with the defeat device is a part of our ongoing investigation so I can't be specific on that point.

However, I can give you a sense of the scale of the issue. The number of affected VW vehicle currently on the road is roughly 480,000. The total number of (light and heavy duty) vehicles on the road today in the U.S is 253 million (an HIS stat I found). Also, our emissions models tell us that NOx emissions from light duty diesel cars and trucks contribute less than 0.1 percent of NOx pollution from on-road vehicles. The vast majority comes from heavy duty trucks and gasoline vehicles. Our air quality monitoring data shows that our air IS becoming cleaner. despite VW's actions.

From: Allen, Laura
Sent: Thursday, October 01, 2015 11:39 AM
To: Valentine, Julia; Birgfeld, Erin
Subject: FW: Clean Power Plan info from EPA

Liz is looking for the latest statement about VW and how air quality was impacted because of the release of additional emissions into the atmosphere.

Do we have a QA readily available for that? Ty!

From: Purchia, Liz
Sent: Thursday, October 01, 2015 10:34 AM
To: Allen, Laura
Subject: FW: Clean Power Plan info from EPA

Can you work with OTAQ to track this answer down so I can include in her brief?

From: Ioanna Dafermou [mailto:ioanna.dafermou@weather.com]
Sent: Thursday, October 01, 2015 10:28 AM
To: Purchia, Liz
Subject: Re: Clean Power Plan info from EPA

Exactly..that's what we will ask...

That's what our viewers truly care about anyway...

On Thu, Oct 1, 2015 at 10:24 AM, Purchia, Liz <Purchia.Liz@epa.gov> wrote:

Ok there's limited information we can talk about given the investigation.

Do you want to ask about how it relates to the release of emissions into the atmosphere?

From: Ioanna Dafermou [mailto:ioanna.dafermou@weather.com]
Sent: Thursday, October 01, 2015 10:23 AM
To: Purchia, Liz
Subject: Re: Clean Power Plan info from EPA

Hey Liz..

I don't think it's off topic..It's in the headlines. You've already released statements on this..

And VM's behavior released further toxic emissions into the atmosphere..

We are not going to make this the focal point of our interview. But, we have to ask at least a question on this.

Nothing to worry.

On Thu, Oct 1, 2015 at 10:06 AM, Purchia, Liz <Purchia.Liz@epa.gov> wrote:

That seems very off topic. I'd like to discuss that.

From: Ioanna Dafermou [mailto:ioanna.dafermou@weather.com]
Sent: Thursday, October 01, 2015 10:06 AM
To: Purchia, Liz

Subject: Re: Clean Power Plan info from EPA

We will also ask a couple of questions on VW.

On Thu, Oct 1, 2015 at 10:05 AM, Purchia, Liz <Purchia.Liz@epa.gov> wrote:

> Can you confirm the topics with Mike will be ozone, worker protection standard and the climate change report we put out in June on the need for climate action. Are there any other topics?
>
> **From:** Ioanna Dafermou [mailto:ioanna.dafermou@weather.com]
> **Sent:** Thursday, October 01, 2015 10:00 AM
> **To:** Mathew, Jacklyn
> **Cc:** Purchia, Liz; Herckis, Arian; Bluhm, Kate; Cobbs, Chris; Ex. 6
> Ex. 6
> **Subject:** Re: Clean Power Plan info from EPA
>
> Hello to all..
>
> In anticipation of your arrival. Our security team has reserved the first 4 parking spots in the front of the building..
>
> They've used orange cones to do so. There should be a security guard standing outside.
>
> But, in case that they are not. Please, feel free to remove the cones, as you ready to park.
>
> Thank you,
>
> Ioanna

On Tue, Sep 29, 2015 at 2:51 PM, Mathew, Jacklyn <Mathew.Jacklyn@epa.gov> wrote:

Liz – Thank you for connecting.

Ioanna – It is great to "e-meet" you! The advance team, that Liz mentioned in her previous email, is comprised of myself, Ex. 6 Ex. 6 We arrive to Atlanta on Thursday morning and would like to do a walkthrough of the site around 11AM. Please let us know if this time works for you.

What address should we use to meet you? Are there specific arrival instructions we should follow?

I have added the Administrator's scheduling team to address your requests.

I look forward to working with you!

Jacklyn Mathew

Advance Specialist

Office of the Administrator

US Environmental Protection Agency

mobile: 202.430.7070

office: 202.564.6739

mathew.jacklyn@epa.gov

From: Ioanna Dafermou [mailto:ioanna.dafermou@weather.com]
Sent: Tuesday, September 29, 2015 11:46 AM
To: Purchia, Liz
Cc: Mathew, Jacklyn
Subject: Re: Clean Power Plan info from EPA

One more request for Scheduling Purposes:

We would be delighted to offer Hair & Make-up for the Administrator:

If you would, please arrive by 7:20a.m.ET to allow time for both..

The Live talk-back will be at 8:10a.m.ET

And, if possible, following the live talk-back ..which will conclude by 8:16a.m.ET..

We would like to ask..if the Administrator..to tape a segment with Mike Bettes.

We have Launched this brand-new show..called Weather Underground..

Which air on prime-time from 6pm.-8pm.

It's a very scientific show..similar to weather geeks..but w/the focus on Millennials..

Would the Administrator's scheduling needs allow for a 10 minute taping?

And, finally, I would like to introduce the Administrator to Senior Vice President of Live Programming Nora Zimmet...as well as the President of Live David Clark..

Would her schedule allow for a quick 10 minute introduction..?

Thank you again for considering our requests..

We look forward to the visit..

Best Wishes...

Ioanna

On Tue, Sep 29, 2015 at 11:16 AM, Purchia, Liz <Purchia.Liz@epa.gov> wrote:

> Hi Ioanna – Thanks so much for confirming that 8:10AM on Friday works. I'm connecting you with Jacklyn Mathew from our advance team who will be on the ground ahead of our visit. She'll need to coordinate a walkthrough on Thursday with you.
>
> Liz
>
> **From:** Purchia, Liz
> **Sent:** Tuesday, September 29, 2015 9:04 AM
> **To:** Ioanna Dafermou

Subject: Re: Clean Power Plan info from EPA

Checking to see if his works and if you want to get on the phone?

Liz Purchia

U.S. EPA

202-564-6691

202-841-2230

On Sep 28, 2015, at 12:33 PM, Purchia, Liz <Purchia.Liz@epa.gov> wrote:

How about 8:10am in studio on Friday?

Liz Purchia

U.S. EPA

202-564-6691

202-841-2230

On Sep 24, 2015, at 9:35 AM, Ioanna Dafermou <ioanna.dafermou@weather.com> wrote:

No worries at all:

Host: Sam Champion

Interview: Live *approximately 3 1/2 minutes

Arrival: If Hair & Make-up are requested...We ask that you arrive 40 minutes prior to allow for enough time on prep

On Thu, Sep 24, 2015 at 9:24 AM, Purchia, Liz <Purchia.Liz@epa.gov> wrote:

> Sorry, how long would the interview be? And how long before would she need to get to the studio?

From: Ioanna Dafermou [mailto:ioanna.dafermou@weather.com]
Sent: Thursday, September 24, 2015 9:22 AM
To: Purchia, Liz
Subject: Re: Clean Power Plan info from EPA

Yes....! It will be Live w/Sam Champion...on Climate Change Efforts..

And, hopefully the Administrator will have some news to break on our show..or At Least provide an update on some of the initiatives..

On Thu, Sep 24, 2015 at 9:20 AM, Purchia, Liz <Purchia.Liz@epa.gov> wrote:

> Ok I'll check. And this would be a live interview with Sam Champion on climate change efforts, correct?

From: Ioanna Dafermou [mailto:ioanna.dafermou@weather.com]
Sent: Thursday, September 24, 2015 9:19 AM
To: Purchia, Liz
Subject: Re: Clean Power Plan info from EPA

no..

We can also do.. 7:10a.m.ET, 8:10am. ET, 9:40a.m.ET, 9:30a.m.ET

On Thu, Sep 24, 2015 at 9:14 AM, Purchia, Liz <Purchia.Liz@epa.gov> wrote:

I'll check now. Are those the only two options for Friday?

From: Ioanna Dafermou [mailto:ioanna.dafermou@weather.com]
Sent: Thursday, September 24, 2015 9:14 AM
To: Purchia, Liz
Subject: Re: Clean Power Plan info from EPA

Yes..that would work...Can she do either 7:40a.m. ET or 8:40a.m.ET?

On Thu, Sep 24, 2015 at 9:09 AM, Purchia, Liz <Purchia.Liz@epa.gov> wrote:

Hi Ioanna – Following up. Any chance Friday, Oct. 2 would work for her to come in?

From: Purchia, Liz
Sent: Tuesday, September 22, 2015 4:55 PM
To: 'Ioanna Dafermou'
Subject: RE: Clean Power Plan info from EPA

Actually, may be Oct. 6-7

From: Purchia, Liz
Sent: Tuesday, September 22, 2015 11:50 AM
To: 'Ioanna Dafermou'
Subject: RE: Clean Power Plan info from EPA

Great! I think she'll be there Oct. 8. I'll check with our scheduling team.

From: Ioanna Dafermou [mailto:ioanna.dafermou@weather.com]
Sent: Tuesday, September 22, 2015 11:31 AM
To: Purchia, Liz
Subject: Re: Clean Power Plan info from EPA

Hi Liz..

Great to hear from you! Yes, let's do it!

Do you know which day would work best…?
We would love to have her on Live w/Sam..

His show is live from 7a-10a daily..

Would she have availability during that window?

On Tue, Sep 22, 2015 at 11:24 AM, Purchia, Liz <Purchia.Liz@epa.gov> wrote:

> Hi Ionna – Hope you're doing well. The Administrator may be down in the Atlanta area the week of Oct. 5, so I wanted to check in with you to see if you'd like to discuss setting up something with her while she's in town?
>
> I know she loved coming on

WeatherGeeks, maybe there's something similar we could do.

Please let me know if you'd like to jump on the phone to discuss.

Thanks,
Liz

From: Purchia, Liz
Sent: Monday, August 03, 2015 2:39 PM
To: Ioanna Dafermou
Cc: Mary Glackin; Davis, Jay
Subject: Re: Clean Power Plan info from EPA

That's great. Thanks!

Liz Purchia

U.S. EPA

202-564-6691

202-841-2230

On Aug 3, 2015, at 2:37 PM, Ioanna Dafermou <ioanna.dafermou@weather.com> wrote:

Hi Liz..

We are carrying the speech live on-air..

We also had a preview with Politico this morning at 7:10a.m

And, I know that tomorrow morning the Administrator will be on Wake-up w/Al

Furthermore..our web team.. is live streaming the event..

Plus, they created 2 Articles around it..

And we tweeted out..Encouraging people to tune in...

Error! Filename not specified.**The Weather Channel** @weatherchannel 20m20 minutes ago

Watch @EPA, @WhiteHouse unveil #CleanPowerPlan via live stream: wxch.nl/1IAZj33

http://www.weather.com/science/environment/news/winners-losers-obama-stricter-power-plant-limits-climate-change-carbon

http://www.weather.com/science/environment/news/president-barack-obama-unprecedented-greenhouse-gas-cuts

On Mon, Aug 3, 2015 at 1:42 PM, Purchia, Liz <Purchia.Liz@epa.gov> wrote:

> Hi Ionna – Just wanted to check if you're able to do anything today?

From: Ioanna Dafermou [mailto:ioanna.dafermou@weather.com]
Sent: Monday, August 03, 2015 9:52 AM
To: Purchia, Liz; Mary Glackin
Cc: Davis, Jay
Subject: Re: Clean Power Plan info from EPA

Good morning Liz!

We will do our best...I will keep you posted on what we do. Thank you for including us in the Administrator's availability.

Also, in the future, if you would, please include us on the background calls.

Clearly, every major newspaper & television network, was a part of a background briefing for their Monday morning shows & publications.

Unfortunately, we were not included.

And, that already places in a disadvantage, when it comes to presentation & timely delivery.

As a result of this policy, we are so excited for all the great things that lie

ahead in terms of climate action. We will make sure to keep the dialogue and message alive past today's announcement...

Also, will the Administrator accompany President Obama on his trip to the Arctic?

Best Wishes..

Ioanna

On Mon, Aug 3, 2015 at 7:19 AM, Purchia, Liz <Purchia.Liz@epa.gov> wrote:

> Hi Ioanna – Thanks for anything you might be able to do on weather.com and the app. Please let us know if you need anything else. We'd love to find a time for an interview with EPA Administrator Gina McCarthy as well.
>
> **From:** Davis, Jay
> **Sent:** Sunday, August 02, 2015 8:43 PM
> **To:** ioanna.dafermou@weather.com
> **Cc:** Purchia, Liz

Subject: Clean Power Plan info from EPA

Hi Ioanna,

I hope you're well! Liz suggested I get in touch with you about our Clean Power Plan release.

We're hoping that The Weather Channel could incorporate the plan into its social media efforts this week. To help with that, I drafted a few sample tweets, some of which are more general about the plan, and others of which delve more into air quality and share statistics about the Plan's impact. Feel free to use these as a basis as much as you like. They appear below my signature.

We also wanted to suggest a couple other ways The Weather Channel might be able to mention the Plan. Could you let us know if you might be able to take any of them on? We're happy to provide any material and assistance that we can to make them easier to do. Let us know.

-Create a website banner

driving traffic to www.whitehouse.gov/live for the event where President Obama and EPA Administrator Gina McCarthy will unveil the Clean Power Plan. It starts at 2 pm ET. Alternately, since time is short, create a banner focused on the Plan itself.

-Create a special alert or banner for The Weather Channel's app on either the live event or the Plan more generally.

-Post President Obama's remarks about the Plan on your website. We can provide them.

-Our Administrator will be posting two blog posts about the Plan. The first gives six key things to know about the Clean Power Plan, and the second shares her personal story working in public health, and how the experiences of families (especially families with kids who struggle with asthma) motivate her to keep working for clean air. If you could work them into a story or would be interested in incorporating them somehow, let us know and we can tell you more.

We'd welcome any other thoughts or ideas you have, and we'd be happy to help however we can.

Kind Regards,

Jay L. Davis

Advisor for Digital Strategy and Engagement

U.S. Environmental Protection Agency

Davis.Jay@epa.gov

Desk: 202-564-0204

Cell: 202-748-3316

BIG NEWS TODAY: @EPA, @WhiteHouse unveiling #CleanPowerPlan at 2 pm ET. It will cut CO2 pollution from power sector.

Power plants are US' largest source of carbon pollution. #CleanPowerPlan is 1st rule to reduce carbon emissions.

Climate change affects all Americans, from stronger storms to longer droughts. #CleanPowerPlan will reduce CO2 pollution & #ActOnClimate.

.@EPA's #CleanPowerPlan will cut carbon pollution by 32% - or about 870 million short tons - from '05 levels by 2030.

The estimated climate & health benefits of @EPA's #CleanPowerPlan are as much as $54 billion in the year 2030 alone.

#CleanPowerPlan could mean up to 1.4 million fewer days where people must restrict activities due to air quality.

#CleanPowerPlan could prevent up to 300,000 missed school & work days in 2030 alone, due to improved air quality.

#CleanPowerPlan expected to cut air pollutants that help soot & smog form by more than 20%. That means cleaner air.

Amount of carbon pollution #CleanPowerPlan is expected to cut = 166 million cars, or 70% of US passenger vehicles.

Amount of carbon pollution #CleanPowerPlan will cut =

annual emissions from
powering 95% of US residences
for a year.

--

Ioanna Dafermou |
w: 770-226-2363
e: ioanna.dafermou@weather.com
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Ioanna Dafermou |
w: 770-226-2363
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Ioanna Dafermou |
w: 770-226-2363 e: ioanna.dafermou@weather.com

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Ioanna Dafermou |
w: 770-226-2363 e: ioanna.dafermou@weather.com

From: Ex. 7
Location: Skype Meeting
Importance: Normal
Subject: Weekly Agency Meeting
Start Date/Time: Thur 10/1/2015 6:00:00 PM
End Date/Time: Thur 10/1/2015 7:00:00 PM

.....
,,,,,,
Hello,
I've gone ahead and set up a call in number for a meeting today but I have to caution the agencies that I have had no contact with Germany today and I am not certain anyone from Volkswagen will join the call or if I have any more information than yesterday.
I am not planning on showing any materials but will just use the call-in numbers.
Talk to you soon,

Ex. 7

Ex. 7

Ex. 6

.....

Join Skype Meeting

This is an online meeting for Skype for Business, the professional meetings and communications app formerly known as Lync.

Join by phone

Non-Responsive

(Auburn Hills) English (United States)
(Auburn Hills) English (United States)
(Auburn Hills) English (United States)
(Auburn Hills) English (United States)

Find a local number

Non-Responsive

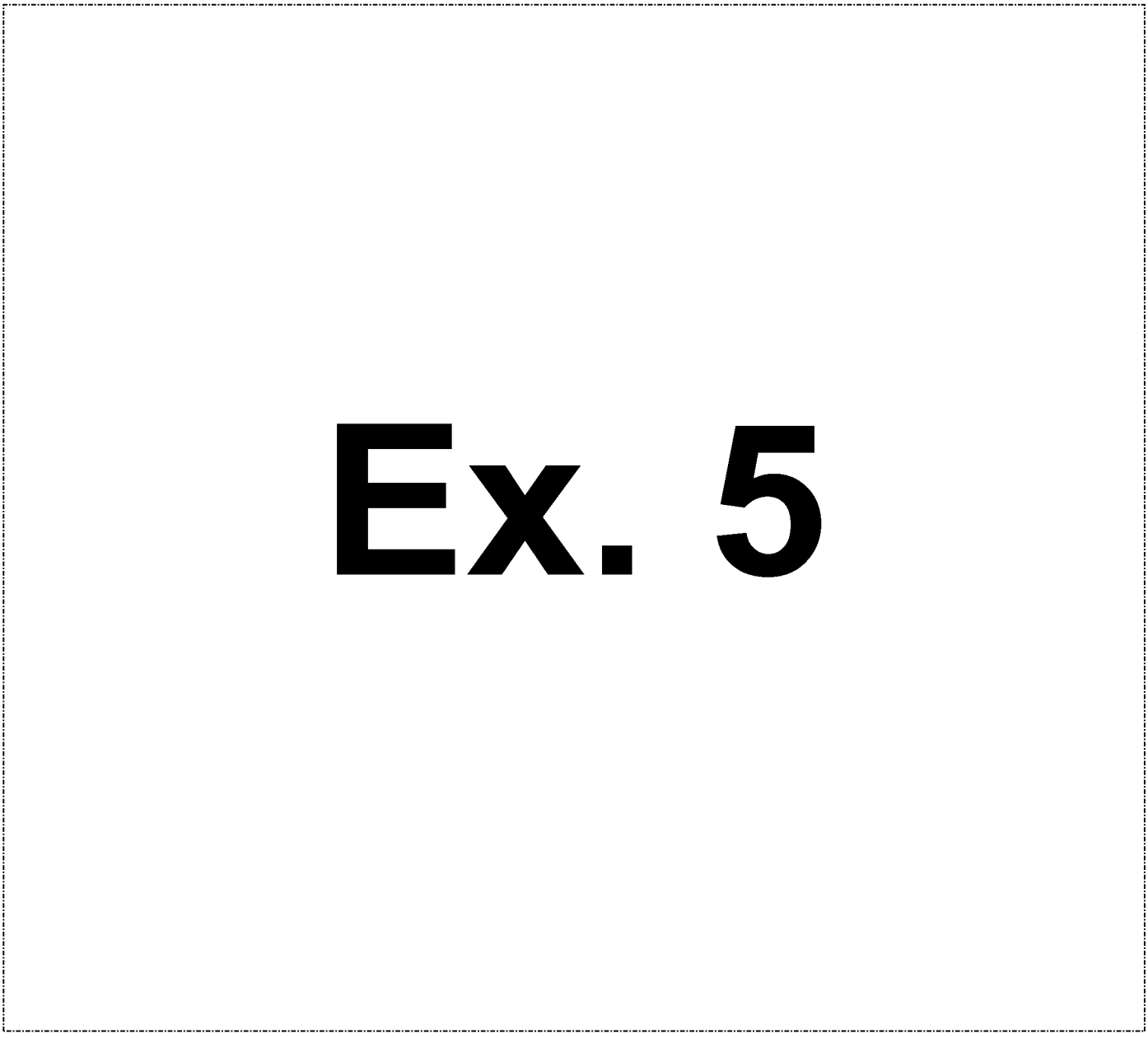
Forgot your dial-in PIN? | Help

.....

From: Bunker, Byron
Location: Skype Meeting
Importance: Normal
Subject: Accepted: Weekly Agency Meeting
Start Date/Time: Thur 10/1/2015 6:00:00 PM
End Date/Time: Thur 10/1/2015 7:00:00 PM

From: Wehrly, Linc
Location: Skype Meeting
Importance: Normal
Subject: Accepted: Weekly Agency Meeting
Start Date/Time: Thur 10/1/2015 6:00:00 PM
End Date/Time: Thur 10/1/2015 7:00:00 PM

To: Grundler, Christopher[grundler.christopher@epa.gov]; Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Cook, Leila[cook.leila@epa.gov]
Cc: Bunker, Byron[bunker.byron@epa.gov]; Cohen, Janet[cohen.janet@epa.gov]; Haley, Mike[Haley.Mike@epa.gov]
From: Sutton, Tia
Sent: Thur 10/1/2015 5:28:34 PM
Subject: Approps briefing follow-up + other Hill happenings



To: Grundler, Christopher[grundler.christopher@epa.gov]; Blubaugh, Jim[Blubaugh.Jim@epa.gov]; Niebling, William[Niebling.William@epa.gov]
Cc: Kasman, Mark[Kasman.Mark@epa.gov]
From: Phillips, Anna
Sent: Thur 10/1/2015 5:51:04 PM
Subject: AIR POLLUTION: Greens petition for tougher auto-emission testing

AN E&E PUBLISHING SERVICE

AIR POLLUTION:
Greens petition for tougher auto-emission testing

Sean Reilly, E&E reporter

Published: Thursday, October 1, 2015

Volkswagen's systemic cheating on vehicle emissions tests underscores the need for stiffer regulations, an environmental group said in a petition sent today to U.S. EPA and the National Highway Traffic Safety Administration.

In the 14-page **petition for rulemaking**, the Center for Biological Diversity asks EPA to test all diesel-powered vehicles sold in the United States since 2009 under real-world driving conditions and to require similar testing for all fossil-fuel-powered vehicles in the future.

The organization also wants the National Highway Traffic Safety Administration (NHTSA) to raise its maximum fines for violations of fuel economy standards to $10 for each 0.1-mile-per-gallon shortfall, up from $5.50, a level that has not changed since 1997, according to the petition.

Car companies "regularly choose to pay fines rather than comply with the standards, and government reports have indicated that this is because the fines are too low," Kristen Monsell, a staff attorney for the Arizona-based center, said in an email to *Greenwire* this morning.

On the emissions issue, Volkswagen's "appalling actions show why the EPA must require on-road tests to catch car company cheats," Monsell said in a news release. "Tougher tests will fight fraud and protect our health and climate from dangerous pollutants spewed by these cars."

Asked for comment, EPA spokesman Nick Conger said the agency looks forward "to reviewing the letter and responding accordingly." An NHTSA representative could not immediately be reached.

Last week, EPA officials told all automakers that added vehicle testing could be required to detect "defeat devices" similar to what Volkswagen used to sidestep emission standards on almost a half-million diesel cars sold in the United States for model years 2009 through 2015.

The petition asks EPA and NHTSA to act within 180 days; they could respond by granting the center's request in full or in part, or by denying it entirely, Monsell said. The center has the option of filing a lawsuit if its request for new regulations is turned down, she said.

While criticism of the current emissions enforcement regimen's reliance on lab

tests is not new, Monsell said she knew of no similar petition filed in the past. Besides harming public health, higher car emissions contribute to climate change, which poses "a significant threat to biodiversity" and is already leading to population declines and extinctions for plants and animal species, the petition says.

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To: Good, David[good.david@epa.gov]
From: Thomas, Richard (EEO)
Sent: Thur 10/1/2015 6:04:14 PM
Subject: FE label question

Hi Dave;

I've been trying to reach you with a 2016 labeling question via phone. If you have a few minutes could you please call me? I am normally in the office until 3 pm.

Thanks,

Richard

Richard E. Thomas

Senior Emission Certification Specialist

Engineering & Environmental Office (EEO)

Volkswagen Group of America, Inc.

3800 Hamlin Road

Auburn Hills, MI 48326

Phone: 248 754 4213

Fax: 248 754 4207

mailto: Richard.Thomas@VW.com

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Shepardson, David
Sent: Thur 10/1/2015 6:19:05 PM
Subject: FYI

http://www.bloomberg.com/news/articles/2015-10-01/petition-seeks-overhaul-of-u-s-epa-testing-following-vw-scandal

David Shepardson
Detroit News Washington Bureau Chief
529 14th Street NW Suite 969
Washington, DC 20045
(202) 662-8735 (phone)
(202) 365-8210 (mobile)
twitter.com/davidshepardson

To: Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Sutton, Tia[sutton.tia@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]
Cc: Blubaugh, Jim[Blubaugh.Jim@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]
From: Niebling, William
Sent: Thur 10/1/2015 6:57:54 PM
Subject: FW: Meeting Request from German Minister of Transportation Minister Dobrindt -- October 27

Ex. 5

From: Phillips, Anna
Sent: Thursday, October 01, 2015 2:55 PM
To: Dieu, Martin; Kasman, Mark; Almodovar, Lisa
Cc: Grundler, Christopher; Blubaugh, Jim; Niebling, William
Subject: Meeting Request from German Minister of Transportation Minister Dobrindt -- October 27
Importance: High

All – Per the attached, the German Embassy has just requested a meeting with the Administrator on Tuesday, October 27th for German Minister of Transport and Digital Infrastructure Alexander Dobrindt to discuss the VW issue.

Ex. 5

Mark/Martin, please share this with Jane to get her input on how to proceed with this request.

Many thanks…

Anna

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Anna Phillips
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Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

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Please consider the environment before printing this message.

From: .WASH WI-2 Weber, Michael [mailto:wi-2@wash.auswaertiges-amt.de]
Sent: Thursday, October 01, 2015 2:22 PM
To: Phillips, Anna
Subject: Minister Dobrindt

Dear Anna,

Thanks for arranging the meetings for Christian Hey yesterday. I thought the discussions with your colleagues working on TTIP were particularly interesting. I am afraid I didn't catch Danielle's last name. Can you send me her details?

As promised, regarding the visit of Alexander Dobrindt, German Federal Minister of Transport and Digital Infrastructure: Minister Dorbindt will be in DC October 27 and would very much like to meet Administrator Gina McCarthy and her staff working on the Volkswagen case.
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Thanks for your help once again and I hope you are going to have a nice hurricane-free time on your vacation.

Best,

Michael

Michael Weber

Energy Policy Advisor

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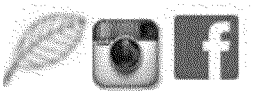

Thu Oct 01 10:11:06 EDT 2015
Yuhas.Darlene@epamail.epa.gov
FW: Petition for Rulemaking
To: CMS.OEX@epamail.epa.gov; Gaines.Cynthia@epamail.epa.gov

From: Kristen Monsell [mailto:kmonsell@biologicaldiversity.org]
Sent: Thursday, October 01, 2015 10:10 AM
To: Mccarthy, Gina <McCarthy.Gina@epa.gov>; Mark.Rosekind@dot.gov
Cc: Kristen Monsell <KMonsell@biologicaldiversity.org>
Subject: Petition for Rulemaking

Dear Administrator McCarthy and Administrator Rosekind,

Attached please find a petition from the Center for Biological Diversity regarding emissions testing for motor vehicles and increased penalties for violations of fuel standards. The petition is also being sent via First Class Mail. Thank you.

Sincerely,

Kristen

Kristen Monsell

Staff Attorney

Center for Biological Diversity

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Via Electronic and First Class Mail

October 1, 2015

Gina McCarthy, Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, DC 20460
Email: McCarthy.Gina@epa.gov

Mark R. Rosekind, Ph.D., Administrator
National Highway Traffic Safety Administration
U.S. Department of Transportation
400 Seventh Street, S.W.
Washington, DC 20590
Email: Mark.Rosekind@dot.gov

RE: Petition for Rulemaking to Implement New Emissions Testing for Motor Vehicles and Increase Penalties for Violations of Fuel Standards

Dear Administrator McCarthy and Administrator Rosekind,

The Center for Biological Diversity (the "Center") requests that you take immediate action to protect public health and the environment from the toxic impacts of greenhouse gas and nitrogen oxides emissions from motor vehicles, and from corporate practices designed to evade regulations restricting the quantity of these dangerous emissions. Specifically, pursuant to the Administrative Procedure Act, 5 U.S.C. § 553(e), Title II of the Clean Air Act ("CAA"), 42 U.S.C. §§ 7521-7554, and Title VI of the Energy Policy and Conservation Act ("EPCA"), 49 U.S.C. §§ 32901-32919, the Center requests that the U.S. Environmental Protection Agency ("EPA") and the National Highway Traffic Safety Administration ("NHTSA"):

(1) immediately conduct in-use emissions testing of each make and model of diesel-powered motor vehicles sold in the United States since 2009 that have not previously undergone such tests;

(2) immediately conduct in-use emissions testing of each make and model of other fossil fuel-powered motor vehicles sold in the United States since 2009 that have not previously undergone such tests;

(3) promulgate regulations to require on-road emissions testing for all types of new diesel-powered motor vehicles;

Alaska · Arizona · California · Florida · Minnesota · Nevada · New Mexico · New York · Oregon · Vermont · Washington, DC
Kristen Monsell, Staff Attorney, Oceans Program · 1212 Broadway, Suite 800 · Oakland, CA 94612
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(4) promulgate regulations to require on-road emissions testing for all other types of new fossil fuel-powered motor vehicles; and

(5) promulgate regulations to increase the penalties for violations of corporate average fuel economy standards.

As you are well-aware, Volkswagen recently admitted that 11 million of its diesel cars sold worldwide since 2009, including nearly half a million sold in the United States, contain software specifically designed to cheat emissions tests. The software — known as "defeat devices" — can detect when a car is being tested in a laboratory setting and adjusts engine operations to emit less-polluting exhaust during the test than in real-world driving conditions. EPA has said that these devices allowed each car to spew up to *40 times* the legal limit of nitrogen oxides emissions in the United States. Accordingly, in addition to the specific actions requested above, **the Center also requests that EPA assess the maximum permissible penalties against VW for such egregious violations of law.**

This widespread fraud not only deceived consumers who purchased VW cars based on the belief the cars were "clean diesel," but is a significant threat to public health and the environment. Emissions of nitrogen oxides contribute to climate change and ocean acidification — nitrogen oxides react with other substances to form the greenhouse gas ozone, and contain a highly potent and long-lived greenhouse gas. In addition, ground-level ozone can trigger or worsen asthma and other respiratory ailments, make the lungs more susceptible to infection, damage vegetation and reduce crop yields. Nitrogen oxides are also a precursor to particulate matter which causes breathing problems, lung tissue damage and premature death.

To make matters worse, the use of such devices, and thus unlawful emissions of such dangerous pollutants, may not be limited to VW. Indeed, defeat devices have existed almost since the inception of the CAA, and EPA has previously levied fines against car and truck manufacturers for the use of such devices. Recent reports indicate that tests of on-road emissions of cars made by other companies exceed that of laboratory testing, indicating that these manufactures might also be using defeat devices — or, at a minimum, are not performing as required. Despite the existence of technology that can measure emissions during normal operation and use, EPA does not require such tests for the vast majority of motor vehicles.

And the recent scandal highlights yet another industry-wide problem — that car manufacturers routinely pay fines, rather than comply with mandatory fuel economy standards that seek to improve fuel efficiency and reduce carbon dioxide emissions. As we have frequently pointed out, and as government reports indicate, the meager fines are too low to act as a deterrent, thereby failing to inspire the technological innovation contemplated by EPCA and the CAA. Yet NHTSA has not increased the penalty for violation of the standards in nearly two decades.

Comprehensive action is therefore needed to ensure long-term solutions to such pervasive problems. Taking the actions requested in this petition will improve the accuracy of emissions testing of motor vehicles and help ensure against future deception, and incentivize compliance with fuel economy standards intended to reduce greenhouse gas emissions and improve energy security. In other words, granting this petition will help better protect public health and the

environment from dangerous air pollutants from motor vehicles, while ensuring fuel economy continues to improve as intended by the CAA and EPCA.[1] The Center requests that EPA and NHTSA take the regulatory actions requested in this petition within 180 days.

I. Factual Background: Harmful Emissions from Motor Vehicles

As the VW scandal demonstrates, motor vehicles emit harmful air pollutants. In fact, according to the Union of Concerned Scientists, transportation is the largest single source of air pollution in the United States.[2] Motor vehicles emit carbon dioxide, oxides of nitrogen, particulate matter, hydrocarbons, carbon monoxide, sulfur dioxide, as well as benzene and other hazardous air pollutants.[3] These emissions contribute to a myriad of public health problems, negative impacts to public welfare and the environment, and climate change.

A. Emissions from Motor Vehicles Are Harmful to Public Health

Motor vehicles emit air pollutants that cause or contribute to health problems, including nitrogen oxides. For example, ground level ozone is created by chemical reaction between nitrogen oxides and volatile organic compounds. Ground-level ozone pollution is linked to many public health impacts, especially those related to respiratory function. Ozone can irritate the respiratory tract and throat, impair lung function, and cause coughing, chest pains and lung inflammation.[4] EPA has recognized the association between ozone exposure and hospital visits for respiratory problems — especially for children — noting that ozone pollution is responsible for as much as twenty percent of all summertime respiratory hospital visits.[5] Ozone is also linked to the development of respiratory diseases, such as asthma.[6] But the health effects of ozone are not limited to respiratory illnesses. Ozone pollution is linked to other serious health impacts, such as heart disease and certain types of strokes.[7] "[M]ost importantly," according to the American Lung Association, ozone exposure and the associated health impacts can shorten lives

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[1] The provisions of this Petition are severable. If any request contained within this Petition is found to be invalid or unenforceable, the invalidity or lack of legal obligation shall not affect other provisions of the Petition.

[2] Union of Concerned Scientists, *Cars, Trucks and Air Pollution*, http://www.ucsusa.org/clean_vehicles/why-clean-cars/air-pollution-and-health/cars-trucks-air-pollution html#.Vgh8P_lViko (last updated Dec. 5, 2014).

[3] *Id.*

[4] Barbara Hackley et al., Air Pollution: Impact on Maternal and Perinatal Health, 52 J. MIDWIFERY & WOMEN'S HEALTH 435, 436 table 1 (2010), available at http://www.sciencedirect.com/science/article/pii/S1526952307001079.

[5] Ozone Action Days, Region 7 Air Program, U.S. ENVTL. PROT. AGENCY, http://www.epa.gov/region07/air/quality/action htm (last updated Aug. 28, 2015).

[6] *Id.*; Michelle L. Bell et al., The Exposure-Response Curve for Ozone and Risk of Mortality and the Adequacy of Current Ozone Regulations, 114 ENVTL. HEALTH PERSPECTIVES 532, 532 (2006), available at http://www ncbi.nlm.nih.gov/pubmed/ 16581541.

[7] Jean-Bernard Ruidavets et al., Ozone Air Pollution Is Associated with Acute Myocardial Infarction, 111 CIRCULATION 563, 566 (2005), available at http://circ.ahajournals.org/content/111/5/563.long; J. B. Henrotin et al., Short Term Effects of Ozone Air Pollution on Ischaemic Stroke Occurrence: A Case Crossover Analysis from a 10-Year Population-Based Study in Dijon, France, 64 OCCUPATIONAL & ENVTL. MED. 439, 442 (2007), available at http://oem.bmj.com/content/64/7/439.short

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by months and even years.[8] "Even at very low levels including days that meet current regulatory requirements," ozone is associated with premature mortality.[9]

Ozone also has detrimental ecological effects. According to EPA, ozone "affects sensitive vegetation and ecosystems, including forests, parks, wildlife refuges, and wilderness areas," especially during growing seasons.[10] Ozone can interfere with a plant's ability to produce and store food, visibly damage leaves, and make plants susceptible to damage from disease, insects, competition and severe weather.[11]

Nitrogen oxides also mix with other air pollutants to create particulate matter ("PM"). The effects associated with PM exposure are "premature mortality, increased hospital admissions and emergency department visits, and development of chronic respiratory disease."[12] California has identified diesel PM as a toxic air contaminant and has estimated that 70 percent of the cancer risk from the air Californians breathe is attributable to diesel PM; EPA says that diesel PM is "likely to be a carcinogen."[13] Diesel exhaust is a major contributor to PM pollution. In fact, it is estimated that diesel-powered vehicles and equipment account for nearly half of all nitrogen oxides and more than two-thirds of all PM emissions from U.S. transportation sources.[14]

B. Emissions from Motor Vehicles Contribute to Climate Change

The burning of fossil fuels is the largest source of domestic greenhouse gas emissions, accounting for 77 percent of total warming emissions in 2013.[15] One of the primary sources of such emissions is from the transportation sector, which in 2013 accounted for 27 percent of all greenhouse gas emissions in the United States.[16] The largest source of such emissions from the transportation sector is passenger cars, representing nearly 43 percent of emissions in 2013.[17]

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[8] Stephanie Carroll Carson, Ozone, Warming Temperatures, Coal-Fired Power Plants Impact NC Air, PUB. NEWS SERV. (May 2, 2014), http://www.publicnewsservice.org/2014-05-02/climate-change-air-quality/ozone-warmingtemperatures-coal-fired-power-plants-impact-nc-air/a39132-1.

[9] Bell, supra note 6 at 535.

[10] Ecosystem Effects, Ground-Level Ozone, U.S. ENVTL. PROT. AGENCY, http://www.epa.gov/airquality/ozonepollution/ecosystem html (last updated Sept. 25, 2015).

[11] *Id.*

[12] EPA, Fine Particulate Matter National Ambient Air Quality Standards, 80 Fed. Reg. 15340, 15347 (Mar. 23, 2015).

[13] Union of Concerned Scientists, *California: Diesel Trucks, Air Pollution and Public Health*, http://www.ucsusa.org/clean_vehicles/why-clean-cars/air-pollution-and-health/trucks-buses-and-other-commercial-vehicles/diesel-trucks-air-pollution.html#.VXRuhc9Viko; Trade, Health and Environmental Impact Project, *Driving Harm: Health and Community Impacts of Living Near Truck Corridors* (Jan. 2012), http://hydra.usc.edu/scehsc/pdfs/Trucks%20issue%20brief.%20January%202012.pdf.

[14] Union of Concerned Scientists, *Diesel Engines and Pubic Health*, http://www.ucsusa.org/clean_vehicles/why-clean-cars/air-pollution-and-health/trucks-buses-and-other-commercial-vehicles/diesel-engines-and-public.html#.Vgh-7vlViko (last accessed Sept. 28, 2015).

[15] EPA, *Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990 – 2013* (Apr. 15, 2015), EPA 430-R-15-004, available at http://www3.epa.gov/climatechange/Downloads/ghgemissions/US-GHG-Inventory-2015-Main-Text.pdf.

[16] *Id.*

[17] *Id.*

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The transportation sector has been the fastest-growing source of greenhouse gas emissions since 1990.[18]

Carbon dioxide is the dominant greenhouse gas driving observed changes in the Earth's climate.[19] Emissions of nitrogen oxides also contribute to climate change through two primary means: (1) nitrogen oxides react with other substances to form the greenhouse gas ozone; and (2) nitrous oxide is itself a highly potent and long-lived greenhouse gas. Nitrous oxide behaves very similarly to carbon dioxide in that it both directly traps heat in the atmosphere and remains in existence for many decades once emitted.[20]

There is a strong, international scientific consensus that anthropogenic climate threatens human society and natural systems. The U.S. Global Change Research Program in its 2009 report *Climate Change Impacts in the United States* similarly stated that "global warming is unequivocal and primarily human-induced" and "widespread climate-related impacts are occurring now and are expected to increase."[21] The U.S. National Research Council similarly concluded that "[c]limate change is occurring, is caused largely by human activities, and poses significant risks for — and in many cases is already affecting — a broad range of human and natural systems."[22] Based on observed and expected harms from climate change, in 2009 EPA concluded that greenhouse gas pollution endangers the health and welfare of current and future generations.[23] Current atmospheric concentrations of greenhouse gases are already resulting in significant climate change impacts that are projected to worsen as emissions rise.[24]

Key changes include warming temperatures, the increasing frequency of extreme weather events, rapidly melting glaciers, ice sheets, and sea ice and rising sea levels.[25] There will be significant costs associated with these changes. For example, in the United States in 2011 alone, a record 14 weather and climate disasters occurred, including droughts, heat waves, and floods, that cost at least $1 billion each in damages and loss of human lives.[26] In addition, air pollution components that trigger asthma attacks, specifically air particulates and ozone, are expected to increase with climate change;[27] in 2020, the continental United States could pay an average of

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[18] *Id.*

[19] NRC. 2011. Climate Stabilization Targets: Emissions, Concentrations, and Impacts over Decades to Millennia. Washington, DC: National Academies Press, *available at* http://www.nap.edu/catalog/12877.html.

[20] Solomon, S., et al., Technical Summary, Working Group I, (2007), at 27, *available at* http://ipccwg1.ucar.edu/wg1/Report/AR4WG1_Print_TS.pdf.

[21] Karl, T. R. et al. 2009. Global Climate Change Impacts in the United States. U.S. Global Change Research Program. Thomas R. Karl, Jerry M. Melillo, and Thomas C. Peterson, (eds.). Cambridge University Press, 2009.

[22] NRC. 2010. Advancing the Science of Climate Change, National Research Council, available at www nap.edu.

[23] U.S. Environmental Protection Agency, Endangerment and Cause or Contribute Findings for Greenhouse Gases Under Section 202(a) of the Clean Air Act; Final Rule, 74 Federal Register 66496 (2009).

[24] Melillo, Jerry M., Terese (T.C.) Richmond, and Gary W. Yohe, Eds., 2014: Climate Change Impacts in the United States: The Third National Climate Assessment. U.S. Global Change Research Program, 841 pp. doi:10.7930/J0Z31WJ2; IPCC. 2013. Summary for Policymakers. Working Group I Contribution to the IPCC Fifth Assessment Report Climate Change 2013: The Physical Science Basis.

[25] Melillo, supra n. 24; IPCC, supra n. 24.

[26] NOAA. 2012. NOAA : Extreme Weather 2011, *available at* http://www.noaa.gov/extreme2011/; WMO. 2012. World's 10th warmest year, warmest year with La Niña on record, second-lowest Arctic sea ice extent.

[27] Bernstein, A. S., and S. S. Myers. 2011. Climate change and children's health. Current Opinion in Pediatrics 23:221–6.

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$5.4 billion (2008$) in health impact costs associated with the climate penalty on ozone, with California experiencing the greatest estimated impacts averaged at $729 million.[28]

Anthropogenic climate change also poses a significant threat to biodiversity. Climate change is already causing changes in distribution, phenology, physiology, genetics, species interactions, ecosystem services, demographic rates and population viability: many animals and plants are moving poleward and upward in elevation, shifting their timing of breeding and migration, and experiencing population declines and extirpations.[29] Because climate change is occurring at an unprecedented pace with multiple synergistic impacts, climate change is predicted to result in catastrophic species losses during this century.

The Intergovernmental Panel on Climate Change ("IPCC") concluded that 20 to 30 percent of plant and animal species will face an increased risk of extinction if global average temperature rise exceeds 1.5°C to 2.5°C relative to 1980-1999, with an increased risk of extinction for up to 70 percent of species worldwide if global average temperature exceeds 3.5°C relative to 1980-1999.[30] Other studies have predicted similarly severe losses: 15 to 37 percent of the world's plants and animals committed to extinction by 2050 under a mid-level emissions scenario;[31] the potential extinction of 10 to 14 percent of species by 2100 if climate change continues unabated;[32] and the loss of more than half of the present climatic range for 58 percent of plants and 35 percent of animals by the 2080s under the current emissions pathway, in a sample of 48,786 species.[33] Scientists have warned that the Earth is fast approaching a global "state-shift" that could result in unanticipated and rapid changes to Earth's biological systems.[34] As summarized by the 2014 National Climate Assessment, "landscapes and seascapes are changing rapidly, and species, including many iconic species, may disappear from regions where they have been prevalent or become extinct, altering some regions so much that their mix of plant and animal life will become almost unrecognizable."[35]

In addition, the ocean's absorption of anthropogenic greenhouse gas emissions, including both carbon dioxide and nitrogen oxides, has already resulted in more than a 30 percent increase

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[28] Union of Concerned Scientists, Rising Temperatures and Your Health: After the Storm - The Hidden Health Risks of Flooding in a Warming World (2012), *available at* http://www.ucsusa.org/sites/default/files/legacy/assets/documents/global_warming/climate-change-and-flooding.pdf.

[29] Maclean, I. M. D., and R. J. Wilson. 2011. Recent ecological responses to climate change support predictions of high extinction risk. Proceedings of the National Academy of Sciences of the United States of America 108: 12337-1234; Warren, R., J. Price, A. Fischlin, S. de la Nava Santos, and G. Midgley, Increasing impacts of climate change upon ecosystems with increasing global mean temperature rise, 106 CLIMATE CHANGE 141–177 (2011); Cahill, A.E. et al. 2012. How does climate change cause extinction? Proceedings of the Royal Society B, doi:10.1098/rspb.2012.1890.

[30] IPCC. 2007. Climate Change 2007 : Synthesis Report: An Assessment of the Intergovernmental Panel on Climate Change. www.ipcc.ch.

[31] Thomas, C. D., et al., Extinction risk from climate change, 427 NATURE 145-48 (2004).

[32] Maclean and Wilson, supra n. 29.

[33] Warren, R. et al. 2013. Quantifying the benefit of early climate change mitigation in avoiding biodiversity loss. Nature Climate Change 3:678-682.

[34] Barnosky, A.D. et al., Approaching a state shift in Earth's biosphere, 486 NATURE 52 (2012).

[35] Melillo, Jerry M., Terese (T.C.) Richmond, and Gary W. Yohe, Eds., 2014: Climate Change Impacts in the United States: The Third National Climate Assessment. U.S. Global Change Research Program, 841 pp. doi:10.7930/J0Z31WJ2.

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in the acidity of ocean surface waters, at a rate faster than anything believed to have occurred in the past 300 million years.[36] Ocean acidity is projected to increase by 150 to 200 percent by the end of the century if carbon dioxide emissions continue unabated.[37] Ocean acidification negatively affects a wide range of marine species by hindering the ability of calcifying marine creatures to build protective shells and skeletons and by disrupting metabolism and critical biological functions.[38] The adverse effects of ocean acidification are already being observed in wild populations, including reduced coral calcification rates,[39] dissolution of pteropod shells in the California Current,[40] reduced shell weights of foraminifera in the Southern Ocean,[41] and mass die-offs of larval Pacific oysters in the Pacific Northwest.[42]

II. Legal Background: The Regulation of Emissions from Motor Vehicles

Given the negative impacts on public health and the environment caused by the emission of air pollutants from various sources, including the transportation sector, Congress has enacted several laws to regulate and limit the amount of air pollutants from motor vehicles.

A. The Clean Air Act

In enacting the CAA, Congress found that "that the growth in the amount and complexity of air pollution brought about by urbanization, industrial development, *and the increasing use of*

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[36] Doney, S.C., Mahowald N. Lima, et al., "Impact of Anthropogenic Atmospheric Nitrogen and Sulfur Deposition on Ocean Acidification and the Inorganic Carbon System", Proc. Nat. Acad. Sci. 2007; 104(37); 14580. doi: 10173/pnas.0702218104; James C Orr, et al., Anthropogenic Ocean Acidification over the Twenty-First Century and its Impacts on Calcifying Organisms, 437 NATURE 681-86 (2005).

[37] Feely, Richard A., S. Doney and S. Cooley, 2009, "Ocean Acidification: Present Conditions and Future Changes in a High CO2 World", Oceanography 22 (4) (June): 36-47; Hönisch, Bärbel, Andy Ridgwell, Daniela N. Schmidt, Ellen Thomas, Samantha J. Gibbs, Apply Slujs, Re Zeebe et al. 2012; "The Geological Record of Ocean Acidification", Science 335 (6072) March: 1058-63. doi. 10. 1126/science. 1208277; Orr, James C. Victoria, J. Fabry, Oliver Aumont, Laurent Bopp, Scott C. Doney, Richard A. Feely, Anand Gnandaesikan, et al., Anthropogenic Ocean Acidification over the Twenty-First Century and Its Impact on Calcifying Organisms, 437 NATURE 681-86 (2005), doi: 10, 1038/nature 04095.

[38] Feely, supra n. 37; Fabry V.J., Seibel BA, Feely, RA, Orr J., "Impacts of Ocean Acidification on Marine Fauna and Ecosystem Processes" 65 ICES J. MAR SCI. 414 (2008); Kroeker K.J., Kordas, R.L., Crim R.N., Singh G.G., Meta-analysis Reveals Negative Yet Variable Effects of Ocean Acidification on Marine Organisms, ECOL. LETT., 2010:no-no. doi:10.1111/j.1461-0248.2010.01518.x.

[39] De'ath G. Lough JM, Fabricius KE, "Declining Coral Calcification on the Great Barrier Reef", 323 SCIENCE 116, doi:10.1126/science.1165283; Cooper T.F., De'Ath G., Fabricius KE, Lough, JM, Declining Coral Calcification in Massive Porties in Two Nearshore Regions of the Northern Great Barrier Reef, 14 GLOB CHANGE BIO. 529-538 (2008), doi:10.1111/j. 1365-2486.2007.01520 x; Bates N. Amat A., Andersson A., Feedbacks and Responses of Coral Calcification on the Bermuda Reef System to Seasonal Changes in Biological Processes and Ocean Acidification on the Bermuda Reef System, 7 BIOGEOSCIENCES 2509-2530 (2010), doi:105194/bg-7-2509-2010.

[40] Bednaršek N. Feely, RA, Reum JCP, Peterson B., Menkel J., Limacina Helicina Shell Dissolution as an Indicator of Declining Habitat Suitability Owing to Ocean Acidification in the California Current Ecosystem, Proc. R. Soc. B. 2014:281:20140123; Gledhill, D.K., Wannikhof R. Millero FJ, Eakin M. Ocean Acidification of the Greater Caribbean Region 1996- 2006, J. Geophys Res. 2008; 113(C10): C10031. doi:10.1029/2007JC004629.

[41] Moy, A.D., Howard W.R., Bray S.G., Trull, T.W., Reduced Calcification in Modern Southern Ocean Planktonic Foraminifera, 2 NAT. GEOSCI. 276-280 (2009), doi:10,1038/ngeo460.

[42] Barton A., Hales B., Waldbusser G.G., Langdo C., Feely R., The Pacific Oyster, Crassostrea Gigas, Shows A Negative Correlation to Naturally Elevated Carbon Dioxide levels: Implications for Near Term Ocean Acidification Effects, 57 LIMMOL OCEANOGR. 698-710 (2012), doi:10.4319/lo. 2012.573.0698.

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motor vehicles, has resulted in mounting dangers to the public health and welfare, including injury to agricultural crops and livestock..."[43] Accordingly, the CAA establishes a comprehensive scheme "to protect and enhance the quality of the Nation's air resources so as to promote the public health and welfare and the productive capacity of its population."[44]

To reach these goals, Title II of the CAA prescribes a regulatory scheme to control emissions from mobile sources.[45] Specifically, the CAA requires EPA to promulgate regulations that establish standards for the emissions of air pollutants from new motor vehicles that "cause, or contribute to, air pollution which may reasonably be anticipated to endanger public health or welfare" and prohibits exceedances of those standards.[46] The CAA mandates that EPA set emission standards for particular pollutants from light and heavy duty vehicles, including carbon monoxide, hydrocarbons and oxides of nitrogen and amend the standards as necessary to protect public health and welfare.[47]

Pursuant to these statutory requirements, EPA has established emissions standards and testing procedures for light duty vehicles and heavy trucks.[48] To ensure compliance with these standards, EPA requires manufacturers to receive a certificate of conformity from EPA before a manufacturer can introduce vehicles into U.S. commerce.[49] To receive such a certificate, manufacturers must submit a detailed application to EPA for each test group of vehicles it intends to sell in the United States; the application must include a certification that the vehicles comply with emission standards as determined by specific testing procedures required by EPA, and a description of any air emission control devices contained within the vehicles.[50] The CAA provides for a fine of up to $37,500 for each car that does not conform to details within the certificate of compliance.[51]

In recognition of the fact that manufacturers may attempt to circumvent emission standards, the CAA prohibits any person from manufacturing, selling, offering to sell or installing any part in a motor vehicle that bypasses, defeats or renders inoperative any device or element of a vehicle's emission control technology.[52] EPA's implementing regulations specifically prohibit the use of "defeat devices," defined generally as an air emission control device "that reduces the effectiveness of the emission control system under conditions which may reasonably be expected to be encountered in normal vehicle operation and use…"[53] Under the CAA and EPA's regulations, manufacturers may be liable for up to $3,750 for each use of a defeat device.[54]

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[43] 42 U.S.C. § 7401(a)(2).
[44] *Id.* § 7401(b)(1).
[45] *Id.* §§ 7521-7590.
[46] *Id.* §§ 7521; 7522.
[47] *Id.* § 7521.
[48] 40 C.F.R. Part 86 (emission standards and testing procedures for light-duty vehicles and light trucks); 40 C.F.R. § 86.1811-04 (emission standards for light-duty vehicles including NOx); *id.* § 86.1816-05, -18 (emission standards for heavy-duty vehicles).
[49] 40 C.F.R. § 86.1848-01.
[50] *Id.* §§ 86.1843-01; 86.1844-01.
[51] 42 U.S.C. § 7524(a); 40 C.F.R. § 19.4.
[52] 42 U.S.C. § 7522(a)(3)(B).
[53] 40 C.F.R. § 86.1809-01; *id.* § 86.1803-01.
[54] 42 U.S.C. § 7524(a); 40 C.F.R. § 19.4.

B. The Energy Policy and Conservation Act

Congress enacted the EPCA in 1975 following the energy crisis caused by the 1973 Mideast oil embargo.[55] In enacting EPCA, Congress observed that "[t]he fundamental reality is that this nation has entered a new era in which energy resources previously abundant, will remain in short supply retarding our economic growth and necessitating an alteration in our life's habitats and expectations."[56] Among the goals of EPCA are to "'decrease dependence on foreign imports, enhance national security [and to] achieve the efficient utilization of scarce resources...'"[57] The fundamental purpose of EPCA, however, is energy conservation.[58]

To comply with these goals, EPCA vests NHTSA with broad regulatory authority,[59] and requires NHTSA to set fuel economy standards at "the maximum feasible average fuel economy level that the Secretary decides the manufacturers can achieve in that model year."[60] In this way, EPCA is meant to encourage technological innovation — meaning new technologies, not simply better versions of what exists today. As the court in *Center for Auto Safety v. Thomas* noted, "[t]he experience of a decade leaves little doubt that the congressional scheme in fact induced manufacturers to achieve major technological breakthroughs as they advanced towards the mandated goal."[61] And as explained by the D.C. Circuit "when a statute is technology forcing, the agency can impose a standard which only the most technologically advanced plants in an industry have been able to achieve — even if only in some of their operations some of the time."[62]

In 2007, Congress passed the Energy Independence and Security Act of 2007 ("EISA"), which amended EPCA.[63] The EISA eliminated the previous 27.5 mpg standard for passenger cars with a mandate that NHTSA set separate passenger car and light truck standards for each model year beginning in 2011 "to achieve a combined fuel economy average for model year 2020 of at least 35 miles per gallon for the total fleet of passenger and non-passenger automobiles manufactured for sale in the United States for that model year."[64] Fuel economy standards for model years 2021 through 2030 must be the maximum feasible average fuel economy standard for each fleet of passenger and non-passenger cars for that model year.[65] These standards are known as the corporate average fuel economy ("CAFE") standards.

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[55] *Center for Biological Diversity v. Nat'l Highway Safety Transportation Administration*, 538 F.3d 1172, 1182 (9th Cir. 2008).
[56] H.R. Rep. No. 94-340 at 1-3 (1975), as reprinted in 1975 U.S.C.C.A.N. 1762, 1763.
[57] *Center for Biological Diversity*, 538 F.3d at 1182 (quoting S.Rep. No. 94-516 (1975) (Conf. Rep.), as reprinted in 1975 U.S.C.C.A.N. 1956, 1957).
[58] *Id.* at 1195.
[59] 49 U.S.C. § 32910.
[60] *Id.* § 32902(a). In determining what constitutes the "maximum feasible" level, NHTSA must take into account four factors: technological feasibility, economic practicability, the effect of other motor vehicle standards of the Government on fuel economy, and the need of the United States to conserve energy. *Id.* § 32902(f).
[61] 847 F.2d 843, 870 (D.C. Cir. 1988) (overruled on other grounds); see *also Green Mt. Chrysler Plymouth Dodge Jeep v. Crombie*, 508 F. Supp. 2d 295, 358-59 (D. Vt. 2008) (discussing technology-forcing character of EPCA and the use of increased fuel efficiency to augment performance rather than mileage).
[62] *Kennecott Greens Creek Min. Co. v. Mine Safety and Health Admin.*, 476 F.3d 946, 957 (D.C. Cir. 2008).
[63] Pub. L. 11-140, 121 Sat. 1492 (Dec. 18, 2007).
[64] 49 U.S.C. § 32902(b)(2)(A).
[65] *Id.* § 32902(b)(2)(B).

To help manufacturers comply with the CAFE standards, EPCA prescribes civil penalties that NHTSA can impose if their cars do not meet regulatory requirements. Specifically, a manufacturer is liable for a civil penalty of five dollars per automobile for each 0.1 mile per gallon shortfall.[66] The Act vests NHTSA with the authority to raise the total penalty up to ten dollars for each 0.1 mile per gallon shortfall, provided it first makes certain findings. NHTSA raised the penalty to $5.50 for each 0.1 mile per gallon shortfall in 1997, but has not raised it since, nor has the penalty been adjusted for inflation.[67]

III. The VW Scandal Reveals the Need to Issues Regulations to Amend Testing Procedures and Increase Penalties for Violations of Fuel Economy Standards

Volkswagen recently admitted that 11 million of its diesel cars sold worldwide since 2009, including nearly half a million sold in the United States, contain software specifically designed to cheat emissions tests. EPA has said that these devices allowed each car to spew up to *40 times* the legal limit of nitrogen oxides in the United States. Better testing procedures that more accurately reflect a vehicle's on-road emissions could prevent such egregious actions from occurring in the future.

This scandal raises yet another problem in the government's regulation of emissions from motor vehicles — that manufacturers regularly pay civil penalties rather than comply with NHTSA's CAFE standards. The penalties are therefore clearly inadequate to deter violations and inspire the technological innovation contemplated by EPCA, and reduce carbon dioxide emissions, and must be increased as a result.

A. EPA Must Promulgate Regulations to Require On-Road Emissions Testing, and Must Test Cars Sold in the United States Since 2009

The VW scandal demonstrates that EPA's current testing procedures for passenger cars and light trucks do not accurately reflect the actual emissions of these vehicles. EPA must promulgate regulations that require accurate, on-road testing sufficiently rigorous to detect defeat devices and thereby protect public health and welfare from the deleterious impacts of motor vehicle emissions.

As explained by EPA in its Notice of Violation to VW, "defeat devices" can detect when a car is being tested in a laboratory setting and adjusts engine operations to emit less-polluting exhaust during the test than in real-world driving conditions. Specifically, VW manufactured and installed software in the electronic control modules ("ECM") of vehicles equipped with 2.0 liter diesel engines.[68] The software could sense when the vehicle was being tested pursuant to EPA's dynamometer testing equipment.[69] When the software sensed testing, it produced compliant emission results under an ECM calibration, but at all other times the ECM ran a separate calibration that reduced the effectiveness of the emission control system, and the selective

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[66] *Id.* § 32912(b).
[67] *See* 62 Fed. Reg. 5,167, 5,168 (Feb. 4, 1997) (raising the penalty to $5.50 for every 0.1 mpg); *codified at* 49 C.F.R. § 578.6(h)(2).
[68] EPA, Notice of Violation to Volkswagen AG, Sept. 18, 2015.
[69] *Id.*

VW FOIA, EPA 06/20/2017 2017-FFP_028418

catalytic reduction, or the lean NOx trap, in particular.[70] EPA has determined that the software is an air emission control device that was not described in VW's certification applications and is an illegal defeat device, and that "VW violated section 203(a)(1) the CAA, 42 U.S.C. § 7522(a)(1), each time it sold, offered for sale, introduced into commerce, delivered for introduction into commerce, or imported…" one of the offending vehicles as a result.[71]

But this is not the first time a manufacturer has used these illegal, deceitful devices. Despite the express prohibitions on the use of defeat devices in the CAA and EPA's regulations, the use of such devices by a variety of manufacturers has been discovered on several occasions.[72] Indeed, such devices have been used beginning shortly after the enactment of the CAA, with early regulatory actions specifically intended to prevent their use.[73] And car and truck manufacturers have repeatedly been caught using such devices for almost as long as their use has been prohibited. For example, in 1973, EPA found that VW had installed temperature-sensitive devices that turned off emissions controls on tens of thousands of its vehicles.[74] And in 1998, the U.S. Department of Justice and EPA settled an enforcement case against the diesel engine industry for the widespread use of defeat devices in everything from tractor trailers to pick-up trucks. The settlement required seven companies, which comprised 95 percent of the U.S. heavy duty diesel engine market, to pay over one billion dollars, including $83.4 million in civil penalties, the largest ever imposed in environmental enforcement at that time.[75]

As suggested by EPA's letter to VW, a key reason vehicle manufacturers are able to use such devices to beat emissions tests are the inadequate testing procedures currently required by EPA. In particular, EPA's requirements for testing light-duty vehicles and trucks, known as the Federal Test Procedure ("FTP"), use a chassis dynamometer to test for various emissions, including nitrogen oxides, in a laboratory setting by simulating driving conditions. But given the artificial, predictable conditions in which the tests are run, software can sense when treadmill-like dynamometer equipment is being used based on the position of the steering wheel, vehicle speed and how long the engine operates, among other inputs.[76]

But alternative, on-road testing technologies exist. For example, on-road vehicle remote sensing is a type of technology that can scan the emissions of thousands of vehicles within a single day, and has previously been used to monitor real driving conditions by using optical sensors or a laboratory vehicle that follows cars and samples exhaust plumes.[77] And EPA already

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[70] *Id.*
[71] *Id.*
[72] *See e.g.*, U.S. Dep't of Justice, *Clean Air Act Mobile Sources Cases*, http://www.justice.gov/enrd/mobile-sources (updated May 14, 2015) (describing past enforcement actions for the use of defeat devices).
[73] *See e.g.*, 37 Fed. Reg. 28,775 (Dec. 29, 1972) (order requiring defeat devices to be eliminated by March 1973).
[74] *See e.g.*, Michael Biesecker and Eric Tucker, *German automaker facing 'tsunami' of possible enforcement actions after emissions scandal*, Associated Press, Sept. 28, 2015, http://www.usnews.com/news/business/articles/2015/09/28/volkswagen-faces-major-legal-trouble-in-emissions-scandal.
[75] U.S. Dep't of Justice, Press Release: DOJ, EPA Announce One Billion Dollar Settlement With Diesel Engine Industry For Clean Air Act Violations, Oct. 22, 1998, *available at* http://www.justice.gov/archive/opa/pr/1998/October/499_enr.htm.
[76] Notice of Violation to Volkswagen.
[77] International Council on Clean Transportation, Guidance note about on-road vehicle emissions remote sensing, June 2013, *available at* http://www.theicct.org/sites/default/files/publications/RSD_Guidance_BorKlee.pdf.

requires on-road testing for heavy-duty diesel trucks.[78] Specifically, EPA has established a mandatory manufacturer-run, in-use emissions testing for heavy-duty diesel trucks using a portable emission measurement system ("PEMS").[79] PEMS typically involves equipping a test vehicle with a portable gas analyzer, and measuring emission rates during the driving. In announcing the regulatory change, EPA specifically noted that using such systems is "a significant step forward. . . in helping ensure that heavy-duty diesel engines comply with applicable emission standards" and that "these systems offer[] advantages over conventional approaches to assess in-use exhaust emissions from engines for design improvement, research, modeling, and compliance purposes."[80] Nevertheless, EPA has not implemented a similar requirement for passenger cars and light trucks.

The urgent need for such testing is now beyond dispute, and its benefits would not be limited to detecting the use of unlawful defeat devices alone. Even when cars do not contain defeat devices, the laboratory tests often fail to accurately reflect emissions as laboratory settings do not adequately incorporate road and weather conditions, use of accessories and aggressive driving. On-road tests reflect normal operation and use, and therefore a more accurate picture of emissions. And the benefits would not be limited to emissions of nitrogen oxides — the use of on-road emissions testing would also enable tests to more accurately reflect a vehicle's fuel efficiency and thus, its carbon dioxide emissions.

While current regulations vest EPA with the authority to conduct or require testing on any vehicle using driving cycles and conditions that may reasonably be expected to be encountered in normal operation and use (i.e., on-road conditions) for purposes of investigating the use of defeat devices,[81] the regulations do not go far enough as they do not mandate such inspections prior to putting new cars and light trucks on the road.[82] Mandating on-road inspections prior to the introduction of new light-duty motor vehicles is thus necessary to ensure cars comply with emission standards.

Accordingly, the Center hereby requests that EPA promulgate regulations to require on-road testing for all types of new diesel-powered motor vehicles not already subject to such testing requirements. The Center also requests that EPA promulgate regulations to require on-road testing for all other types of fossil fuel-powered motor vehicles. While VW's scandal involved diesel-powered cars, there is no indication that the use of such devices is limited to diesel vehicles. In fact, recent reports indicate that VW's gasoline-powered cars, as well as models from other manufacturers, consume significantly more fuel than measured in laboratory tests.

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[78] *See e.g.*, EPA, Regulatory Announcement: Final Rule on In-Use Testing Program for Heavy-Duty Diesel Engines and Vehicles, EPA420-F-05-021, June 2005, *available at* http://www3.epa.gov/otaq/regs/hd-hwy/inuse/420f05021.pdf.

[79] *Id.*

[80] *Id.*

[81] 40 C.F.R. § 86.1809.

[82] *See e.g.*, International Council on Clean Transportation, In-use emission testing of light-duty diesel vehicles in the U.S., May 30, 2015, *available at* http://www.theicct.org/sites/default/files/publications/WVU_LDDV_in-use_ICCT_Report_Final_may2014.pdf (noting that there is no regulatory requirement in the United States to verify compliance of Tier 2 vehicles for emissions standards over off-cycle tests such as on road emissions testing).

Specifically, the Center requests that EPA adopt regulations in 40 C.F.R. part 86 and/or 1066 requiring on-road emissions testing as part of the certification process necessary to introduce any vehicle type into U.S commerce. These regulations could emulate those required for heavy-duty highway engines, adjusted as necessary to accommodate testing parameters needed for passenger cars and lighter trucks, and require state-of-the art on-road emission testing technology.[83]

The Center also requests that EPA conduct immediate in-use testing of each make and model of diesel-powered motor vehicles sold in the United States since 2009 that have not already undergone such tests, and each make and model of other fossil fuel-powered motor vehicles sold in the United States since 2009[84] to ensure that emissions comply with relevant standards, and any additional violators are held accountable.

B. NHTSA Must Promulgate Regulations to Increase the Penalties for Violations of CAFE Standards

NHTSA must increase the penalty for violations of CAFE standards. As explained above, EPCA vests NHTSA with the authority to impose a civil penalty of five dollars per automobile for each 0.1 mile per gallon a car falls short of the standards.[85] EPCA also vests NHTSA with the authority to increase the penalty for violations, provided it first makes certain findings. These findings include that increasing the penalty "will result in, or substantially further, substantial energy conservation for automobiles in model years in which the increased penalty may be imposed; . . . will not have a substantial deleterious impact on the economy of the United States, a State, or a region of a State" and will not cause significant unemployment, a significant increase in automobile imports or adversely affect competition.[86]

NHTSA exercised its statutory authority to increase the maximum civil penalty to $5.50 for each 0.1 mile per gallon shortfall in 1997. But NHTSA has not increased the penalty since, nor has it been adjusted for inflation. It is no surprise then that NHTSA has repeatedly acknowledged that many companies choose to regularly pay the fines rather than comply with the standards.[87] Indeed, the Government Accountability Office ("GAO") has reported that because the fines for violations of the CAFE standards have not increased, "CAFE penalties may not provide a strong enough incentive for manufacturers to comply with CAFE."[88] In this way, EPCA has not been implemented to its full potential, and continuing technological innovation and reductions in greenhouse emissions are thwarted. However, the GAO also found that "stricter penalties" for "noncompliance could improve compliance with CAFE standards."[89]

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[83] *See* 40 C.F.R. part 1065 (emission testing requirements for heavy-duty highway vehicles).
[84] To the extent conducting these tests is not feasible, the Center alternatively requests that EPA conduct in-use testing of a significant portion of the top selling makes and models of motor vehicles in the United States.
[85] 49 U.S.C. § 32912(b).
[86] *Id.*
[87] GAO, Report to Congress, Vehicle Fuel Economy: NHTSA and EPA's Partnership for Setting Fuel Economy and Greenhouse Gas Emissions Standards Improved Analysis and Should Be Maintained, Feb. 2010, GAO-10-336, *available at* http://www.gao.gov/assets/310/301199 html.
[88] *Id.*
[89] *Id.*

Accordingly, the Center hereby requests that NHTSA promulgate regulations to increase the penalty for a violation of the CAFE standards. Specifically, the Center requests that NHTSA amend its regulation at 49 C.F.R. § 578.6(h)(2) to increase the penalty to the statutory maximum of $10 per 0.1 mile per gallon shortfall. The Center believes that NHTSA can easily make the requisite statutory findings in order to do so. Ensuring compliance with CAFE standards will promote competition by encouraging innovation and technological improvements, and will lead to economic benefits by reducing costly greenhouse gas emissions.[90] And the requested increase in the penalty is reasonable, as it is still below the statutory minimum adjusted for inflation. Specifically, the five dollar fine in 1975 adjusted for inflation would be roughly $22.15 today.[91]

IV. Conclusion

The transportation sector is the single largest source of air pollution and the second largest source of greenhouse gas emissions in the United States. While there are laws in place to attempt to reduce the impacts of these emissions by prescribing limits on the quantity of such emissions, the recent VW scandal reveals that car manufacturers often find ways to skirt such requirements. Improving testing procedures by requiring in-use testing of vehicles currently on the road, and on-road testing of all new motor vehicles in the future would help ensure emissions tests better reflect actual emissions, and thus provide a more accurate picture of whether car manufacturers are actually complying with emission standards. Similarly, increasing the penalties for a violation of the CAFE standards would incentivize compliance with fuel economy standards and reduce emissions of greenhouse gases from motor vehicles. All of these actions would promote the protection of public health, welfare and the environment by reducing dangerous emissions and reducing our dependency on dirty fossil fuels, as envisioned by the CAA and EPCA.

Sincerely,

/s/ Kristen Monsell

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Oakland, CA 94612
kmonsell@biologicaldiversity.org

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[90] *See e.g.*, Ker Than, *Estimated social cost of climate change not accurate, Stanford scientists say*, Stanford Report, Jan. 12, 2015, http://news.stanford.edu/news/2015/january/emissions-social-costs-011215.html (estimating the social cost of carbon to be $220 per ton rather than $37 as estimated by the government); *see also* Marten, A.L., and Newbold, S.C., *Estimating the social cost of non-CO2 GHG emissions: Methane and nitrous oxide*, 51 Energy Policy 957 (2012), available as EPA Working Paper No. 11-10 at http://yosemite.epa.gov/ee/epa/eed nsf/ec2c5e0aaed27ec385256b330056025c/f7c9fc6133698cc38525782b00556de1/$FILE/2011-01v2.pdf (estimating the social cost of nitrous oxide to be $4,300 to $33,000 per metric ton in 2015).

[91] U.S. Dep't of Labor, CPI Inflation Calculator, http://www.bls.gov/data/inflation_calculator htm.

To: .WASH WI-2 Weber, Michael[wi-2@wash.auswaertiges-amt.de]
Cc: Kasman, Mark[Kasman.Mark@epa.gov]
From: Phillips, Anna
Sent: Thur 10/1/2015 7:54:04 PM
Subject: RE: Minister Dobrindt

Michael, I have sent this request through the appropriate channels here at EPA and we will let you know as soon as we have an update to share.

Since (as you know) I will be away for the next two weeks, please copy Mark Kasman and me on all future correspondence and I will follow up with you when I return to the office on Monday, October 19th.

Best,

Anna

P.S. Daniella's last name is Taveau <taveau.daniella@epa.gov>. If there are any follow-up questions, I'd be happy to help get a response.

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Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

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~~~~~~

Please consider the environment before printing this message.

From: .WASH WI-2 Weber, Michael [mailto:wi-2@wash.auswaertiges-amt.de]
Sent: Thursday, October 01, 2015 2:22 PM
To: Phillips, Anna
Subject: Minister Dobrindt

Dear Anna,

Thanks for arranging the meetings for Christian Hey yesterday. I thought the discussions with your colleagues working on TTIP were particularly interesting. I am afraid I didn't catch Danielle's last name. Can you send me her details?

As promised, regarding the visit of Alexander Dobrindt, German Federal Minister of Transport and Digital Infrastructure: Minister Dorbindt will be in DC October 27 and would very much like to meet Administrator Gina McCarthy and her staff working on the Volkswagen case.

Thanks for your help once again and I hope you are going to have a nice hurricane-free time on your vacation.

Best,

Michael

Michael Weber

Energy Policy Advisor

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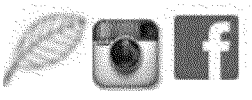

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Automotive News
Sent: Thur 10/1/2015 8:38:57 PM
Subject: DAILY: U.S. September sales rise 16%; SAAR at 18.2M | UAW rejects FCA deal | GM expects more profit from parts and accessories | Winterkorn still holds 4 key VW posts | Cox, Dealertrack complete deal

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U.S. sales rise 16% on double-digit gains at Detroit 3, Nissan, Toyota, Honda

U.S. light-vehicle sales, propelled by Labor Day promotions, fatter deals throughout the month, low gasoline prices and higher light-truck demand, rose 16 percent in September on double-digit gains at the Detroit 3, Toyota Motor, Nissan Group and Honda Motor. The seasonally adjusted annual sales rate surged to 18.

UAW-FCA agreement fails with 65% rank-and-file rejection

The UAW will return to the bargaining table with Fiat Chrysler after its membership rejected a proposed agreement by 65 percent, according to a statement released today by the union.

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Cox Dealertrack shielded key VW exec in $4 billion acquisition

Martin Winterkorn, the former boss of Volkswagen who quit last week saying he wanted to give the German carmaker a "fresh start" to tackle a scandal over rigged vehicle emissions tests, remains in four key positions involved with the group.

Cox President Sandy Schwartz and Dealertrack CEO Mark O'Neil will be going on the road together over the next two weeks to meet with auto retailers to explain their $4 billion combination. The acquisition closed today.

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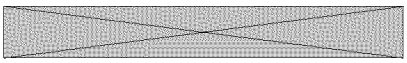

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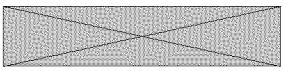

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To: Thomas, Richard (EEO)[Richard.Thomas@vw.com]
From: Good, David
Sent: Thur 10/1/2015 8:52:06 PM
Subject: RE: FE label question [Please call me tomorrow----I was in meetings most of the day] NNTO

From: Thomas, Richard (EEO) [mailto:Richard.Thomas@vw.com]
Sent: Thursday, October 01, 2015 2:04 PM
To: Good, David
Subject: FE label question

Hi Dave;

I've been trying to reach you with a 2016 labeling question via phone. If you have a few minutes could you please call me? I am normally in the office until 3 pm.

Thanks,

Richard

Richard E. Thomas

Senior Emission Certification Specialist

Engineering & Environmental Office (EEO)

Volkswagen Group of America, Inc.

3800 Hamlin Road

Auburn Hills, MI 48326

Phone: 248 754 4213

Fax: 248 754 4207

mailto: Richard.Thomas@VW.com

To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: EnergyGuardian
Sent: Thur 10/1/2015 9:20:12 PM
Subject: McCarthy fights off ozone critics on all sides

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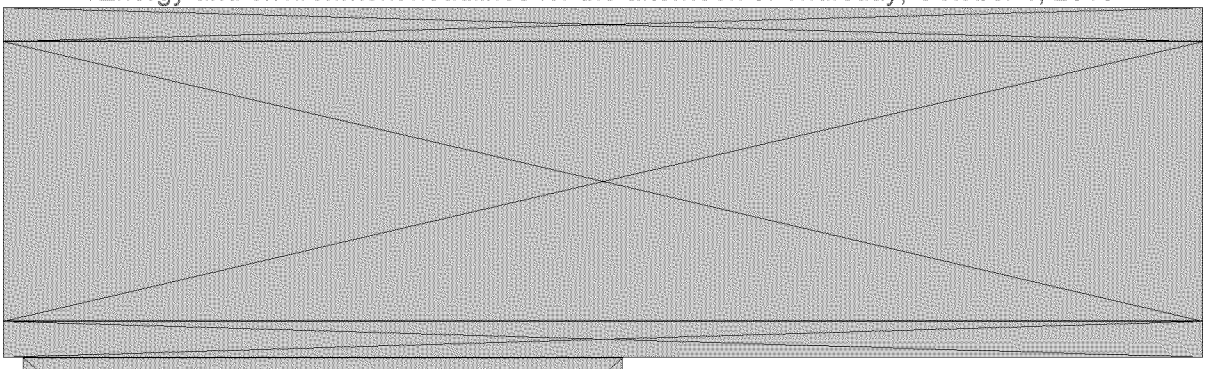
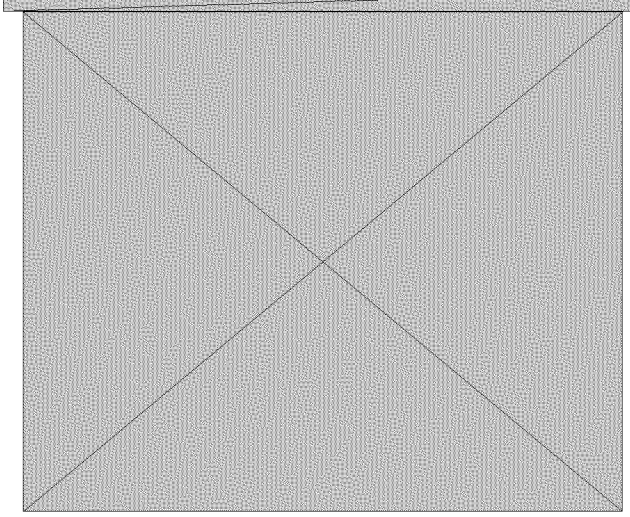
Energy and environment headlines for the afternoon of Thursday, October 1, 2015





McCarthy fights off ozone critics on all sides

By Kevin Rogers

Environmental Protection Agency Administrator Gina McCarthy, under fire from both industry and environmentalists over the agency's move to tighten its ground-level ozone standard to 70 parts per billion, on Thursday defended what she described a "judgment call" based on the best available science and the legal requirements of the Clean Air Act.

The agency's final rule, unveiled Thursday, was decried as "burdensome, costly and misguided" by industry groups and Republicans, who vowed to roll it back through legislation, while environmentalists and health advocates called it "insufficient," saying

didn't go far enough to protect public health.

McCarthy, however, said that the law requires her to develop a "requisite" standard that would provide "an adequate margin of safety." Based on the agency's analysis of nearly 2,300 studies, she concluded that 70 ppb was the optimal level.

"I must set a standard that, in my judgment, is no more or less stringent than necessary to protect at-risk groups," she told reporters on a call. "I did not base it on a popularity contest. This is about doing what the science says and the law, and I think I have a long history with all sides of being a person who does my job the best I can."

The new standard, while lower than the 75 ppb established by the Bush administration in 2008, fell on the high end of EPA's proposal. The agency took comment on setting the standard as low as 60 ppb.

The rules don't directly set new federal source pollution standards, instead leaving it to the states to develop their own implementation plans to meet the federal ozone level requirement. Those plans could include a mix of pollution controls on the manufacturing, energy production and transportation sectors, to reduce emissions of nitrogen oxide and volatile organic compounds. How much each sector must do, and how much of each pollutant is reduced, is up to each state, as long as the 70 ppb ozone level is achieved.

In 2017, the agency, after analyzing air quality data from 2014, 2015 and 2016, will determine which counties are in nonattainment with the new standard. State compliance would phase in between 2020 and 2037, with each state's specific deadline depending on its region's severity of ozone pollution.

"We are not changing the world today, but we are telling the public what we believe to be the healthy air that we're driving," McCarthy said.

The agency said the new rule would have a price tag of $1.4 billion a year, but, by 2025, would reap up to $5.9 billion in related health benefits per year.

Environmentalists and health groups, however, contended that the science put the optimal health benefits at a 60 ppb.

Sierra Club President Michael Brune called the new rule a "missed opportunity."

"The level chosen of 70 parts per billion simply does not reflect what the science shows is necessary to truly protect public health," American Lung Association President and CEO Harold Wimmer said in a statement. "Of the levels that were under consideration by the U.S. Environmental Protection Agency, an ozone limit of 60 ppb would have given Americans much greater health protections."

McCarthy, however, contended that studies pressing for 60 ppb didn't make a compelling case for such a low standard.

"While some studies have shown effects in adults at levels as low as 60 ppb, these studies do not show that these effects are harmful," she said.

Business groups, on the other hand, said that the rule, even at 70 ppb, would cause catastrophic economic damage. They argued that ozone levels have been in decline since 1980 and don't require additional mandates to push them lower.

"For months, the Administration threatened to impose on manufacturers an even harsher rule, with even more devastating consequences," National Association of Manufacturers President Jay Timmons said in a statement. "But make no mistake: the new ozone standard will inflict pain on companies that build things in America — and destroy job opportunities for American workers."

McCarthy dismissed NAM'S arguments as repetitive and dated.

"They say lots of things. Many of them are things they've said for the past 20 or 30 years," she said. "I'm not looking at what other groups are saying."

She also hit back at arguments that the new standard would plunge the nation into nonattainment, estimating that all but 14 counties outside of California had, by complying with air pollution standards already on the books, put themselves on track to reach 70 ppm by 2025.

NAM and the American Petroleum Institute also called on Congress to take action to block the new standard. Senate Environment and Public Works Chairman Sen. James Inhofe, R-Okla., said he would make it a priority.

"Our country should have been given the opportunity to fully meet the 2008 standard before implementing another frivolous and costly mandate," he said in a statement. "I will be pursuing legislation in my committee to push back on EPA and prevent red tape from continuing to run abound."

His Democratic counterpart, ranking member Sen. Barbara Boxer, D-Calif., said in a statement that the rules were a positive development, but the 70 ppb standard wasn't tough enough.

"Today's action is a step in the right direction, but I believe following the science is important, and I am disappointed that a more protective standard was not set," she said.

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Feds want tougher rules for oil pipelines

By Matthew Brown

BILLINGS, Mont. (AP) — U.S. officials said Thursday they want tighter safety rules for pipelines carrying crude oil, gasoline and other hazardous liquids after a series of ruptures that included the costliest onshore oil spill in the nation's history in Michigan.

The U.S. Department of Transportation proposed expanding pipeline inspection requirements to include rural areas that are currently exempt and for companies to more closely analyze the results of their inspections.

The agency also would make companies re-check lines following floods and hurricanes, and submit information on thousands of miles of smaller lines that fall outside of existing regulations.

The Associated Press obtained details of the proposal in advance of Thursday's formal announcement. It covers more than 200,000 miles of hazardous liquids pipelines that crisscross the nation — a network that expanded rapidly over the past decade as domestic oil production increased.

More

Hurricane and rainstorm are locked in a dangerous dance

By Seth Borenstein

WASHINGTON (AP) — Hurricane Joaquin is locked in a dance with an extraordinarily heavy rainstorm that is already drenching the Carolinas. As the two draw closer together over the next few days, the effects could be disastrous for the East Coast.

The rainstorm is the dance partner that is leading this tango, and what it does will determine where Joaquin goes and how much of the East Coast floods. Storm No. 1 could push Joaquin out to sea or pull it into the heavily crowded Northeast.

At the same time, Joaquin is feeding the storm with moisture, contributing to its heavy rainfall.

Meteorologists are deeply uncertain about where Joaquin will go. But they warn that the record-breaking rain from storm No. 1 is a sure and scary thing, at least for an area for South Carolina to Washington, D.C.

More

Ex-Massey CEO Don Blankenship arrives for federal trial

By Jonathan Matisse

CHARLESTON, W.Va. (AP) — Former Massey Energy CEO Don Blankenship has arrived for the start of his federal trial on charges that he conspired to break safety laws and lied to financial regulators about safety practices.

Blankenship stepped out of a minivan that stopped in front of Charleston's federal courthouse Thursday. Wearing a suit and striped tie, Blankenship was accompanied by three homeland security officers.

As he entered the courthouse on the first day of jury selection, a reporter asked whether he was innocent of the charges. Blankenship smiled and said "yes."

The 65-year-old Blankenship faces up to three decades in prison if convicted over how he ran the Upper Big Branch Mine, which exploded in 2010, killing 29 miners.

CEO in deadliest US mine accident in 4 decades on trial

By Jonathan Matisse

CHARLESTON, W.Va. (AP) — Former Massey Energy CEO Don Blankenship hit the courtroom for a criminal trial Thursday, facing charges that he conspired to break safety laws and lied to financial regulators about safety practices at the site of the deadliest U.S. mine explosion in more than four decades.

If he's convicted, it would be a rare instance where a CEO faces prison time.

In April 2010, an underground explosion ripped through Massey's former Upper Big Branch Mine in Montcoal, West Virginia, killing 29 workers. Blankenship is attending U.S. District Court in Charleston for his jury trial.

More

California meets water savings target for third month

By Scott Smith

FRESNO, Calif. (AP) — Californians cut water use by 27 percent in August, marking the third consecutive month that residents and businesses surpassed the 25 percent conservation goal set by Gov. Jerry Brown to deal with the relentless drought, officials said Thursday.

The figures released by the State Water Resources Control Board showed a slight decrease in savings from the 31 percent posted for July — a development that raised concerns among some officials.

However, board chair Felicia Marcus said the slippage was not completely surprising given the heavy rains that drenched Southern California in July and prompted people to turn off sprinklers.

"The fact the numbers didn't drop precipitously shows that people get it," she said. "In a crisis people pull together and they hang in there."

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A message from the American Petroleum Institute

America is now the world's #1 natural gas producer and will soon be #1 in oil. Now more than ever, abundant energy means abundant prosperity, opportunity and security for all Americans.

Learn more at EnergyTomorrow.org

US auto sales jump last month at Ford, Nissan, Fiat Chrysler

By Dee-Ann Durbin

DETROIT (AP) — Just about everything broke right for the U.S. auto industry in September, as strong consumer demand, easy credit and generous incentives combined for double-digit sales gains at most major automakers.

Right now, the scandal over emissions cheating at Volkswagen is hurting only the German automaker; VW's sales were up less than 1 percent over last September. A bigger concern for the industry in the coming months may be an impasse in contract talks between the Detroit automakers and the United Auto Workers, analysts warned.

Ford's U.S. sales grew 23 percent in September, Nissan surged 18 percent and Fiat Chrysler's U.S. sales jumped nearly 14 percent. Sales at General Motors rose 12 percent, while Toyota posted a 16 percent gain. Honda's sales were up 13 percent.

Analysts expected big sales increases because Labor Day was included in September this year versus August a year ago. Labor Day weekend is typically one of the biggest sales periods of the year, as dealers offer discounts to clear cars off their lots before the new model-year vehicles arrive.

More

GM warns the Valley: Prepare to compete over driverless cars

By Tom Krisher

MILFORD TOWNSHIP, Mich. (AP) — Move that tiny self-driving pod out of the way.

That might as well have been the message Thursday from General Motors to Google, Apple and anyone else with designs on dominating the market for autonomous cars.

The 107-year-old automaker told Wall Street analysts Thursday that it intends to lead no matter what form of transportation people pick in the future.

GM already has millions of cars on the road that are connected to the Internet, and it has young engineers who are helping to develop new technology that will lead to autonomous driving, said Mark Reuss, GM's product development chief.

More

India vows to cut carbon intensity in Paris pledge

By Karl Ritter

STOCKHOLM (AP) — As the last major economy to submit a target for a global climate pact, India is pledging to reduce the intensity of its carbon emissions and boost the share of electricity produced from sources other than fossil fuels to 40 percent by 2030.

The world's third-largest carbon polluter filed its climate action plan to the Germany-based U.N. climate secretariat late Thursday, the deadline for pledges before a December conference in Paris, where governments are supposed to adopt a landmark deal to fight climate change.

In a 38-page submission citing Mahatma Gandhi, the Indian government said it would slash the rate of emissions relative to gross domestic product by 33-35 percent by 2030 from 2005 levels.

It said India has already reduced its carbon intensity by 12 percent since 2005.

More

Ban: Pacific islands can help fight climate change

By The Associated Press

UNITED NATIONS (AP) — Secretary-General Ban Ki-moon says he is counting on the leaders of Pacific island nations to raise their voices and build momentum for an agreement to combat climate change.

He expressed hope that the world's nations will finalize "a new universal and meaningful climate change agreement" at a conference in Paris in December which would be "an important turning point." But he said it would not be "an end point for global climate action."

Ban said dangers to vulnerable small islands persist, citing this year's El Nino phenomenon which has caused strong droughts and cyclones in the Pacific.

He told a meeting of the Pacific Islands Forum on the sidelines of the U.N. General Assembly ministerial meeting that he has been doing everything possible to raise the financing they need to mitigate climate change.

As oil wealth dwindles, Saudi Arabia faces change

By Aya Batrawy

JIDDAH, Saudi Arabia (AP) — At a gas station in Saudi Arabia's second largest city of Jiddah, drivers are fueling up their cars at just 45 cents a gallon — four times less than the price of water.

To make that possible, the kingdom spends up to $10.7 billion per year on gasoline subsidies. It also offers a range of perks and welfare support to its citizens such as free healthcare and education, including thousands of scholarships to expensive Western universities.

Such largesse, however, is likely to be rolled back as the world's largest oil exporter looks to curb spending for the first time in years due to a plunge in the price of crude, which accounts for 90 percent of government revenue.

While the country's $656 billion in currency reserves will help it avoid a brutal shift in lifestyles and policies, the kingdom is starting to be more careful with its finances. That will likely mean less investment in new infrastructure projects but also possibly, down the line, less welfare spending, smaller wage increases, and less construction of much-needed housing and roads.

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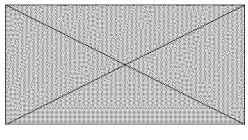

Week in Review – Pope Urges U.S. to Address Climate Change

Hillary Clinton Shares View on Keystone Pipeline.

Click here to read the brief

Crude export bill advances, but not without 'poison pill'

The Senate Banking Committee approved—on a mostly party-line vote—a bill to end the ban on crude oil exports, but with an amendment requiring Iran to compensate U.S. terrorism victims, which the bill's sponsor, Sen. Heidi Heitkamp, D-N.D., called a "poison pill," FuelFix reports.

More

Oil drops on weak manufacturing data, Hurricane update

Oil finished lower Thursday despite early spikes, after revised forecasts downgraded the predicted impact of Hurricane Joaquin on the East Coast and the latest purchasing managers index suggested only limited expansion of manufacturing demand. Light, sweet crude for November delivery lost 35 cents to settle at $44.74 a barrel on the Nymex, while in London, Brent fell 68 cents, or 1.4 percent, to $47.69, The Wall Street Journal reports.

More

LWCF backers press on despite its expiration

Authorization for the Land and Water Conservation Fund expired at midnight, but the continuing resolution approved Wednesday does provide money for it, and E&E reports supporters of the program are looking for ways to get it reauthorized.

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Natgas slides more than 3 percent to 3-year low

Pressure from growing supplies sent the Nymex November natural gas contract slumping 9.1 cents, or 3.6 percent, Thursday to settle at $2.433 per million British thermal units, a level not seen since June of 2012, The Wall Street Journal reports.

More

Bondholders dump Chesapeake after credit renegotiation

A selloff by bondholders—triggered when Chesapeake Energy Corp. renegotiated its credit line—has erased up to $275 million of the company's market value, Bloomberg reports.

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Conferences axed as a result of oil price slide

Continued low oil prices are triggering cancellation of a number of energy conferences, FuelFix reports.

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Balance of oil trade with Mexico shifts the U.S. way: EIA

On the back of increased shale output, the Energy Information Administration says the U.S. in July exported 48,000 more barrels of oil products per day to Mexico than it brought in, the first time the country has become a net exporter to Mexico in more than 20 years, Bloomberg reports.

More

California air board takes aim at short-term pollutants

A draft proposal from the California Air Resources Board makes some regulatory changes to tackle short-lived climate pollutants, or SLCPs, such as methane, black carbon and refrigerator gases, E&E reports.

More

UCLA's Energy Atlas finds wealthy neighborhoods, businesses using more energy

Significantly more energy is consumed per-capita by wealthy neighborhoods than poor ones in Los Angeles, according to UCLA researchers, who found that the most energy of all is used in the commercial sector, the Los Angeles Times reports.

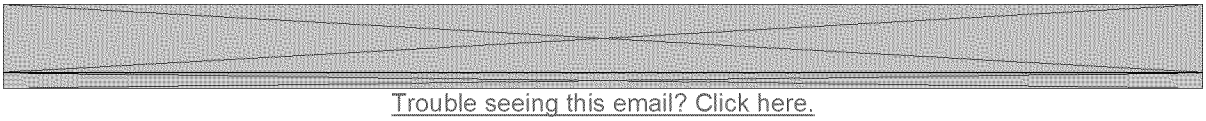
More

Upcoming Events

- Oct. 1, Washington: Senate Energy and Natural Resources Subcommittee on Public Lands, Forests and Mining to hold a hearing a bill to reduce royalty payments for sodium mining. 2:30 pm , 366 Dirksen.
- Oct. 1, Washington: A group of veterans and Reps. Ed Whitfield, R-Ky., Sanford Bishop, D-Ga., Mike Conaway, R-Texas, and Bill Johnson, R-Ohio to hold a press conference on energy security, focusing on the Keystone XL pipeline and energy exports. 11:00 am , House Triangle.
- Oct. 1, Washington: The House Energy and Commerce Subcommittee on Environment and the Economy to hold a hearing on safe transportation of nuclear materials. 10:15 am , 2123 Rayburn.
- Oct. 1, Washington: The Senate Banking, Housing and Urban Affairs Committee to

hold a markup session and vote on the American Crude Oil Export Equality Act to end the crude oil export ban. 10:00 am , 538 Dirksen.

- Oct. 1, Washington: The Senate Small Business and Entrepreneurship Committee to hold a hearing into the business impact Environmental Protection Agency's Gold King Mine spill in Colorado. Rep. Scott Tipton, R-Colo., to testify. 10:00 am , 428A Russell
- Oct. 1, Washington: Politico to host an event on "America's Energy Agenda" in the aftermath of the Clean Power Plan. Sen. John Hoeven, R-N.D., America's Natural Gas Alliance President and CEO Marty Durbin and Commissioner Tony Clark of the Federal Energy Regulatory Commission among scheduled speakers. 9:00 am , 101 Constitution Ave. NW.



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To: Rodgers, William (EEO)[William.Rodgers@vw.com]; Allen, Gregory (EEO)[Gregory.Allen@vw.com]
From: Snyder, Jim
Sent: Thur 10/1/2015 10:18:58 PM
Subject: FW: Summary Data File of VW UDDS CD test
Summary_VW_PHEV_CD_UDDS_093015_Hioki.xlsx

From: Smithson, Arlene
Sent: Thursday, October 01, 2015 5:27 PM
To: Snyder, Jim
Subject: Summary Data File of VW UDDS CD test

Vehicle ID	**Ex. 6**	**Configuration**	0
Manufacturer	10015 VGA		
Test Date	9/30/2015		
Test #	**20150359016**		

Cycle	ACT-DISTANCE	AMP-HRS	Initial Voltage	Final Voltage	AS-VOLT	START SOC*	END SOC*
UDDS 1 TOTAL	***7.442***	***5.073***	*385.2*	*366.2*	***375.7***	***0.000***	***5.073***
UDDS 2 TOTAL	***7.438***	***10.171***	*367.0*	*351.2*	***359.1***	***5.077***	***10.175***
UDDS 3 TOTAL	***7.443***	***15.410***	*352.0*	*344.0*	***348.0***	***0.000***	***5.239***
UDDS 4 Transition	***0.35***	***15.746***	*NA*	*NA*	***NA***	***5.243***	***5.579***
UDDS 4 TOTAL	***7.432***	***16.047***	*344.5*	*343.2*	***343.9***	***5.243***	***5.880***
UDDS 5 TOTAL	***7.452***	***16.131***	*343.0*	*343.0*	***343.0***	***0.000***	***0.084***
UDDS 6 TOTAL	***7.442***	***16.002***	*342.5*	*343.2*	***342.9***	***0.087***	***-0.042***

AER (mi)	Recharge Event Voltage (V)
22.67	**239.5**
	Recharge Event Energy (Wh)
	6788.4

Note: Hioki integration start after every 4 bag FTP (double UDDS).

To: Rodgers, William (EEO)[William.Rodgers@vw.com]; Allen, Gregory (EEO)[Gregory.Allen@vw.com]; Horton, Garett (VWGoA Imp)[garett.horton@volkswagen.de]; Giles, Michael (EEO)[michael.giles@vw.com]
From: Snyder, Jim
Sent: Thur 10/1/2015 10:25:56 PM
Subject: CD UDDS Etron hardcopy
image2015-10-01-182237.pdf

Sorry if its upside down.

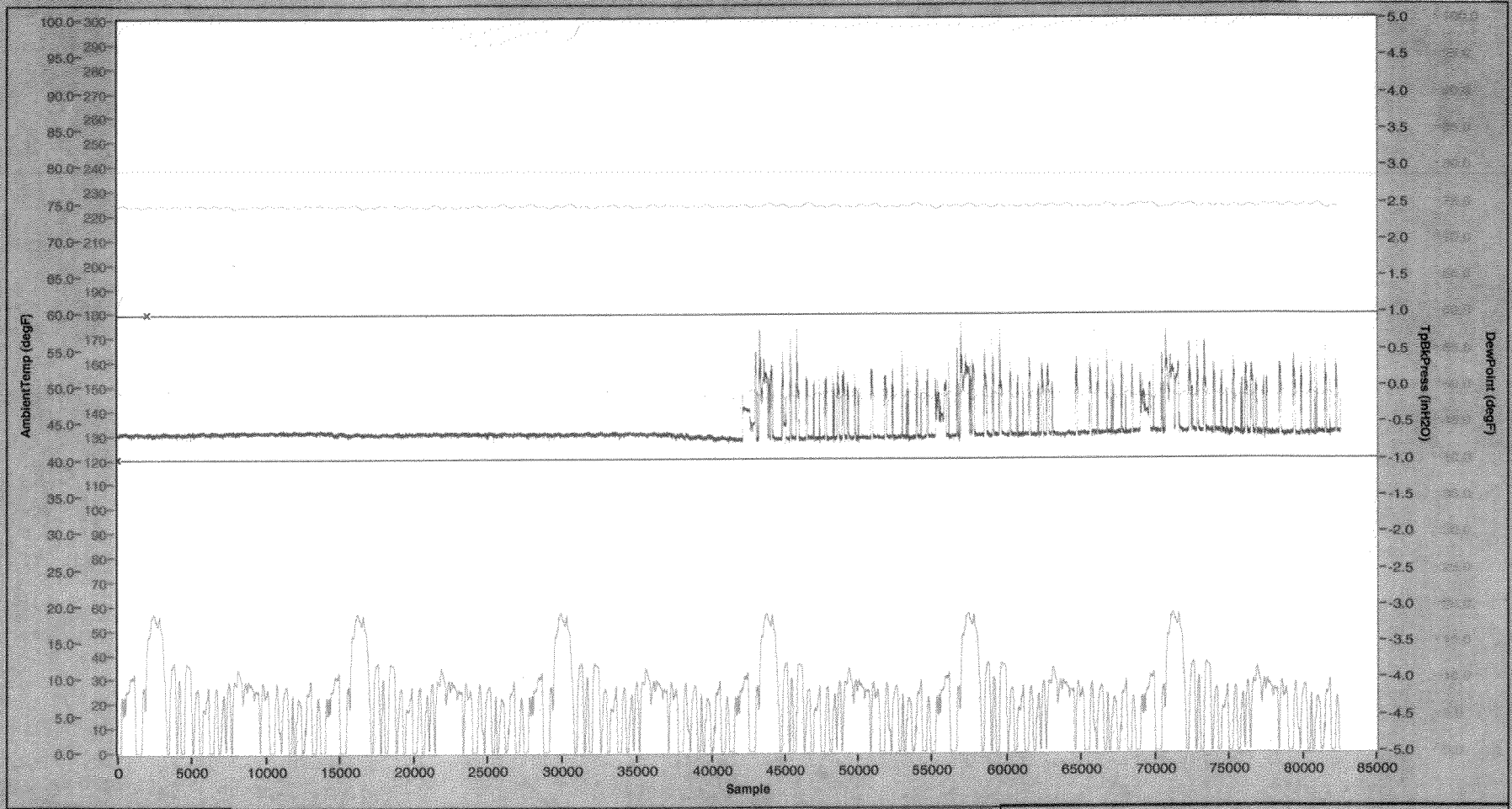
jim

From: AA-OFF-N107-M@epa.gov [mailto:AA-OFF-N107-M@epa.gov]
Sent: Thursday, October 01, 2015 6:23 PM
To: Snyder, Jim
Subject:

Tailpipe Backpressure

EmissionTest: ftp4bag: 20150359016 Test Init Time: 30-Sep-2015, 12:13:37 Test cell: d006

HORIBA



DynoSpeed (mph)
TpBkPress (inH2O)
AmbientTemp (degF)
DewPoint (degF)

Close Reset Print

30-Sep-2015
15:43:24

Comments

Cursor 0 1985 1.0
Cursor 1 0 -1.0

2017-FFP_028451
06/20/2017
VW FOIA, EPA

EPA Gasoline Bag CVS Summary Report

Test Information

Run Number:	993	Site Name:	d006		
Test Number:	20150359016	Vehicle ID:	AU373-6-0813/16		
Test Date:	30-Sep-2015	Config No.:	0		
Test Init Time:	12:13:37	Engine Number:	G2.5CMC		
Test Type:	ftp4bag	Requested Dyno Interface:	Write		
Test Procedure:	81 Charge Depleting UDDS	Dyno File Used:	20150359016_ftp4bag.rls		
Requester:	Jim Snyder	Act Inertia Weight:(lbm)	3875	Req Inertia:(lbm)	3875
Operator:	358054	Act Set Coef A:(lbf)	-7.90	Req Set Coeff A:(lbf)	-7.90
Driver:	358054	Act Set Coef B:(lbf/mph)	0.0523	Req Set Coef B:(lbf/mph)	0.0523
Fuel Type:	61 Tier 2 Cert Gasoline	Act Set Coef C:(lbf/mph^2)	0.01836	Req Coef C:(lbf/mph^2)	0.01836
Fuel Container ID:	F00021_25278_CD#9	Act Aug Brake:	N	Req Aug Brake:	N
Tire Pressure Front:	36.00	Shift Table 1:	A0EPA0005		
Tire Pressure Rear:	36.00	Shift Table 2:	A0EPA0005_2		
		Odometer(mi)	3198.0		
		Fan Placement:	1 - One Small Fan - Up - Front		
PreTest Remarks:		Validation File Name:	none		
PreTest Remarks:		PostTest Remarks:			
		PostTest Remarks:			

Test Conditions	Bag 1	Bag 2	Bag 3	Bag 4
Start Time:	12:35:30	12:43:56	13:07:44	13:16:10
Phase Time (sec):	506.2	869.9	506.2	869.8
Distance (mi):	3.591	3.852	3.590	3.848
Avg. Cell Temp(°F):	74.6	74.6	74.6	74.5
Avg. Barometer (inHg):	29.19	29.19	29.19	29.19
Avg. Dew Point (°F):	49.1	49.0	48.8	48.8
Avg. Specific Humidity (gr/lbm):	52.89	52.61	52.19	52.28
NOx Hum Correction Factor :	0.906	0.905	0.903	0.904
Avg. CVS Flow Rate (scfm):	319.86	319.65	319.80	319.62
CVS Volume (ft³ 20degC)	2698.53	4632.22	2699.14	4631.17
Dilution Factor(13.4 based):	311.545	319.332	321.896	317.515
Avg. Tailpipe Press.(inaq):	-0.651	-0.634	-0.651	-0.651
Bag Analysis Time (sec):	55.8	57.9	55.8	57.0
Methane Resp. Factor:	1.101	1.101	1.101	1.101

Test Conditions	Bag 1	Bag 2	Bag 3	Bag 4
Start Time:	13:37:14	13:45:40	14:09:56	14:18:23
Phase Time (sec):	506.1	869.9	507.0	869.8
Distance (mi):	3.589	3.854	3.584	3.848
Avg. Cell Temp(°F):	74.6	74.5	74.6	74.6
Avg. Barometer (inHg):	29.19	29.18	29.19	29.18
Avg. Dew Point (°F):	48.8	48.8	48.7	48.8
Avg. Specific Humidity (gr/lbm):	52.18	52.28	52.00	52.18
NOx Hum Correction Factor :	0.903	0.904	0.903	0.903
Avg. CVS Flow Rate (scfm):	319.61	319.51	319.43	319.00
CVS Volume (ft³ 20degC)	2695.89	4631.17	2699.70	4622.34
Dilution Factor(13.4 based):	316.159	316.508	21.724	47.281
Avg. Tailpipe Press.(inaq):	-0.658	-0.677	-0.452	-0.593
Bag Analysis Time (sec):	56.4	57.5	55.9	57.1
Methane Resp. Factor:	1.101	1.101	1.101	1.101

Test Conditions	Bag 1	Bag 2	Bag 3	Bag 4
Start Time:	14:40:37	14:49:03	15:13:17	15:21:43
Phase Time (sec):	506.2	870.0	506.1	869.9
Distance (mi):	3.594	3.859	3.591	3.851
Avg. Cell Temp(°F):	74.5	74.5	74.6	74.5
Avg. Barometer (inHg):	29.18	29.19	29.19	29.18
Avg. Dew Point (°F):	48.7	48.8	48.7	48.8
Avg. Specific Humidity (gr/lbm):	52.14	52.18	52.14	52.21
NOx Hum Correction Factor :	0.903	0.903	0.903	0.903
Avg. CVS Flow Rate (scfm):	318.81	318.90	318.91	318.87
CVS Volume (ft³ 20degC)	2689.18	4622.34	2690.48	4621.63
Dilution Factor(13.4 based):	20.526	47.381	20.026	44.642
Avg. Tailpipe Press.(inaq):	-0.387	-0.547	-0.340	-0.524
Bag Analysis Time (sec):	55.8	57.8	56.0	57.1
Methane Resp. Factor:	1.101	1.101	1.101	1.101

Bag Results	THC (ppmC)	CO (ppm)	NOx (ppm)	CO2 (%)	CH4 (ppm)	NMHC (ppm)
Bag 1						
Sample:	2.520	0.000	0.026	0.043	1.907	0.420
Ambient:	2.513	0.000	0.026	0.042	1.917	0.402
Net Concentration:	0.015	0.000	0.000	0.001	0.000	0.019

VW FOIA, EPA 06/20/2017 2017-FFP_028452

EPA Gasoline Bag CVS Summary Report

Bag 2						
Sample:	2.560	0.000	0.010	0.042	1.906	0.461
Ambient:	2.534	0.000	0.011	0.042	1.924	0.416
Net Concentration:	0.034	0.000	0.000	0.000	0.000	0.047
Bag 3						
Sample:	2.630	0.000	0.009	0.041	1.903	0.535
Ambient:	2.941	0.000	0.010	0.042	1.921	0.826
Net Concentration:	0.000	0.000	0.000	0.000	0.000	0.000
Bag 4						
Sample:	2.589	0.000	0.008	0.042	1.922	0.473
Ambient:	2.568	0.000	0.009	0.042	1.921	0.453
Net Concentration:	0.029	0.000	0.000	0.000	0.007	0.021
Bag 1						
Sample:	2.502	0.000	0.019	0.042	1.908	0.401
Ambient:	2.523	0.000	0.021	0.042	1.916	0.414
Net Concentration:	0.000	0.000	0.000	0.000	0.000	0.000
Bag 2						
Sample:	2.511	0.000	0.009	0.042	1.901	0.418
Ambient:	2.514	0.000	0.010	0.042	1.919	0.402
Net Concentration:	0.005	0.000	0.000	0.000	0.000	0.018
Bag 3						
Sample:	3.669	7.215	0.498	0.616	1.937	1.536
Ambient:	2.540	0.000	0.014	0.043	1.915	0.432
Net Concentration:	1.246	7.215	0.485	0.575	0.111	1.123
Bag 4						
Sample:	2.516	0.264	0.148	0.283	1.919	0.403
Ambient:	2.512	0.000	0.013	0.043	1.918	0.401
Net Concentration:	0.056	0.264	0.135	0.241	0.042	0.011
Bag 1						
Sample:	2.483	7.350	0.284	0.652	1.922	0.367
Ambient:	2.498	0.000	0.025	0.043	1.917	0.387
Net Concentration:	0.107	7.350	0.260	0.611	0.098	0.000
Bag 2						
Sample:	2.493	0.449	0.151	0.283	1.896	0.406
Ambient:	2.514	0.000	0.012	0.042	1.921	0.399
Net Concentration:	0.032	0.449	0.139	0.241	0.016	0.015
Bag 3						
Sample:	2.483	7.326	0.257	0.668	1.920	0.370
Ambient:	2.552	0.000	0.012	0.043	1.912	0.447
Net Concentration:	0.058	7.326	0.245	0.628	0.103	0.000
Bag 4						
Sample:	2.497	0.407	0.206	0.300	1.900	0.405
Ambient:	2.510	0.000	0.012	0.042	1.911	0.407
Net Concentration:	0.043	0.407	0.194	0.258	0.032	0.007

Mass Results (gram)	THC	CO	NOx	CO2	CH4	NMHC
Bag 1	0.001	0.000	0.000	0.826	0.000	0.001
Bag 2	0.003	0.000	0.000	0.000	0.000	0.004
Bag 3	0.000	0.000	0.000	0.000	0.000	0.000
Bag 4	0.002	0.000	0.000	0.771	0.001	0.002
Bag 1	0.000	0.000	0.000	0.000	0.000	0.000
Bag 2	0.000	0.000	0.000	0.251	0.000	0.001
Bag 3	0.055	0.642	0.064	804.191	0.006	0.050
Bag 4	0.004	0.040	0.031	577.972	0.004	0.001
Bag 1	0.005	0.652	0.034	851.395	0.005	0.000
Bag 2	0.002	0.068	0.031	578.169	0.001	0.001
Bag 3	0.003	0.650	0.032	875.019	0.005	0.000
Bag 4	0.003	0.062	0.044	619.067	0.003	0.001

Mass Results(g/mi)	THC	CO	NOx	CO2	CH4	NMHC
Bag 1	0.000	0.000	0.000	0.230	0.000	0.000
Bag 2	0.001	0.000	0.000	0.000	0.000	0.001
Bag 3	0.000	0.000	0.000	0.000	0.000	0.000
Bag 4	0.001	0.000	0.000	0.200	0.000	0.000
Bag 1	0.000	0.000	0.000	0.000	0.000	0.000
Bag 2	0.000	0.000	0.000	0.065	0.000	0.000
Bag 3	0.015	0.179	0.018	224.361	0.002	0.014
Bag 4	0.001	0.010	0.008	150.198	0.001	0.000
Bag 1	0.001	0.181	0.010	236.915	0.001	0.000
Bag 2	0.001	0.018	0.008	149.833	0.000	0.000
Bag 3	0.001	0.181	0.009	243.690	0.001	0.000
Bag 4	0.001	0.016	0.011	160.752	0.001	0.000

VW FOIA, EPA 06/20/2017 2017-FFP_028453

EPA Gasoline Bag CVS Summary Report

Weighted Mass Results (g/mi)	WGT_THC	WGT_CO	WGT_NOx	WGT_CO2	CH4	NMHC
Test 1	0.000	0.000	0.000	0.107	0.000	0.000
Test 2	0.005	0.052	0.007	106.014	0.001	0.004
Test 3	0.001	0.096	0.010	196.924	0.001	0.000

Fuel Economy (mi/gal)	
Bag 1	38587.668
Bag 2	4203760.332
Bag 3	1.7e+308
Bag 4	44026.298
Bag 1	1.7e+308
Bag 2	136145.472
Bag 3	39.631
Bag 4	59.279
Bag 1	37.540
Bag 2	59.419
Bag 3	36.498
Bag 4	55.384

Weighted (4 Phase) (mi/gal)	
Test 1	82461.433
Test 2	83.919
Test 3	45.184

VW FOIA, EPA 06/20/2017 2017-FFP_028454

EPA Hybrid Summary Report

Test Information

Run Number:	993	Site Name:	d006		
Test Number:	20150359016	Vehicle ID:	AU373-6-0813/16		
Test Date:	30-Sep-2015	Config No.:	0		
Test Init Time:	12:13:37	Engine Number:	G2.5CMC		
Test Type:	ftp4bag	Requested Dyno Interface:	Write		
Test Procedure:	81 Charge Depleting UDDS	Dyno File Used:	20150359016_ftp4bag.rls		
Requester:	Jim Snyder	Act Inertia Weight:(lbm)	3875	Req Inertia:(lbm)	3875
Operator:	358054	Act Set Coef A:(lbf)	-7.90	Req Set Coeff A:(lbf)	-7.90
Driver:	358054	Act Set Coef B:(lbf/mph)	0.0523	Req Set Coef B:(lbf/mph)	0.0523
Fuel Type:	61 Tier 2 Cert Gasoline	Act Set Coef C:(lbf/mph^2)	0.01836	Req Coef C:(lbf/mph^2)	0.01836
Fuel Container ID:	F00021_25278_CD#9	Act Aug Brake:	N	Req Aug Brake:	N
Tire Pressure Front:	36.00	Shift Table 1:	A0EPA0005		
Tire Pressure Rear:	36.00	Shift Table 2:	A0EPA0005_2		
		Odometer(mi)	3198.0		
		Fan Placement:	1 - One Small Fan - Up - Front		
PreTest Remarks:		Validation File Name:	none		
PreTest Remarks:		PostTest Remarks:			
		PostTest Remarks:			

Hybrid-Electric Vehicle with Battery Storage System

Nominal System Voltage (V):	0.00
Net SOC Change (Ah):	-16.00
Net Energy Change (kWh):	0.00
Total Distance (mi):	44.65
Total Fuel Mass (kg):	1.06
Total Fuel Energy (kWh):	12.63
Total Cycle Energy (kWh):	12.63
All Electric Range (mi):	22.67

UDDS Results	UDDS Cycle1	UDDS Cycle2
Start Time:	12:35:30	12:43:56
UDDS Time (sec):	1376.100	1376.000
UDDS Distance (mi)	7.442	7.438
Average Voltage (V):	0.000	0.000
Average Current (A):	-13.265	-13.319
Initial UDDS SOC(Ah):	0.000	-5.077
Final UDDS SOC(Ah):	-5.073	-10.175
UDDS SOC Change(Ah):	-5.073	-5.098
Initial UDDS Energy Ch1(kWh):	0.000	0.000
Final UDDS Energy Ch1(kWh):	0.000	0.000
Total UDDS Energy Change(kWh):	0.000	0.000

UDDS Results	UDDS Cycle3	UDDS Cycle4
Start Time:	13:07:44	13:16:10
UDDS Time (sec):	1376.000	1376.800
UDDS Distance (mi)	7.443	7.432
Average Voltage (V):	0.000	0.000
Average Current (A):	-13.692	-1.652
Initial UDDS SOC(Ah):	0.000	-5.243
Final UDDS SOC(Ah):	-5.239	-5.880
UDDS SOC Change(Ah):	-5.239	-0.637
Initial UDDS Energy Ch1(kWh):	0.000	0.000
Final UDDS Energy Ch1(kWh):	0.000	0.000
Total UDDS Energy Change(kWh):	0.000	0.000

UDDS Results	UDDS Cycle5	UDDS Cycle6
Start Time:	13:37:14	13:45:40
UDDS Time (sec):	1376.200	1376.100

VW FOIA, EPA 06/20/2017 2017-FFP_028455

EPA Hybrid Summary Report

UDDS Distance (mi)	7.452	7.442
Average Voltage (V):	0.000	0.000
Average Current (A):	-0.208	0.352
Initial UDDS SOC(Ah):	0.000	-0.087
Final UDDS SOC(Ah):	-0.084	0.042
UDDS SOC Change(Ah):	-0.084	0.129
Initial UDDS Energy Ch1(kWh):	0.000	0.000
Final UDDS Energy Ch1(kWh):	0.000	0.000
Total UDDS Energy Change(kWh):	0.000	0.000

Test Conditions	Test 1	Test 2	Test 3
Start Time:	12:35:30	13:37:14	14:40:37
Test Time (sec):	2752.100	2752.800	2752.300
Test Distance (mi)	14.880	14.875	14.894
Average Voltage (V):	0.000	0.000	0.000
Average Current (A):	-6.646	-3.835	0.036
Test SOC Change(Ah):	-10.175	-5.880	0.042
Test NE Change(kWh):	0.000	0.000	0.000
Test Fuel Energy (kWh):	0.004	4.414	8.208
Test Cycle Energy (kWh):	0.004	4.414	8.208
PercentFuelEnergy (%):	0.000	0.000	0.000

VW FOIA, EPA 06/20/2017 2017-FFP_028456

EPA Zero Span Report

Site Name: d006 Test Start Date: 30-Sep-2015 Test Init Time: 12:13:37

Z/S/Z CORRECTION	Mexa Zero			Mexa Span				ReZero			
"30-Sep-2015" 12:29:00	Reading (ppm)	% FS Offset	Mexa Zero Cal	Spec (ppm)	Reading (ppm)	% FS Offset	Mexa Span Cal	Reading (ppm)	% FS Offset	Std Dev	1% FS Check
BagDilCH4 (25 ppm)	0.025	0.1	PASS	24.057	24.169	0.45	PASS	0.001	0.01	0	PASS
BagDilCO2 (2.5 %)	8	0.03	PASS	24143	23935	-0.83	PASS	2	0.01	0.0072	PASS
BagDilCOL (500 ppm)	-0.11	-0.02	PASS	480.5	477.43	-0.61	PASS	0.714	0.14	0.008	PASS
BagDilTHC (100 ppm)	0.124	0.12	PASS	97.072	96.384	-0.69	PASS	0.011	0.01	0.0001	PASS
BagDilNOx (25 ppm)	0.007	0.03	PASS	23.924	23.403	-2.08	PASS	0.013	0.05	0.0003	PASS
BagDilO2 (25 %)	20	0.01	PASS	210000	212970	1.19	PASS	20	0.01	0.0032	PASS

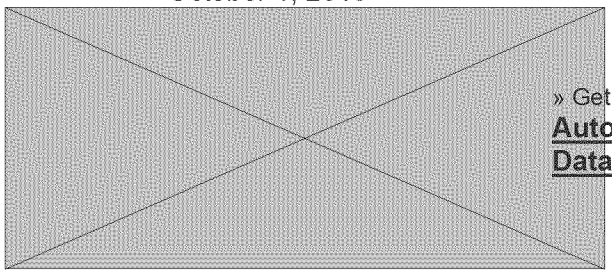
DRIFT CHECK	Zero				Span				
"30-Sep-2015" 15:40:10	Reading (ppm)	% FS Offset	Std Dev	2% FS Check	Spec (ppm)	Reading (ppm)	% FS Offset	Std Dev	2% FS Check
BagDilCH4 (25 ppm)	0.001	0	0	PASS	24.057	23.998	-0.24	0	PASS
BagDilCO2 (2.5 %)	1	0.01	0.0033	PASS	24143	24142	0	0.0124	PASS
BagDilCOL (500 ppm)	-0.037	-0.01	0.0008	PASS	480.5	480.779	0.06	0.0006	PASS
BagDilTHC (100 ppm)	0.002	0	0.0002	PASS	97.072	96.635	-0.44	0.0034	PASS
BagDilNOx (25 ppm)	0	0	0.0003	PASS	23.924	24.129	0.82	0.0072	PASS
BagDilO2 (25 %)	-260	-0.1	0.005	PASS	210000	209340	-0.27	0.0105	PASS

TestName: EmissionTest
Test Number: 20150359016
Operator ID: 358054

VW FOIA, EPA 06/20/2017 2017-FFP_028457

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Automotive News
Sent: Thur 10/1/2015 10:39:13 PM
Subject: U.S. SALES REPORT: Ford's big September | Trucks lift Toyota Motor Sales, Honda | GM jumps 13% | Rogue, Altima drive Nissan | VW ekes out gain | Hyundai-Kia's breakout month | Snyder: September rocks

October 1, 2015



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Ford scores biggest gain since 2010

Ford Motor Co. achieved its largest year-over-year U.S. sales increase in almost five years, posting a 23 percent gain for September. Sales of Ford F-series pickups rose 16 percent, and deliveries of three Ford crossovers -- the Escape, Edge and Explorer -- jumped more than 30 percent each. Mustang sales tripled in September and are now up 61 percent on the year.

Toyota rises 16 percent, seeks more truck output

Toyota Motor Sales posted a 16 percent year-over-year U.S. sales increase last month that resulted in its best September since 2007.

GM rides crossover, retail volume to 13% advance

GM's U.S. sales rose 13 percent in September on strong crossover demand and a 17 percent rise in retail deliveries.

Rogue passes Altima to lift Nissan 17%

The Nissan brand posted record September U.S. sales, thanks to

Blogs

JESSE SNYDER

Look again: VW droppin(but industry is rocking

[redacted]

volume for the Versa subcompact.

[redacted]

Volkswagen of America finished a scandal-ridden month with roughly flat U.S. sales, defying forecasts that a mid-month halt to diesel vehicle sales and a black eye to its brand image would hammer its September results.

WINNERS AND LOSERS

% change in sales among brands

	Winners	Sept.		Winners	9 mos.		Losers	Sept.		Losers	9 mos.
1	Land Rover	88.50%	1	Land Rover	26.00%	1	Bentley	-53.00%	1	Smart	-32.80%
2	Scion	56.70%	2	Mitsubishi	25.50%	2	Maserati	-33.80%	2	Scion	-15.00%
3	Jeep	39.80%	3	Jeep	22.60%	3	Jaguar	-12.90%	3	Dodge	-13.90%
4	Mitsubishi	35.90%	4	Mini	14.80%	4	Chrysler	-5.30%	4	Fiat	-10.40%
5	Infiniti	30.40%	5	Subaru	14.20%				5	Bentley	-9.60%

WINNERS AND LOSERS

	Winners	Sept.
1	Land Rover	88.50%
2	Scion	56.70%
3	Jeep	39.80%
4	Mitsubishi	35.90%
5	Infiniti	30.40%

	Winners	9 mos.
1	Land Rover	26.00%
2	Mitsubishi	25.50%
3	Jeep	22.60%
4	Mini	14.80%
5	Subaru	14.20%

	Losers	Sept.

1		
2	**Maserati**	-33.80%
3	**Jaguar**	-12.90%
4	**Chrysler**	-5.30%

	Losers	**9 mos.**
1	**Smart**	-32.80%
2	**Scion**	-15.00%
3	**Dodge**	-13.90%
4	**Fiat**	-10.40%
5	**Bentley**	-9.60%

Top Selling Light Vehicles

	Sept.		**9 mos.**
1 **Ford F series**	69,651	**Ford F series**	564,45
2 **Chevrolet Silverado**	53,725	**Chevrolet Silverado**	440,90
3 **Ram pickup**	36,598	**Ram pickup**	330,64
4 **Toyota Camry**	34,487	**Toyota Camry**	326,33
5 **Honda Accord**	33,641	**Toyota Corolla**	278,74
6 **Honda CR-V**	29,925	**Honda Accord**	264,81
7 **Ford Escape**	28,473	**Nissan Altima**	262,42
8 **Honda Civic**	28,278	**Honda CR-V**	259,49
9 **Toyota RAV4**	27,104	**Honda Civic**	249,74
10 **Toyota Corolla**	26,636	**Ford Escape**	233,01

Top Selling Cars

	Sept.		**9 mos.**
1 **Toyota Camry**	34,487	**Toyota Camry**	326,33
2 **Honda Accord**	33,641	**Toyota Corolla**	278,74
3 **Honda Civic**	28,278	**Honda Accord**	264,81
4 **Toyota Corolla**	26,636	**Nissan Altima**	262,42
5 **Ford Fusion**	24,942	**Honda Civic**	249,74
6 **Nissan Altima**	24,224	**Ford Fusion**	231,47
7 **Hyundai Elantra**	20,724	**Hyundai Elantra**	193,96

8	Nissan Versa		Chevrolet Cruze			
9	Chevrolet Malibu	7,066	Ford Focus	163,8		
10	Hyundai Sonata	16,124	Hyundai Sonata	157,6	Top Selling Light Trucks	

		Sept.		9 mos.
1	Ford F series	69,651	Ford F series	564,4
2	Chevrolet Silverado	53,725	Chevrolet Silverado	440,9
3	Ram pickup	36,598	Ram pickup	330,6
4	Honda CR-V	29,925	Honda CR-V	259,4
5	Ford Escape	28,473	Ford Escape	233,0
6	Toyota RAV4	27,104	Toyota RAV4	227,9
7	Nissan Rogue	25,064	Chevrolet Equinox	214,0
8	Chevrolet Equinox	21,537	Nissan Rogue	213,2
9	Ford Explorer	20,715	Ford Explorer	190,1
10	Jeep Cherokee	20,224	GMC Sierra	161,6

Table sorted by year-to-date sales

	Sept. 2015	Sept. 2014	% change	9 mos. 2015	9 mos. 2014	% change
Buick	18,341	17,466	5.00%	167,727	170,764	-1.80%
Cadillac	14,908	13,829	7.80%	125,699	127,837	-1.70%
Chevrolet	170,675	153,873	10.90%	1,596,182	1,542,866	3.50%
GMC	47,386	38,269	23.80%	410,239	366,421	12.00%
General Motors	251,310	223,437	12.50%	2,299,847	2,207,888	4.20%
Ford	212,589	172,261	23.40%	1,891,518	1,809,927	4.50%
Lincoln	8,680	7,257	19.60%	73,964	67,788	9.10%
Ford Motor Co.	221,269	179,518	23.30%	1,965,482	1,877,715	4.70%
Lexus	25,294	21,852	15.80%	247,445	220,683	12.10%
Scion	6,510	4,154	56.70%	39,201	46,103	-15.00%
Toyota	162,595	141,273	15.10%	1,580,755	1,528,002	3.50%
Toyota/Scion	169,104	145,427	16.30%	1,619,955	1,574,105	2.90%
Toyota Motor Sales	194,399	167,279	16.20%	1,867,401	1,794,788	4.00%
Alfa Romeo	54	-	-	497	-	-
Chrysler	27,250	28,781	-5.30%	248,800	223,066	11.50%
Dodge	45,170	44,020	2.60%	382,347	443,957	-13.90%
Ram	39,946	38,498	3.80%	358,488	337,148	6.30%
Fiat	3,398	3,360	1.10%	31,819	35,501	-10.40%
Jeep	77,201	55,231	39.80%	632,910	516,387	22.60%
FCA US	193,019	169,890	13.60%	1,654,861	1,556,059	6.40%
Ferrari*	177	176	0.60%	1,593	1,582	0.70%
Maserati	872	1,318	-33.80%	8,378	9,125	-8.20%

Fiat Chrysler Automobiles**						
Acura	14,704	13,832	6.30%	132,019	119,750	10.20%
Honda	119,046	104,391	14.00%	1,056,547	1,040,855	1.50%
American Honda Motor Co.	133,750	118,223	13.10%	1,188,566	1,160,605	2.40%
Infiniti	10,220	7,837	30.40%	95,568	84,880	12.60%
Nissan	111,562	95,118	17.30%	1,026,920	978,392	5.00%
Nissan North America	121,782	102,955	18.30%	1,122,488	1,063,272	5.60%
Hyundai	64,015	56,010	14.30%	578,190	557,458	3.70%
Kia	49,820	40,628	22.60%	475,978	445,017	7.00%
Hyundai-Kia	113,835	96,638	17.80%	1,054,168	1,002,475	5.20%
Audi	17,340	14,917	16.20%	147,403	130,983	12.50%
Bentley	111	236	-53.00%	1,796	1,986	-9.60%
Lamborghini*	63	62	1.60%	567	550	3.10%
Porsche	4,424	3,607	22.70%	39,300	35,365	11.10%
VW	26,141	25,996	0.60%	264,215	270,874	-2.50%
VW Group Of America	48,079	44,818	7.30%	453,281	439,758	3.10%
Subaru	53,070	41,517	27.80%	428,702	375,485	14.20%
BMW	26,608	25,587	4.00%	249,956	236,591	5.60%
Mini	4,414	4,219	4.60%	44,974	39,188	14.80%
Rolls-Royce*	95	93	2.20%	855	832	2.80%
BMW Group	31,117	29,899	4.10%	295,785	276,611	6.90%
Mercedes-Benz	31,337	29,523	6.10%	270,164	250,996	7.60%
Smart USA	750	748	0.30%	5,432	8,080	-32.80%
Daimler AG	32,087	30,271	6.00%	275,596	259,076	6.40%
Mazda	25,616	23,980	6.80%	241,701	240,947	0.30%
Mitsubishi	7,556	5,558	35.90%	73,257	58,365	25.50%
Jaguar	995	1,142	-12.90%	11,216	11,830	-5.20%
Land Rover	5,855	3,106	88.50%	48,403	38,424	26.00%
Jaguar Land Rover N.A.	6,850	4,248	61.30%	59,619	50,254	18.60%
Volvo Cars N.A.	5,527	4,667	18.40%	46,381	43,851	5.80%
Tesla*	1,700	1,500	13.30%	15,300	13,500	13.30%
Other***	98	96	2.10%	878	852	3.10%
U.S. LIGHT VEHICLE	1,442,413	1,245,988	15.70%	13,053,284	12,432,208	5.00%

Table sorted by year-to-date sales

*Estimate

**Fiat S.p.A. purchased the remaining 41.46% stake in Chrysler Group from the UAW's VEBA Trust on Jan. 20, 2014.

***Includes estimates for Aston Martin, Ferrari and Lotus

	Sept. 2015	Sept. 2014	% change
Buick	18,341	17,466	5.00%
Cadillac	14,908	13,829	7.80%
Chevrolet	170,675	153,873	10.90%
GMC	47,386	38,269	23.80%
General Motors	251,310	223,437	12.50%
Ford	212,589	172,261	23.40%
Lincoln	8,680	7,257	19.60%
Ford Motor Co.	221,269	179,518	23.30%
Lexus	25,294	21,852	15.80%
Scion	6,510	4,154	56.70%
Toyota	162,595	141,273	15.10%
Toyota/Scion	169,104	145,427	16.30%
Toyota Motor Sales	194,399	167,279	16.20%
Alfa Romeo	54	-	-
Chrysler	27,250	28,781	-5.30%
Dodge	45,170	44,020	2.60%
Ram	39,946	38,498	3.80%

Fiat			
Jeep	77,201	55,231	39.80%
FCA US	193,019	169,890	13.60%
Ferrari*	177	176	0.60%
Maserati	872	1,318	-33.80%
Fiat Chrysler Automobiles**	194,068	171,384	13.20%
Acura	14,704	13,832	6.30%
Honda	119,046	104,391	14.00%
American Honda Motor Co.	133,750	118,223	13.10%
Infiniti	10,220	7,837	30.40%
Nissan	111,562	95,118	17.30%
Nissan North America	121,782	102,955	18.30%
Hyundai	64,015	56,010	14.30%
Kia	49,820	40,628	22.60%
Hyundai-Kia	113,835	96,638	17.80%
Audi	17,340	14,917	16.20%
Bentley	111	236	-53.00%
Lamborghini*	63	62	1.60%
Porsche	4,424	3,607	22.70%
VW	26,141	25,996	0.60%
VW Group Of America	48,079	44,818	7.30%
Subaru	53,070	41,517	27.80%
BMW	26,608	25,587	4.00%
Mini	4,414	4,219	4.60%
Rolls-Royce*	95	93	2.20%
BMW Group	31,117	29,899	4.10%
Mercedes-Benz	31,337	29,523	6.10%
Smart USA	750	748	0.30%
Daimler AG	32,087	30,271	6.00%
Mazda	25,616	23,980	6.80%
Mitsubishi	7,556	5,558	35.90%
Jaguar	995	1,142	-12.90%
Land Rover	5,855	3,106	88.50%
Jaguar Land Rover N.A.	6,850	4,248	61.30%
Volvo Cars N.A.	5,527	4,667	18.40%
Tesla*	1,700	1,500	13.30%
Other***	98	96	2.10%
U.S. LIGHT VEHICLE	1,442,113	1,245,988	15.70%

*Estimate
**Fiat S.p.A. purchased the remaining 41.46% stake in Chrysler Group from the UAW's VEBA Trust on Jan. 20, 2014.
***Includes estimates for Aston Martin, Ferrari and Lotus

Highlights

Mfgr. highest volume - Sept.	GM	251,310	Mfgr. highest volume - 9 mos.	GM	2,299,847
Mfgr. gained the most volume - Sept.	Ford	41,751	Mfgr. gained the most volume - 9 mos.	Fiat Chrysler	98,066
Mfgr. lost the most volume - Sept.		N/A	Mfgr. lost the most volume - 9 mos.		N/A

Mfgr. highest % increase - Sept.	**Jaguar Land Rover**		**Mfgr. highest % increase - 9 mos.**		
Mfgr. biggest % drop - Sept.		N/A	**Mfgr. biggest % drop - 9 mos.**		N/A
Brand highest volume - Sept.	**Ford**	212,589	**Brand highest volume - 9 mos.**	**Ford**	1,891,5
Brand gained the most volume - Sept.	**Ford**	40,328	**Brand gained the most volume - 9 mos.**	**Jeep**	116,523
Brand lost the most volume - Sept.	**Chrysler**	-1,531	**Brand lost the most volume - 9 mos.**	**Dodge**	-61,610
Brand highest % increase - Sept.	**Land Rover**	88.50%	**Brand highest % increase - 9 mos.**	**Land Rover**	26.00%
Brand biggest % drop - Sept.	**Bentley**	-53.00%	**Brand biggest % drop - 9 mos.**	**Smart**	-32.80%

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Detroit, MI 48207-2997 United States
customerservice@autonews.com

To: Phillips, Anna[Phillips.Anna@epa.gov]; Dieu, Martin[Dieu.Martin@epa.gov]; Kasman, Mark[Kasman.Mark@epa.gov]; Almodovar, Lisa[Almodovar.Lisa@epa.gov]
Cc: Blubaugh, Jim[Blubaugh.Jim@epa.gov]; Niebling, William[Niebling.William@epa.gov]
From: Grundler, Christopher
Sent: Thur 10/1/2015 10:53:28 PM
Subject: RE: Meeting Request from German Minister of Transportation Minister Dobrindt -- October 27

My recommendation is that Janet take this meeting, with support from OTAQ.

From: Phillips, Anna
Sent: Thursday, October 01, 2015 2:55 PM
To: Dieu, Martin; Kasman, Mark; Almodovar, Lisa
Cc: Grundler, Christopher; Blubaugh, Jim; Niebling, William
Subject: Meeting Request from German Minister of Transportation Minister Dobrindt -- October 27
Importance: High

All – Per the attached, the German Embassy has just requested a meeting with the Administrator on Tuesday, October 27th for German Minister of Transport and Digital Infrastructure Alexander Dobrindt to discuss the VW issue.

I am copying OTAQ directly to get their immediate feedback and would defer to their judgement but my initial reaction is that it would be appropriate to offer a meeting with EPA senior leadership, if not with the Administrator.

Mark/Martin, please share this with Jane to get her input on how to proceed with this request.

Many thanks…

Anna

~~~~~~

Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)
~~~~~~

Office of International & Tribal Affairs

Washington, D.C. 20460

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427
E-mail: phillips.anna@epa.gov

http://www2.epa.gov/international-cooperation

~~~~~~

Please consider the environment before printing this message.

From: .WASH WI-2 Weber, Michael [mailto:wi-2@wash.auswaertiges-amt.de]
Sent: Thursday, October 01, 2015 2:22 PM
To: Phillips, Anna
Subject: Minister Dobrindt

Dear Anna,

Thanks for arranging the meetings for Christian Hey yesterday. I thought the discussions with your colleagues working on TTIP were particularly interesting. I am afraid I didn't catch Danielle's last name. Can you send me her details?

As promised, regarding the visit of Alexander Dobrindt, German Federal Minister of Transport and Digital Infrastructure: Minister Dorbindt will be in DC October 27 and would very much like to meet Administrator Gina McCarthy and her staff working on the Volkswagen case.

Thanks for your help once again and I hope you are going to have a nice hurricane-free time on
~~~~~~

your vacation.

Best,

Michael

Michael Weber

Energy Policy Advisor

Embassy of the Federal Republic of Germany

4645 Reservoir Road NW

Washington, DC 20007

Tel: +1 (202) 298 4381

Fax: +1 (202) 298 4391

E-mail: wi-2@wash.diplo.de

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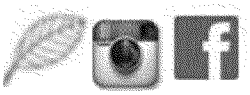

To: Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]
From: Grundler, Christopher
Sent: Thur 10/1/2015 10:54:30 PM
Subject: FW: Meeting Request from German Minister of Transportation Minister Dobrindt -- October 27

From: Grundler, Christopher
Sent: Thursday, October 01, 2015 6:53 PM
To: Phillips, Anna; Dieu, Martin; Kasman, Mark; Almodovar, Lisa
Cc: Blubaugh, Jim; Niebling, William
Subject: RE: Meeting Request from German Minister of Transportation Minister Dobrindt -- October 27

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Ex. 5

Mark/Martin, please share this with Jane to get her input on how to proceed with this request.

Many thanks…

Anna

~~~~~~

Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

Office of International & Tribal Affairs

Washington, D.C. 20460

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427
E-mail: phillips.anna@epa.gov

http://www2.epa.gov/international-cooperation

~~~~~~

Please consider the environment before printing this message.

From: .WASH WI-2 Weber, Michael [mailto:wi-2@wash.auswaertiges-amt.de]
Sent: Thursday, October 01, 2015 2:22 PM
To: Phillips, Anna
Subject: Minister Dobrindt

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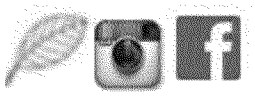

To: Grundler, Christopher[grundler.christopher@epa.gov]; Phillips, Anna[Phillips.Anna@epa.gov]; Kasman, Mark[Kasman.Mark@epa.gov]; Almodovar, Lisa[Almodovar.Lisa@epa.gov]
Cc: Blubaugh, Jim[Blubaugh.Jim@epa.gov]; Niebling, William[Niebling.William@epa.gov]
From: Dieu, Martin
Sent: Thur 10/1/2015 10:54:46 PM
Subject: RE: Meeting Request from German Minister of Transportation Minister Dobrindt -- October 27

Thank you, Chris. I'll convey to Jane.

From: Grundler, Christopher
Sent: Thursday, October 01, 2015 6:53 PM
To: Phillips, Anna; Dieu, Martin; Kasman, Mark; Almodovar, Lisa
Cc: Blubaugh, Jim; Niebling, William
Subject: RE: Meeting Request from German Minister of Transportation Minister Dobrindt -- October 27

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Sent: Thursday, October 01, 2015 2:55 PM
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Many thanks…

Anna

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Anna Phillips

Program Manager for Europe
U.S. Environmental Protection Agency (EPA)

Office of International & Tribal Affairs

Washington, D.C. 20460

Tel: (+1) 202.564.6419 Fax: (+1) 202.565.2427
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http://www2.epa.gov/international-cooperation

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Michael Weber

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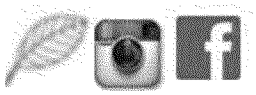
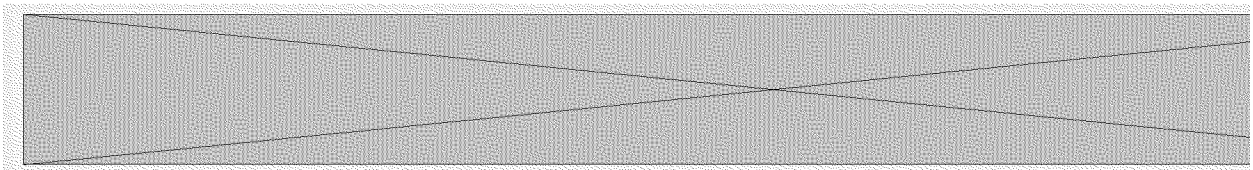
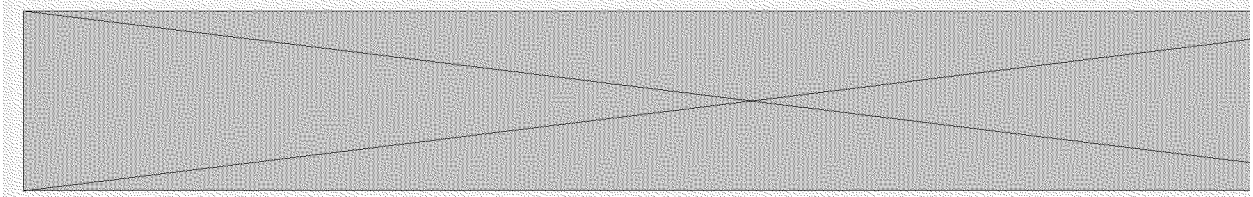


To: Grundler, Christopher[grundler.christopher@epa.gov]
From: The Hill
Sent: Thur 10/1/2015 11:23:01 PM
Subject: Overnight Energy & Environment: EPA ozone rule takes hits from all sides





WELCOME TO THE OZONE: Federal regulators formally introduced their strong new standard for ozone levels on Thursday, setting up a fight with Congress, industry and environmentalists alike.

Cutting oil & gas methane makes cents. It creates quality manufacturing and service jobs, boosts America's small businesses and saves $1.2 billion in energy waste. Learn more www.EDF.org/methane

SPONSOR-GENERATED CONTENT

The Environmental Protection Agency's new standard -- 70 parts per billion -- is tighter than the 75 parts per billion standard currently on the books.

Industry groups have warned against the prospect of any new ozone standard, saying it will be exceedingly expensive to implement. Environmental and health groups pushed the EPA to set an even tougher standard, calling it a public health necessity.

So on Thursday, both sides hit regulators for the new standard.

"The new ozone standard will inflict pain on companies that build things in America -- and destroy job opportunities for American workers," National Association of Manufacturers President Jay Timmons said.

"The level chosen ... simply does not reflect what the science shows is necessary to truly protect public health," Harold Wimmer, the president of the American Lung Association, said.

EPA administrator Gina McCarthy defended the rule as both attainable and a win for public

health.

"This strengthened standard will improve public health protection across the country and provide the adequate margin of safety that is required by law and that the science supports," McCarthy told reporters.

Read more here.

REPUBLICANS VOW TO FIGHT RULE: Republicans on Capitol Hill bashed the new ozone rule on Thursday with some hinting at a legislative response to the release.

"EPA's decision to restrict the ozone standard to 70 parts per billion is yet another example of the Obama administration's enthusiasm for needless regulation," Sen. Jim Inhofe (R-Okla.) said in a statement.

"Our country should have been given the opportunity to fully meet the 2008 standard before implementing another frivolous and costly mandate."

Inhofe chairs the Senate Environment and Public Works Committee, and he said he "will be pursuing legislation" to respond to the rule.

House chairmen, including Reps. Lamar Smith (R-Texas) of the Science Committee and Fred Upton (R-Mich.) of the Energy and Committee, also hit the new rule, which they said could be the most expensive regulation ever to implement.

"Our economy is teetering as wild fluctuations have defined a volatile global market," Upton said in a statement with Rep. Ed Whitfield (R-Ky.).

"And the administration's response? Pushing forward with what many experts predict will be the EPA's costliest regulation in history and could very well be a last straw for our fragile economy."

Read more here.

NEWS BITE:

Supporters of lifting the crude oil ban are hitting the airwaves to make their case.

Producers for American Crude Oil Exports is releasing an ad in 15 congressional districts around the country to plug a bill ending the 40-year-old ban ahead of a House vote on the measure expected for next week.

The ads tie new crude exports to the prospect of Iranian oil hitting the market after sanctions on the country are lifted.

"The crude oil export ban not only puts U.S. companies at a significant competitive

disadvantage, but threatens our national security interests," PACE executive director George Baker said.

"Permanently repealing the ban would provide our global allies with a stable and secure supply of oil, while creating and protecting jobs here at home and putting downward pressure on U.S. gasoline prices."

AROUND THE WEB:

Wealthy residents in Los Angeles use more electricity per capita than poor ones, the Los Angeles Times reports.

European officials are looking into reports suggesting TV manufacturers may be gaming energy efficiency tests, BBC News reports.

The rain is coming, but Hurricane Joaquin might be moving out to sea. The Capital Weather Gang looks at the latest forecast.

IN CASE YOU MISSED IT:

Check out Thursday's stories ...

-VW executive to testify on emissions scandal next week
-Republicans vow to fight EPA's new ozone rule
-EPA to tighten federal limits on ozone
-Senate panel approves oil export bill
-Reid slams GOP over expiration of conservation funding

Please send tips and comments to Timothy Cama, tcama@thehill.com; and Devin Henry, dhenry@thehill.com. Follow us on Twitter: @Timothy_Cama, @dhenry, @thehill

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To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Bunker, Byron
Sent: Fri 10/2/2015 12:15:48 AM
Subject: RE: meeting/call tomorrow

Thanks, I think.

****

Byron Bunker

Director Compliance Division

Office of Transportation and Air Quality

Environmental Protection Agency

2000 Traverwood Drive

Ann Arbor, MI 48105

Bunker.Byron@epa.gov

Phone: (734) 214-4155

Mobile: (734) 353-9623

****

From: Grundler, Christopher
Sent: Thursday, October 01, 2015 8:14 PM
To: Hengst, Benjamin; Bunker, Byron
Subject: Fwd: meeting/call tomorrow

Asked for you to be invited

Christopher Grundler, Director

Office of Transportation and Air Quality

U.S. EPA

202-564-1682 (DC)

734-214-4207 (Ann Arbor)

Begin forwarded message:

From: "Brooks, Phillip" <Brooks.Phillip@epa.gov>
Date: October 1, 2015 at 7:49:51 PM EDT
To: "McCabe, Janet" <McCabe.Janet@epa.gov>
Cc: "Giles-AA, Cynthia" <Giles-AA.Cynthia@epa.gov>, "Grundler, Christopher" <grundler.christopher@epa.gov>, "Atkinson, Emily" <Atkinson.Emily@epa.gov>, "Stewart, Lori" <Stewart.Lori@epa.gov>, "Garbow, Avi" <Garbow.Avi@epa.gov>, "Schmidt, Lorie" <Schmidt.Lorie@epa.gov>
Subject: Re: meeting/call tomorrow

I can make any time work tomorrow.

Sent from my iPhone

On Oct 1, 2015, at 6:51 PM, McCabe, Janet <McCabe.Janet@epa.gov> wrote:

> Emily—can you please help find time—even 30 minutes would be good—for those of us on this note and whoever else OECA and Chris want to convene and get caught up with one another on VW? Avi, Lorie—OGC is of course welcome.
>
> Thanks.

To: Allen, Laura[Allen.Laura@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]; Birgfeld, Erin[Birgfeld.Erin@epa.gov]
From: Valentine, Julia
Sent: Fri 10/2/2015 1:32:35 AM
Subject: VW WashPost budget follow up

Hi folks,

I know we have a full kid so consider this one for tomorrow morning.

I did ask Whoriskey about whatever his new deadline is. I'll let you know as soon as he tells is. My guess is it will go for Sun or Mon.

Sent from USEPA iPhone

Begin forwarded message:

From: "Whoriskey, Peter" <Peter.Whoriskey@washpost.com>
Date: October 1, 2015 at 8:48:44 PM EDT
To: "Valentine, Julia" <Valentine.Julia@epa.gov>, "allen.laura@epa.gov" <allen.laura@epa.gov>
Subject: Follow up

Thanks to both of you for setting up the phone call today. I've confirmed those bits about how the infractions in the 95, 97 and 98 consent decrees arose, and what role the ROVER had in their detection. The accounts on both sides are pretty close.

There are just a few outstanding issues arising from the phone call that I would like to remind you of:

- It would be nice to get a better account of why the Virginia Testing Laboratory was closed. Saying only that it was "contracting issues" only leads to more questions.

- Chris Grundler said you all might get me the figures on the NVFEL budget, and how it has been expanded since 2001.

- Finally, I would like to verify that the EPA's regular road testing of cars for emissions compliance did not continue after the closure of the Virginia Testing Laboratory, where Emmet Arndt had been running a pilot program to do so. Chris Grundler indicated that the regular road testing of cars for emissions compliance hadn't continued after the closure,

indicating that it wasn't continued because the priorities led them to focus on heavy duty engines, where a larger portion of the pollution comes from. Byron Bunker may have been saying something different, though, so I want to make sure I've understood correctly.

Best,

Peter

To: Valentine, Julia[Valentine.Julia@epa.gov]
From: Grundler, Christopher
Sent: Fri 10/2/2015 1:43:09 AM
Subject: Re: Hearing on Thurs

Thur Oct 8 10:00 am according to HEC website

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

On Oct 1, 2015, at 9:36 PM, Valentine, Julia <Valentine.Julia@epa.gov> wrote:

> Going straight to the source: hearing is Thursday, correct? Not Wed?
>
> Thanks!
>
> Sent from USEPA iPhone
>
> Begin forwarded message:
>
> **From:** "Conger, Nick" <Conger.Nick@epa.gov>
> **Date:** October 1, 2015 at 7:03:47 PM EDT
> **To:** "Valentine, Julia" <Valentine.Julia@epa.gov>
> **Subject: RE: Hearing on Thurs**
>
> I'm actually not sure. I thought I had heard Chris say Oct 7 but could be wrong?
>
> Sent from my Windows Phone
>
> ---
>
> **From:** Valentine, Julia
> **Sent:** 10/1/2015 6:50 PM
> **To:** Conger, Nick
> **Subject:** Hearing on Thurs
>
> Hey there
>
> Thank you so much for getting all of those responses bounced out of OECA, approved and out the door!
>
> On the hearing, has it been moved to Wed? George said you mentioned the Wed VW hearing. Did it change days?

Ty!

Sent from USEPA iPhone

To: Allen, Laura[Allen.Laura@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]; Birgfeld, Erin[Birgfeld.Erin@epa.gov]
From: Valentine, Julia
Sent: Fri 10/2/2015 3:08:28 AM
Subject: Re: VW WashPost budget follow up

On his deadline:

The editors are still pushing for tomorrow by 11 am. Ex. 5

Ex. 5

Sent from USEPA iPhone

On Oct 1, 2015, at 9:32 PM, Valentine, Julia <Valentine.Julia@epa.gov> wrote:

Hi folks

Ex. 5

Sent from USEPA iPhone

Begin forwarded message:

From: "Whoriskey, Peter" <Peter.Whoriskey@washpost.com>
Date: October 1, 2015 at 8:48:44 PM EDT
To: "Valentine, Julia" <Valentine.Julia@epa.gov>, "allen.laura@epa.gov" <allen.laura@epa.gov>
Subject: Follow up

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Best,

Peter

To: robert.martell@vw.com[robert.martell@vw.com]; mark.mcnab@vw.com[mark.mcnab@vw.com]; michael.horn@vw.com[michael.horn@vw.com]; Sturgell, Gregory[Sturgell.Gregory@epa.gov]; Blubaugh, Jim[Blubaugh.Jim@epa.gov]; Dickinson, David[Dickinson.David@epa.gov]; Wehrly, Linc[wehrly.linc@epa.gov]; Ann Krinard[**Ex. 6**]
From: Ann Krinard
Sent: Fri 10/2/2015 5:22:35 AM
Subject: Re: REQUEST EPA COMPLIANT CAR

This is a letter to the editor that I wrote which was printed in the Press Democrat, Santa Rosa, CA. on Oct. 1, 2016.

My ride

EDITOR: I own a 2012 Volkswagen Jetta. I have felt mad and sad since I heard the news. I'm thinking about changing my license plate to "NOXIOUS."

As often happens when I make a purchase, I am torn: organic or not? Drive often or consolidate trips, pollute more or pollute less? Slave-labor purchase or Fair trade? Even when I make a p.c. purchase, I wonder what do they mean by "organic," or by "natural"? What wage was paid for this article of clothing? Under what conditions was it made? What about jet trips or water usage? Please, don't get me started about food industry standards, Monsanto, GMOs.

VW cheated and lied to its dealers and the public. Its "clean diesels" are like "clean coal," non-existent. My car pollutes in unacceptable amounts by EPA standards. What happened is wrong, and I want it fixed. Some owners don't care for the trade-off, a fix may reduce performance.

VW cheated to entice consumers with exactly what we want. Honestly, my car is one of many purchases that I have made that weren't the most healthy choice for me or for you or for the planet. I did want it to be true, that I could have my cake and eat it, too.

ANN KRINARD

Sebastopol

RE: This earlier correspondence: "TRADE-IN of 2012 VW Jetta Sportwagen Diesel with compromised emissions" of 5 days ago.

Hello again:

I appreciate the recorded phone message left today from the Executive Offices of VW of America.

I will look forward to hearing from you again soon as you stated in your message.

Thank you for making contact with me. Ann Krinard

Sept. 27, 2016

Hello to All Concerned:

First of All, I love my car. I'm sorry that VW has compromised my trust. I have owned many VW's over my life and I want to own one that does not spew as many toxins as my current car.

We purchased a "Clean Diesel" VW Jetta Sportwagen Diesel 2012 new.Current mileage 25,690 approximately. A 2015 scandal determined that car does not meet EPA standards for Nox emissions.

Request trade-in for VW Golf SportWagen with AdBlue System to resolve this situation.
I am a conscientious person who does not want to do more harm to the environment by continuing to drive my car. This is a simple solution to keep more emissions out of our air.

Thank you for your time and consideration.

Ann

On Sun, Sep 27, 2015 at 2:56 PM, Ann Krinard <Ex. 6> wrote:

RE: TRADE-IN of 2012 VW Jetta Sportwagen Diesel with compromised emissions.

Hello to All Concerned:

First of All, I love my car. I'm sorry that VW has compromised my trust. I have owned many VW's over my life and I want to own one that does not spew as many toxins as my current car.

We purchased a "Clean Diesel" VW Jetta Sportwagen Diesel 2012 new.Current mileage 25,690 approximately. A 2015 scandal determined that car does not meet EPA standards for Nox emissions.

Request trade-in for VW Golf SportWagen with AdBlue System to resolve this situation.
I am a conscientious person who does not want to do more harm to the environment by continuing to drive my car. This is a simple solution to keep more emissions out of our air.

Thank you for your time and consideration.

Ann Krinard.

To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: EnergyGuardian
Sent: Fri 10/2/2015 11:17:36 AM
Subject: Congress, greens step up pressure for Volkswagen probe

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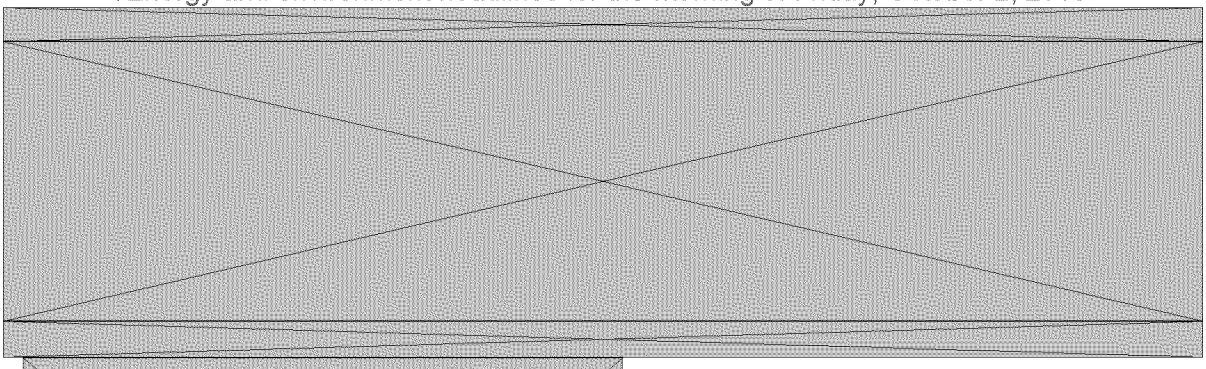
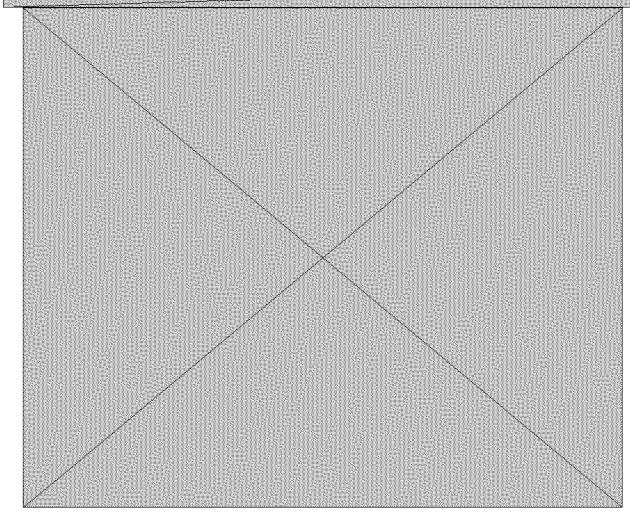
Energy and environment headlines for the morning of Friday, October 2, 2015





Congress, greens step up pressure for Volkswagen probe

By Kevin Rogers

Congress and environmentalists are pressing for a strong response to Volkswagen's alleged use of technology to evade Clean Air Act emissions tests. A House subcommittee has called the company's U.S. chief to testify at a hearing, and the Center for Biological Diversity is seeking overhauled vehicle testing and tougher penalties for violations.

An Environmental Protection Agency investigation alleged that Volkswagen used "defeat

devices" in its diesel-powered vehicles to evade emissions standards. The technology allegedly activated emissions controls during testing, but in driving scenarios, the vehicles would emit up to 40 times the legal amount of nitrogen oxide, EPA said.

The scandal drove CEO Martin Winterkorn to resign last week, and the company said it would work to repair the issue in some 11 million vehicles worldwide.

The House Energy and Commerce Subcommittee on Oversight and Investigations has scheduled a hearing on the issue next Thursday. Volkswagen Group of America President and CEO Michael Horn and EPA officials are set to testify.

Energy and Commerce Chairman Rep. Fred Upton, R-Mich., said the hearing would seek to "get to the bottom" of the allegations and pledged to hold Volkswagen accountable.

"The very notion of a carmaker intentionally violating our environmental laws is beyond belief," he said in a statement. "But reports of Volkswagen selling cars with devices aimed at skirting the law cannot, and will not be tolerated. Attempting to deceive regulators and customers is a double whammy of betrayal."

Subcommittee Chairman Rep. Tim Murphy, R-Pa., said the hearing would also examine how the devices were able to go undetected. EPA's investigation involved vehicles sold between 2009 and 2015.

"The American people want to know why these devices were in place, how the decision was made to install them, and how they went undetected for so long. We will get them those answers," he said.

Separately, the Center for Biological Diversity called on EPA to prevent future abuses through stronger regulations. In a legal petition filed Thursday to the agency and the National Highway Traffic Safety Administration, the group called for the agencies to overhaul pollution controls and raise penalties for companies that don't meet fuel economy standards.

"Lax EPA testing let Volkswagen cheat car buyers and pollute our air for years without getting caught," staff attorney Kristen Monsell said. "VW's appalling actions show why the EPA must require on-road tests to catch car company cheats. Tougher tests will fight fraud and protect our health and climate from dangerous pollutants spewed by these cars."

The Center for Biological Diversity wants EPA to conduct in-use emissions testing of existing motor vehicles, be they diesel or gasoline-powered. The group also urged EPA to develop regulations to require in-use testing for all new vehicle models.

The center also called on NHTSA to boost penalties for vehicles that don't meet Corporate Average Fuel Economy standards. The law currently fines manufacturers $5.50 per vehicle sold for every 0.1 mile-violation. The petition asks that the fee be raised to $10.

"The recent scandal highlights yet another industry-wide problem — that car manufacturers routinely pay fines, rather than comply with mandatory fuel economy standards that seek to improve fuel efficiency and reduce carbon dioxide emissions," the petition said. "As we have frequently pointed out, and as government reports indicate, the meager fines are too low to act as a deterrent."

EPA said it was reviewing the petition and would respond as necessary. The agency last week said told U.S. automakers that it would begin requiring in-use emissions testing in an effort to track down other defeat devices.

Quick Links

Senate panel votes to lift 40-year-old US ban on oil exports

US pipeline agency fines Exxon subsidiary $2.6 million

Feds: Proposed pipeline rules could have prevented accidents

EPA missed its best chance to catch VW cheating

California to conduct its own Volkswagen investigation

Hawaii, EPA and Navy agree to plan to address tank leaks

India ties carbon pledge to environmentalist Gandhi

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Russian oil output hits record in September

Only regulated markets to see new nuke plants: Southern's Fanning

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Jury selection underway in coal exec conspiracy trial

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Glencore chief trying to shore up faltering miner

Renewable push 'matter of survival' for Marshall Islands

Statoil working with students to cut carbon

Student behavior impeding UC Davis energy goals

Upcoming Events

Senate panel votes to lift 40-year-old US ban on oil exports

By Matthew Daly

WASHINGTON (AP) — The Senate Banking Committee endorsed a bill Thursday to lift the four-decade-old ban on crude oil exports, the latest sign of congressional support for legislation that President Barack Obama opposes.

The banking panel endorsed the bill, 13-9, on a largely party-line vote. Sen. Heidi Heitkamp of North Dakota sponsored the bill and was the only Democrat to support it.

Heitkamp said the bill would lower or stabilize gas prices, support jobs and increase U.S. influence abroad.

Despite the largely partisan committee vote, Heitkamp said she is optimistic that some Senate Democrats will support efforts to lift the export ban, which was imposed in the 1970s amid an energy shortage. Heitkamp's bill is expected to be merged with larger legislation sponsored by Sen. Lisa Murkowski, R-Alaska, before a vote in the full Senate.

More

US pipeline agency fines Exxon subsidiary $2.6 million

By Claudia Lauer

LITTLE ROCK, Ark. (AP) — Federal regulators announced Thursday they are assessing a $2.6 million civil penalty against ExxonMobil Pipeline Co. for a 2013 oil spill in Arkansas.

The Pipeline and Hazardous Materials Safety Administration released its final report on the Pegasus pipeline leak that spilled roughly 3,190 barrels of oil near Mayflower and Lake Conway about 20 miles north of Little Rock in March 2013. The agency, which is under the U.S. Department of Transportation, said in its order that the company violated regulations involving the line's integrity, operation and maintenance.

The U.S. Department of Transportation agency's spokeswoman Artealia Gilliard wrote in an email that "time intensified defects of originally manufactured pipe" led to the rupture in the pipeline in 2013. She said an investigation of the leak found the violations.

The northern portion of the pipeline, which runs through Mayflower, remains closed. The agency granted a request to return the southern segment of the line to partial service with reduced pressure in July 2014.

More

Feds: Proposed pipeline rules could have prevented accidents

By Matthew Brown

BILLINGS, Mont. (AP) — New federal rules proposed for pipelines that carry oil and other hazardous liquids could have prevented more than 200 accidents since 2010, including a Michigan rupture that ranks as the costliest onshore spill in U.S. history, federal officials said.

The U.S. Transportation Department proposal announced Thursday covers more than 200,000 miles of hazardous liquids pipelines that crisscross the nation — a network that expanded rapidly over the past decade as domestic oil production increased.

Included in the proposal are new inspection requirements for pipelines in rural areas; increased use of leak detection systems; and a requirement for companies to more closely analyze inspection results.

Left out were requirements for the industry to install more automatic or remote-controlled valves that can quickly shut down a line when spills occur.

More

EPA missed its best chance to catch VW cheating

By Jason Keyser

CHICAGO (AP) — More than a decade ago, the Environmental Protection Agency helped develop a technology that ultimately was used by an independent laboratory to catch Volkswagen's elaborate cheating on car emissions tests. But EPA used the technology primarily to test trucks rather than passenger cars because such heavy equipment was a much bigger polluter.

That decision meant that the regulator missed its best chance to foil the German carmaker's deception early on. The portable emissions measurement systems that EPA pioneered might have subjected VW diesel cars to on-road tests and discovered they were spewing up to 40 times the allowable levels of key pollutant nitrogen oxide under normal driving conditions.

Without that test, VW was virtually home free and evaded detection for seven years.

"If EPA had used the technology back then (on diesel cars), we could have caught it," said Margo Oge, who was director of the EPA's office of Transportation and Air Quality at the time and headed the office for 18 years until 2012. But she doesn't regret EPA's decision to focus that technology on manufacturers of trucks and heavy equipment, which had a record of cheating on tests and accounted for a much bigger portion of U.S. pollution than the nascent diesel car business.

More

California to conduct its own Volkswagen investigation

By Don Thompson

SACRAMENTO, Calif. (AP) — California is dropping out of a multistate investigation to conduct its own probe into Volkswagen's admission that it rigged diesel emissions technology to pass U.S. smog tests.

An official with the state's Department of Justice said Thursday that California is no longer participating in the investigation by more than two dozen attorneys general.

The person, who spoke on condition of anonymity because of the ongoing investigation, said reasons for the decision to go it alone include California having the nation's strongest environmental laws.

The person would not say if subpoenas have been issued or are planned.

More

A message from the American Petroleum Institute

America is now the world's #1 natural gas producer and will soon be #1 in oil. Now more than ever, abundant energy means abundant prosperity, opportunity and security for all Americans.

Learn more at EnergyTomorrow.org

Hawaii, EPA and Navy agree to plan to address tank

leaks

By Audrey McAvoy

HONOLULU (AP) — The U.S. Environmental Protection Agency and Hawaii state Department of Health on Thursday said they finalized a deal with the Navy to better prevent and detect leaks from 20 giant fuel storage tanks near Pearl Harbor.

The 70-year-old underground tanks are built into the side of a mountain atop a large aquifer critical to Honolulu's water supply. The tanks provide fuel to U.S. military ships and aircraft, serving as a strategically important "gas stop" between the U.S. West Coast and the western Pacific.

The agencies began working on plans to address leaks after the Navy detected a leak of 27,000 gallons of fuel from one tank last year. Samples from nearby water-monitoring wells showed a spike in hydrocarbons, indicating possible fuel contamination.

The agreement calls for studying options for upgrading the tanks and then fixing them over the next 20 years. Tanks not upgraded will be taken out of service. The upgrades are expected to cost tens of millions of dollars.

More

India ties carbon pledge to environmentalist Gandhi

By Karl Ritter and Katy Daigle

NEW DELHI (AP) — India submitted its climate pledge to the United Nations Thursday, the last major economy to do so, citing an intended link to prominent historical environmental figure Mohandas K. Gandhi.

Environment Minister Prakash Javadekar said India held its submission back so it could coordinate its filing with the Indian holiday celebrating Gandhi's birthday on Friday.

"Our every action will be cleaner than what it was earlier," Javadekar told reporters, insisting that Indian traditions and culture are already "at one with nature."

India is pledging to reduce the intensity of its carbon emissions and boost the share of electricity produced from sources other than fossil fuels to 40 percent by 2030.

More

US continues to widen lead as world's top natural gas producer

The United States continues to widen its lead as the world's largest natural gas producer, a remarkable surge from a decade ago when worries abounded that Americans might need to import the product to meet growing demand, Platts reports.

More

Russian oil output hits record in September

Russia was producing an average of 10.74 million barrels of oil a day in September, a level not seen since the fall of the Soviet Union, The Wall Street Journal reports.

More

Only regulated markets to see new nuke plants: Southern's Fanning

Southern Company chief Tom Fanning says major companies operating in regulated markets are the only ones with the wherewithal to build new nuclear power plants, Platts reports.

More

NJ lawmakers press Christie on offshore wind

Three of New Jersey's Democratic lawmakers – Sens. Robert Menendez and Cory Booker, alongside Rep. Frank Pallone – have written to the state's Republican Gov. Chris Christie, urging him to get moving to implement the state's law to promote offshore wind programs, NJ Spotlight reports.

More

Jury selection underway in coal exec conspiracy trial

The judge in the conspiracy trial of former Massey Energy Co. chief Don Blankenship, facing charges over the deadly Upper Big Branch mine disaster, kept observers from listening to the hours of jury selection on the opening day, the Charleston Gazette-Mail reports.

More

Volatile oil swings higher on Syria fears

Oil prices were rebounding early Friday on concerns about Russia's growing involvement in the Syrian conflict. U.S. benchmark crude rose 74 cents to $45.48 a barrel in electronic trading on the Nymex, while in London Brent increased 47 cents to $48.16, Reuters reports.

More

Incentives boosting solar industry in New Hampshire

Many New Hampshire residents are installing home solar systems, encouraged by a state rebate program that ends next year, WMUR reports.

More

Glencore chief trying to shore up faltering miner

Glencore CEO Ivan Glasenberg has been pressing hard to restore confidence in the debt-ridden mining giant that has lost 83 percent of its value since going public four years ago, The Wall Street Journal reports.

More

Renewable push 'matter of survival' for Marshall Islands

The small Pacific nation of the Marshall Islands made a change to generate a lot of its power from solar energy after an oil price spike in 2008 and is planning a further shift to renewbles, a move the foreign minister is calling "a matter of survival" for the low-lying country, Reuters reports.

More

Statoil working with students to cut carbon

Norwegian oil giant Statoil is spending nearly $6 million on a project – in conjunction with the Norwegian University of Science and Technology – to work toward new energy solutions for a low-carbon economy, UPI reports.

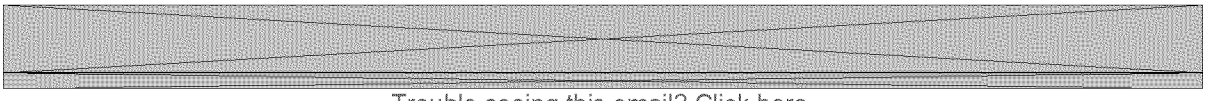
More

Student behavior impeding UC Davis energy goals

Developer Carmel Partners is considering charging students for electricity on top of their rent in West Village at the University of California Davis, in order to help the project achieve its zero-net energy goals, The Saramento Bee reports.

More

Upcoming Events



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To: Bunker, Byron[bunker.byron@epa.gov]
From: Grundler, Christopher
Sent: Fri 10/2/2015 11:33:43 AM
Subject: Re: U.S. regulator missed its best chance to catch VW cheating|||bunker.byron@epa.gov has shared something with you

Not bad

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

On Oct 2, 2015, at 6:51 AM, "bunker.byron@epa.gov" <bunker.byron@epa.gov> wrote:

> http://lasvegassun.com/news/2015/oct/02/us-regulator-missed-its-best-chance-to-catch-vw-ch/#.Vg5hkPmuOpY.email
>
> --- This message was sent by bunker.byron@epa.gov via http://addthis.com. Please note that AddThis does not verify email addresses.
>
> To stop receiving any emails from AddThis, please visit:
> http://www.addthis.com/privacy/email-opt-out?e=1UyHJZU5hDuFJc40iCWJJJQ4kD.FJaAykDbOMI8h

From: Stewart, Gwen
Required Attendees: Hengst, Benjamin; Simon, Karl; Bunker, Byron; Cook, Leila; Sutton, Tia; Birgfeld, Erin
Optional Attendees: Dupree, Sheena; Jones, Jacqueline; Haman, Patricia
Location: RM. 6520 DC/RM C-174 DOD AA - Conf. Call No. 866 299-3188 - Access code: Non-Responsive
Importance: Normal
Subject: VW Prep Session
Start Date/Time: Fri 10/2/2015 6:30:00 PM
End Date/Time: Fri 10/2/2015 7:00:00 PM

MEETING SCHEDULED BY: CHRISTOPHER GRUNDLER

From: Grundler, Christopher
Required Attendees: Hengst, Benjamin; Simon, Karl; Bunker, Byron; Cook, Leila; Sutton, Tia; Birgfeld, Erin
Optional Attendees: Dupree, Sheena; Jones, Jacqueline; Haman, Patricia
Location: RM. 6520 DC/RM C-174 DOD AA - Conf. Call No. Non-Responsive - Access code: 2Non-Responsive
Importance: Normal
Subject: VW Prep Session
Start Date/Time: Fri 10/2/2015 6:30:00 PM
End Date/Time: Fri 10/2/2015 7:00:00 PM

MEETING SCHEDULED BY: CHRISTOPHER GRUNDLER

To: Caldwell, Amy[caldwell.amy@epa.gov]; Wasenko, Barbara[Wasenko.Barbara@epa.gov]; Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Betty Stendel[stendel.betty@epa.gov]; Kolowich, Bruce[kolowich.bruce@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]; Mylan, Christopher[Mylan.Christopher@epa.gov]; Haugen, David[haugen.david@epa.gov]; Miller, Debra L.[Miller.DebraL@epa.gov]; Watkins, Erica[Watkins.Erica@epa.gov]; Birgfeld, Erin[Birgfeld.Erin@epa.gov]; Galano, Fidel[Galano.Fidel@epa.gov]; Johnson, Francene[Johnson.Francene@epa.gov]; Stewart, Gwen[Stewart.Gwen@epa.gov]; Jones, Jacqueline[Jones.Jacqueline@epa.gov]; Blubaugh, Jim[Blubaugh.Jim@epa.gov]; Weihrauch, John[Weihrauch.John@epa.gov]; Iffland, JoNell[Iffland.JoNell@epa.gov]; Berrier, Judi[Berrier.Judi@epa.gov]; Greuel, Justin[Greuel.Justin@epa.gov]; Simon, Karl[Simon.Karl@epa.gov]; Sargeant, Kathryn[sargeant.kathryn@epa.gov]; Vawters, Katie[Vawters.Katie@epa.gov]; Derksen, Kimberly[derksen.kimberly@epa.gov]; Cook, Leila[cook.leila@epa.gov]; McQueen, Lyndia[mcqueen.lyndia@epa.gov]; Le, Madison[Le.Madison@epa.gov]; Peralta, Maria[Peralta.Maria@epa.gov]; Brusstar, Matt[brusstar.matt@epa.gov]; Michael Horowitz[horowitz.michael@epa.gov]; Sabourin, Michael[sabourin.michael@epa.gov]; Haley, Mike[Haley.Mike@epa.gov]; Cooper, Nanette[cooper.nanette@epa.gov]; Paff, Patricia[paff.patricia@epa.gov]; Shaffer, Patricia[Shaffer.Patricia@epa.gov]; Argyropoulos, Paul[Argyropoulos.Paul@epa.gov]; Curtis, Rhonda[Curtis.Rhonda@epa.gov]; Larson, Robert[larson.robert@epa.gov]; Waite, Sherry[waite.sherry@epa.gov]; Patterson, Susan[Patterson.Susan@epa.gov]; Nelson, Suzanne[nelson.suzanne@epa.gov]; Meekins, Tanya[Meekins.Tanya@epa.gov]; Moore, Theresa[Moore.Theresa@epa.gov]; Bradish, Tracey[bradish.tracey@epa.gov]
Cc: Gonzalez, Gail[Gonzalez.Gail@epa.gov]; White, SharonB[White.SharonB@epa.gov]
From: Stewart, Gwen
Sent: Fri 10/2/2015 12:21:35 PM
Subject: Grundler, Christopher Calendar
Grundler Christopher Calendar.ics

CHRISTOPHER GRUNDLER

FRIDAY, OCTOBER 2, 2015

CALENDAR

AA OFFICE

9:00 AM – 10:00 AM Jed Mandel - Engine Manufacturers Association

	Location: RM. 6520 DC/RM. C-126 DOD AA
10:15 AM – 11:00 AM	HD OEM Meeting
	Location: RM. 6520 DC/RM. C-126 AA
11:00 AM – 12:00 PM	Pre-Brief for EPA-NHTSA Senior Level Meeting
	on HD Phase 2 and MTE
	Location: RM. 5400 DC/RM. C-174 DOD AA
	By Telephone: 866 299-3188
	Access Code: **Non-Responsive**
12:00 PM – 1:00 PM	Management Time
1:00 PM – 1:45 PM	RFS Briefing
	Location: RM. 5400 DC/RM. C-174 DOD AA
	By Telephone: 866 299-3188
	Access Code: **Non-Responsive**
2:00 PM – 2:30 PM	HOLD: Potential VW Press Interviews
	Location: RM. 6520 DC/RM. C-174 DOD AA
2:30 PM – 3:30 PM	VW Prep Session
	Location: RM. 6520 DC/RM. C-174 DOD AA
3:30 PM – 4:00 PM	Pre-Brief: ATA
	Location: RM. 6520 DC/RM. C-174 DOD AA
4:00 PM – 5:00 PM	General with Byron Bunker
	Location: RM. 6520 DC/RM. C-174 DOD AA

Gwen Stewart

Office of Transportation and Air Quality

202 564-1682 – Telephone

202 564-1686 – Fax Number

Stewart.gwen@epa.gov

From: Bunker, Byron
Location: RM. 6520 DC/RM C-174 DOD AA
Importance: Normal
Subject: Accepted: VW Prep Session
Start Date/Time: Fri 10/2/2015 6:30:00 PM
End Date/Time: Fri 10/2/2015 7:30:00 PM

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Allen, Laura
Sent: Fri 10/2/2015 12:49:57 PM
Subject: Automatic reply: VW WashPost budget follow up

Hello, I am out of the office October 2.

If you are a reporter working on deadline, please email press@epa.gov.

For other inquiries, please email Liz Purchia, purchia.liz@epa.gov.

Thank you.

To: Bunker, Byron[bunker.byron@epa.gov]
Cc: Allen, Laura[Allen.Laura@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]; Birgfeld, Erin[Birgfeld.Erin@epa.gov]
From: Valentine, Julia
Sent: Fri 10/2/2015 12:50:27 PM
Subject: Re: VW WashPost budget follow up

Ex. 5

Reminder, this was his email from late last night:

> Th editors are still pushing for tomorrow by 11 am. But if there is information forthcoming from you that is significant and that we ought to hold for, I can get more tim

Sent from USEPA iPhone

On Oct 2, 2015, at 8:46 AM, Bunker, Byron <bunker.byron@epa.gov> wrote:

Ex. 5

Thanks,

Byron

****

Byron Bunker

Director Compliance Division

Office of Transportation and Air Quality

Environmental Protection Agency

2000 Traverwood Drive

Ann Arbor, MI 48105

Bunker.Byron@epa.gov

Phone: (734) 214-4155

Mobile: (734) 353-9623

****

From: Valentine, Julia
Sent: Friday, October 02, 2015 8:45 AM
To: Allen, Laura; Bunker, Byron; Grundler, Christopher; Birgfeld, Erin
Subject: Re: VW WashPost budget follow up

Good morning, all.

Byron, how are you and your team doing on pulling this together for The Post?

Thank you!

Sent from USEPA iPhone

On Oct 1, 2015, at 11:08 PM, Valentine, Julia <Valentine.Julia@epa.gov> wrote:

> On his deadline:
>
> Th editors are still pushing for tomorrow by 11 am. But if there is information forthcoming from you that is significant and that we ought to hold for, I can get more

time.

Sent from USEPA iPhone

On Oct 1, 2015, at 9:32 PM, Valentine, Julia <Valentine.Julia@epa.gov> wrote:

Ex. 5

Begin forwarded message:

From: "Whoriskey, Peter" <Peter.Whoriskey@washpost.com>
Date: October 1, 2015 at 8:48:44 PM EDT
To: "Valentine, Julia" <Valentine.Julia@epa.gov>, "allen.laura@epa.gov" <allen.laura@epa.gov>
Subject: Follow up

Thanks to both of you for setting up the phone call today. I've confirmed those bits about how the infractions in the 95, 97 and 98 consent decrees arose, and what role the ROVER had in their detection. The accounts on both sides are pretty close.

There are just a few outstanding issues arising from the phone call that I would like to remind you of:

- It would be nice to get a better account of why the Virginia Testing Laboratory was closed. Saying only that it was "contracting issues" only leads to more questions.

- Chris Grundler said you all might get me the figures on the NVFEL budget, and how it has been expanded since 2001.

- Finally, I would like to verify that the EPA's regular road testing of cars for emissions compliance did not continue after the closure of the Virginia Testing Laboratory, where Emmet Arndt had been running a pilot program to do so. Chris Grundler indicated that the regular road testing of cars for emissions compliance hadn't continued after the closure, indicating that it wasn't continued because the priorities led them to focus on heavy duty engines, where a larger portion of the pollution comes from. Byron Bunker may have been saying something different, though, so I want to make sure I've understood correctly.

Best,

Peter

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Automotive News
Sent: Fri 10/2/2015 1:01:03 PM
Subject: A.M. NEWSCAST: Sept. U.S. sales winners, losers | VW's Horn to testify | GM to lean more on lending | JLR stands by diesels | Diesel perceptions | Aston names Americas chief

October 2, 2015

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From: McCabe, Janet
Required Attendees: Grundler, Christopher; Hengst, Benjamin; Bunker, Byron; Giles-AA, Cynthia; Brooks, Phillip; Garbow, Avi; Schmidt, Lorie
Location: WJC-N 5400 + 1-866-299-3188; Participant Code: Non-Responsive
Importance: Normal
Subject: VW Update
Categories: Green Category
Start Date/Time: Fri 10/2/2015 7:00:00 PM
End Date/Time: Fri 10/2/2015 7:30:00 PM

To: McCabe, Janet; Grundler, Chris; Hengst, Ben; Bunker, Byron; Giles, Cynthia; Brooks, Phil; Garbow, Avi; Schmidt, Lorie; Garbow, Avi

To: Shaffer, Patricia[Shaffer.Patricia@epa.gov]; Soth, Judith[Soth.Judith@epa.gov]
Cc: Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]; Sutton, Tia[sutton.tia@epa.gov]
From: Stewart, Gwen
Sent: Fri 10/2/2015 1:20:58 PM
Subject: NNTO: Janet meeting added at 3:00 PM - VW Update Thank you

Gwen Stewart

Office of Transportation and Air Quality

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Stewart.gwen@epa.gov

Ex. 5

From: EnergyGuardian [mailto:energy@email.energyguardian.net]
Sent: Friday, October 02, 2015 7:18 AM
To: Brooks, Phillip
Subject: Congress, greens step up pressure for Volkswagen probe

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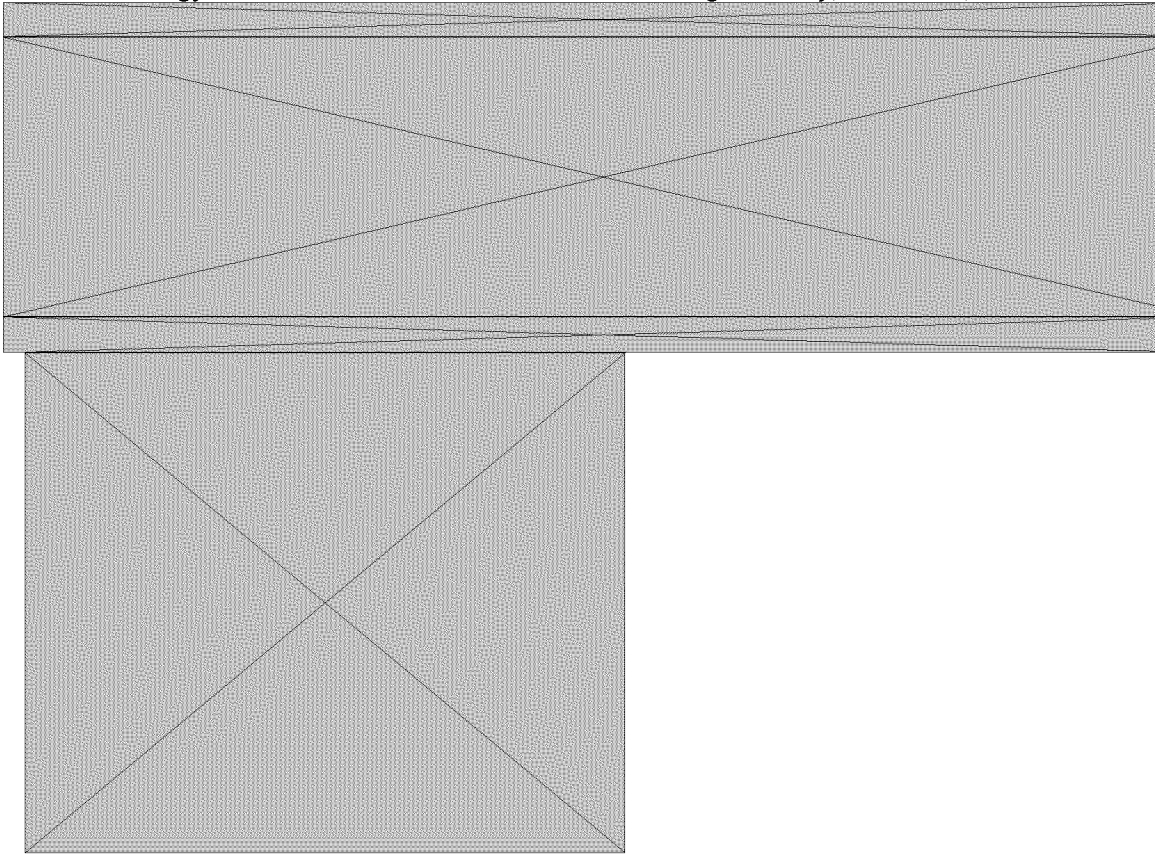
Energy and environment headlines for the morning of Friday, October 2, 2015



Congress, greens step up pressure for Volkswagen probe

By Kevin Rogers

Congress and environmentalists are pressing for a strong response to Volkswagen's alleged use of technology to evade Clean Air Act emissions tests. A House subcommittee has called the company's U.S. chief to testify at a hearing, and the Center for Biological Diversity is seeking overhauled vehicle testing and tougher penalties for violations.

An Environmental Protection Agency investigation alleged that Volkswagen used "defeat devices" in its diesel-powered vehicles to evade emissions standards. The technology allegedly activated emissions controls during testing, but in driving scenarios, the vehicles would emit up to 40 times the legal amount of nitrogen oxide, EPA said.

The scandal drove CEO Martin Winterkorn to resign last week, and the company said it would work to repair the issue in some 11 million vehicles worldwide

The House Energy and Commerce Subcommittee on Oversight and Investigations has scheduled a hearing on the issue next Thursday. Volkswagen Group of America President and CEO Michael Horn and EPA officials are set to testify.

Energy and Commerce Chairman Rep. Fred Upton, R-Mich., said the hearing would seek to "get to the bottom" of the allegations and pledged to hold Volkswagen accountable.

"The very notion of a carmaker intentionally violating our environmental laws is beyond belief," he said in a statement. "But reports of Volkswagen selling cars with devices aimed at skirting the law cannot, and will not be tolerated. Attempting to deceive regulators and customers is a double whammy of betrayal."

Subcommittee Chairman Rep. Tim Murphy, R-Pa., said the hearing would also examine how the devices were able to go undetected. EPA's investigation involved vehicles sold between 2009 and 2015.

"The American people want to know why these devices were in place, how the decision was made to install them, and how they went undetected for so long. We will get them those answers," he said.

Separately, the Center for Biological Diversity called on EPA to prevent future abuses through stronger regulations. In a legal petition filed Thursday to the

agency and the National Highway Traffic Safety Administration, the group called for the agencies to overhaul pollution controls and raise penalties for companies that don't meet fuel economy standards.

“Lax EPA testing let Volkswagen cheat car buyers and pollute our air for years without getting caught,” staff attorney Kristen Monsell said. “VW’s appalling actions show why the EPA must require on-road tests to catch car company cheats. Tougher tests will fight fraud and protect our health and climate from dangerous pollutants spewed by these cars.”

The Center for Biological Diversity wants EPA to conduct in-use emissions testing of existing motor vehicles, be they diesel or gasoline-powered. The group also urged EPA to develop regulations to require in-use testing for all new vehicle models.

The center also called on NHTSA to boost penalties for vehicles that don't meet Corporate Average Fuel Economy standards. The law currently fines manufacturers $5.50 per vehicle sold for every 0.1 mile violation. The petition asks that the fee be raised to $10.

“The recent scandal highlights yet another industry-wide problem — that car manufacturers routinely pay fines, rather than comply with mandatory fuel economy standards that seek to improve fuel efficiency and reduce carbon dioxide emissions,” the petition said. “As we have frequently pointed out, and as government reports indicate, the meager fines are too low to act as a deterrent.”

EPA said it was reviewing the petition and would respond as necessary. The agency last week said told U.S. automakers that it would begin requiring in-use emissions testing in an effort to track down other defeat devices.

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Jury selection underway in coal exec conspiracy trial

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Renewable push 'matter of survival' for Marshall Islands

Statoil working with students to cut carbon

Student behavior impeding UC Davis energy goals

Upcoming Events

Senate panel votes to lift 40-year-old US ban on oil exports

By Matthew Daly

WASHINGTON (AP) — The Senate Banking Committee endorsed a bill Thursday to lift the four-decade-old ban on crude oil exports, the latest sign of congressional support for legislation that President Barack Obama opposes.

The banking panel endorsed the bill, 13-9, on a largely party-line vote. Sen. Heidi Heitkamp of North Dakota sponsored the bill and was the only Democrat to support it.

Heitkamp said the bill would lower or stabilize gas prices, support jobs and increase U.S. influence abroad.

Despite the largely partisan committee vote, Heitkamp said she is optimistic that

some Senate Democrats will support efforts to lift the export ban, which was imposed in the 1970s amid an energy shortage. Heitkamp's bill is expected to be merged with larger legislation sponsored by Sen. Lisa Murkowski, R-Alaska, before a vote in the full Senate.

US pipeline agency fines Exxon subsidiary $2.6 million

By Claudia Lauer

LITTLE ROCK, Ark. (AP) — Federal regulators announced Thursday they are assessing a $2.6 million civil penalty against ExxonMobil Pipeline Co. for a 2013 oil spill in Arkansas.

The Pipeline and Hazardous Materials Safety Administration released its final report on the Pegasus pipeline leak that spilled roughly 3,190 barrels of oil near Mayflower and Lake Conway about 20 miles north of Little Rock in March 2013. The agency, which is under the U.S. Department of Transportation, said in its order that the company violated regulations involving the line's integrity, operation and maintenance.

The U.S. Department of Transportation agency's spokeswoman Artealia Gilliard wrote in an email that "time intensified defects of originally manufactured pipe" led to the rupture in the pipeline in 2013. She said an investigation of the leak found the violations.

The northern portion of the pipeline, which runs through Mayflower, remains closed. The agency granted a request to return the southern segment of the line to partial service with reduced pressure in July 2014.

Feds: Proposed pipeline rules could have prevented accidents

By Matthew Brown

BILLINGS, Mont. (AP) — New federal rules proposed for pipelines that carry oil and other hazardous liquids could have prevented more than 200 accidents since 2010, including a Michigan rupture that ranks as the costliest onshore spill in U.S. history, federal officials said.

The U.S. Transportation Department proposal announced Thursday covers more than 200,000 miles of hazardous liquids pipelines that crisscross the nation — a network that expanded rapidly over the past decade as domestic oil production increased.

Included in the proposal are new inspection requirements for pipelines in rural areas; increased use of leak detection systems; and a requirement for companies to more closely analyze inspection results.

Left out were requirements for the industry to install more automatic or remote-controlled valves that can quickly shut down a line when spills occur.

EPA missed its best chance to catch VW cheating

By Jason Keyser

CHICAGO (AP) — More than a decade ago, the Environmental Protection Agency helped develop a technology that ultimately was used by an independent laboratory to catch Volkswagen's elaborate cheating on car emissions tests. But EPA used the technology primarily to test trucks rather than passenger cars because such heavy equipment was a much bigger polluter.

That decision meant that the regulator missed its best chance to foil the German carmaker's deception early on. The portable emissions measurement systems that EPA pioneered might have subjected VW diesel cars to on-road tests and discovered they were spewing up to 40 times the allowable levels of key pollutant nitrogen oxide under normal driving conditions.

Without that test, VW was virtually home free and evaded detection for seven years.

"If EPA had used the technology back then (on diesel cars), we could have caught it," said Margo Oge, who was director of the EPA's office of Transportation and Air Quality at the time and headed the office for 18 years until 2012. But she doesn't regret EPA's decision to focus that technology on manufacturers of trucks and heavy equipment, which had a record of cheating on tests and accounted for a much bigger portion of U.S. pollution than the nascent diesel car business.

California to conduct its own Volkswagen investigation

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By Don Thompson

SACRAMENTO, Calif. (AP) — California is dropping out of a multistate investigation to conduct its own probe into Volkswagen's admission that it rigged diesel emissions technology to pass U.S. smog tests.

An official with the state's Department of Justice said Thursday that California is no longer participating in the investigation by more than two dozen attorneys general.

The person, who spoke on condition of anonymity because of the ongoing investigation, said reasons for the decision to go it alone include California having the nation's strongest environmental laws.

The person would not say if subpoenas have been issued or are planned.

A message from the American Petroleum Institute

America is now the world's #1 natural gas producer and will soon be #1 in oil. Now more than ever, abundant energy means abundant prosperity, opportunity and security for all Americans.

Learn more at EnergyTomorrow.org

Hawaii, EPA and Navy agree to plan to address tank leaks

By Audrey McAvoy

HONOLULU (AP) — The U.S. Environmental Protection Agency and Hawaii state Department of Health on Thursday said they finalized a deal with the Navy to better prevent and detect leaks from 20 giant fuel storage tanks near Pearl Harbor.

The 70-year-old underground tanks are built into the side of a mountain atop a large aquifer critical to Honolulu's water supply. The tanks provide fuel to U.S. military ships and aircraft, serving as a strategically important "gas stop" between the U.S. West Coast and the western Pacific.

The agencies began working on plans to address leaks after the Navy detected a leak of 27,000 gallons of fuel from one tank last year. Samples from nearby water monitoring wells showed a spike in hydrocarbons, indicating possible fuel

contamination.

The agreement calls for studying options for upgrading the tanks and then fixing them over the next 20 years. Tanks not upgraded will be taken out of service. The upgrades are expected to cost tens of millions of dollars.

India ties carbon pledge to environmentalist Gandhi

By Karl Ritter and Katy Daigle

NEW DELHI (AP) — India submitted its climate pledge to the United Nations Thursday, the last major economy to do so, citing an intended link to prominent historical environmental figure Mohandas K. Gandhi.

Environment Minister Prakash Javadekar said India held its submission back so it could coordinate its filing with the Indian holiday celebrating Gandhi's birthday on Friday.

"Our every action will be cleaner than what it was earlier," Javadekar told reporters, insisting that Indian traditions and culture are already "at one with nature."

India is pledging to reduce the intensity of its carbon emissions and boost the share of electricity produced from sources other than fossil fuels to 40 percent by 2030.

US continues to widen lead as world's top natural gas producer

The United States continues to widen its lead as the world's largest natural gas producer, a remarkable surge from a decade ago when worries abounded that Americans might need to import the product to meet growing demand, Platts reports.

Russian oil output hits record in September

Russia was producing an average of 10.74 million barrels of oil a day in September, a level not seen since the fall of the Soviet Union, The Wall Street Journal reports.

Only regulated markets to see new nuke plants: Southern's Fanning

Southern Company chief Tom Fanning says major companies operating in regulated markets are the only ones with the wherewithal to build new nuclear power plants, Platts reports.

NJ lawmakers press Christie on offshore wind

Three of New Jersey's Democratic lawmakers – Sens. Robert Menendez and Cory Booker, alongside Rep. Frank Pallone – have written to the state's Republican Gov. Chris Christie, urging him to get moving to implement the state's law to promote offshore wind programs, NJ Spotlight reports.

Jury selection underway in coal exec conspiracy trial

The judge in the conspiracy trial of former Massey Energy Co. chief Don Blankenship, facing charges over the deadly Upper Big Branch mine disaster, kept observers from listening to the hours of jury selection on the opening day, the Charleston Gazette-Mail reports.

Volatile oil swings higher on Syria fears

Oil prices were rebounding early Friday on concerns about Russia's growing involvement in the Syrian conflict. U.S. benchmark crude rose 74 cents to $45.48 a barrel in electronic trading on the Nymex, while in London Brent increased 47 cents to $48.16, Reuters reports.

Incentives boosting solar industry in New Hampshire

Many New Hampshire residents are installing home solar systems, encouraged by a state rebate program that ends next year, WMUR reports.

Glencore chief trying to shore up faltering miner

Glencore CEO Ivan Glasenberg has been pressing hard to restore confidence in

the debt-ridden mining giant that has lost 83 percent of its value since going public four years ago, The Wall Street Journal reports.

Renewable push 'matter of survival' for Marshall Islands

The small Pacific nation of the Marshall Islands made a change to generate a lot of its power from solar energy after an oil price spike in 2008 and is planning a further shift to renewbles, a move the foreign minister is calling "a matter of survival" for the low-lying country, Reuters reports.

Statoil working with students to cut carbon

Norwegian oil giant Statoil is spending nearly $6 million on a project – in conjunction with the Norwegian University of Science and Technology – to work toward new energy solutions for a low-carbon economy, UPI reports.

Student behavior impeding UC Davis energy goals

Developer Carmel Partners is considering charging students for electricity on top of their rent in West Village at the University of California Davis, in order to help the project achieve its zero-net energy goals, The Saramento Bee reports.

Upcoming Events

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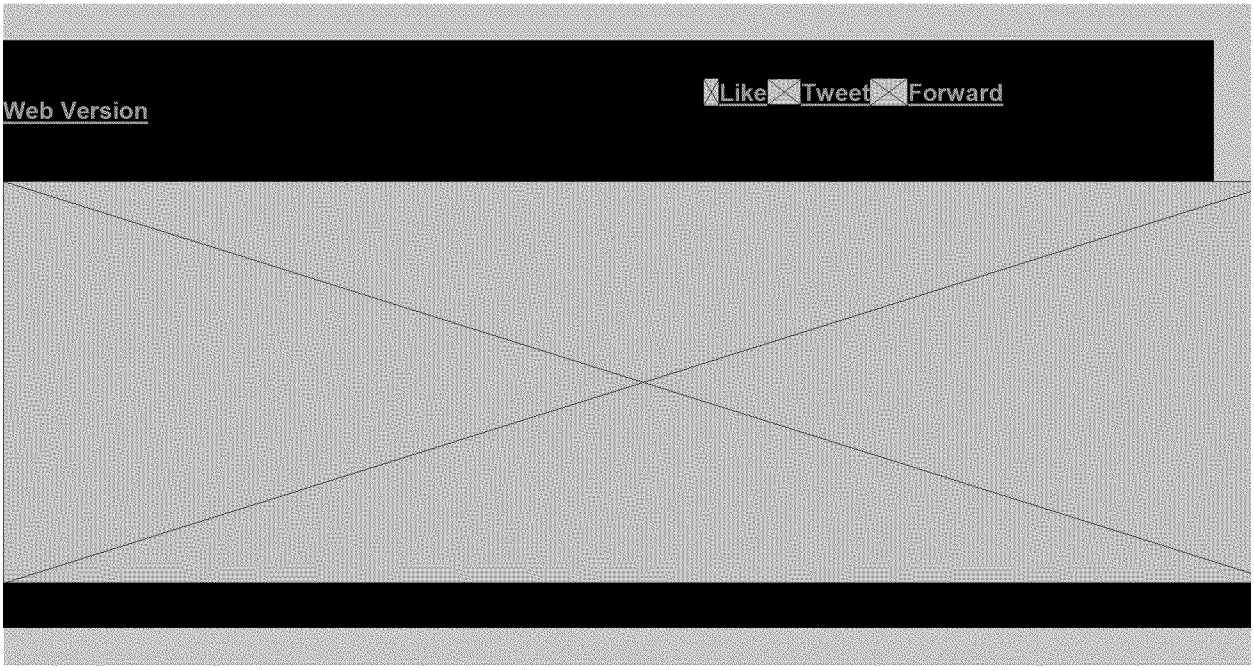
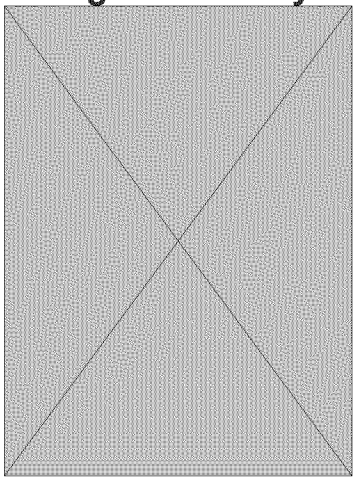
To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: Integer Emissions
Sent: Fri 10/2/2015 2:00:41 PM
Subject: What impact will VW defeat device revelations have on diesel engine industry?



VW defeat device revelations impact entire diesel engine industry



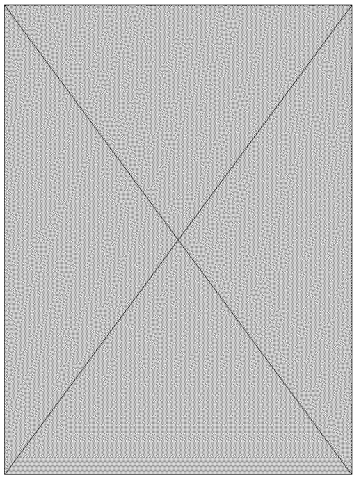
The Volkswagen emissions defeat device disclosure threatens to bring diesel on- and off-highway vehicles and machinery under an unprecedented level of scrutiny.

The admission by Volkswagen that their 2.0 litre TDI turbo-diesel engine vehicles were fitted with a cheat device embedded in the software code has created a scandal that has already forced other car manufacturers to deny utilising similar cheat devices.

However, the detrimental impact could be far greater than just passenger cars , with questions likely to be asked about the performance of both *heavy-duty vehicles* and *off-highway machinery*.

Read more insight into the VW revelations here >>>

Integer Emissions Summit USA to examine impact of the scandal



The *8th Integer Emissions Summit & DEF Forum USA 2015*, taking place on the 27-29 October, is extremely timely as it will bring together over 400 senior executives from across the emissions control supply chain to examine the fallout from the defeat device scandal and the implications for the wider diesel engine industry.

- Will the Volkswagen defeat device scandal result in a stricter certification testing process for vehicles and machinery?
- Will public opinion drive a shift away from diesel powered vehicles and machinery to alternative fuel and hybrid vehicles?
- Will the removal of the defeat device drive an increase in DEF demand and consumption?

The conference is North America's leading independent information and networking forum and will analyse the fallout from the VW crisis and the wider emissions control challenges for the on- and off-highway, marine vessels and DEF markets.

Register today to guarantee your place.

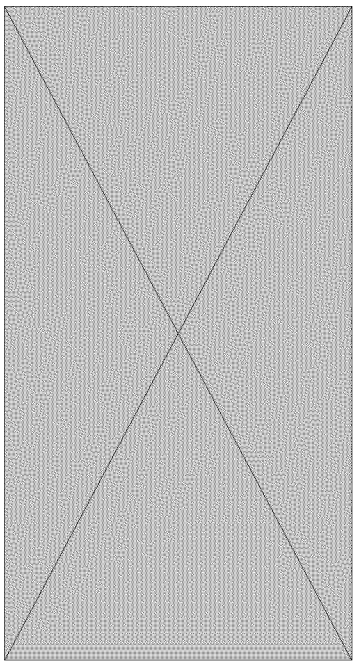
Two simple ways to register:

- Register **online**
- **Register by email**

NEW: Expert Briefing – The VW diesel emissions crisis

The demand for accurate information regarding the VW crisis is getting more urgent. The emissions analysts at Integer Research have reacted swiftly to produce an '*Expert Briefing: The VW diesel emissions crisis*', which provides essential insights into the situation.

This publication covers emissions and fuel economy regulations, real world driving vs regulatory limits, the VW market including VW sales, market shares, a sales breakdown and the potential whereabouts of the other 11 million vehicles fitted with the EA189 engine. In the wake of the VW scandal (and some of the incorrect information being published about it), this expert briefing is a vital tool for those that need an accurate account of what happened at VW, and the likely impact it will have on VW, it's suppliers, manufacturers and customers.



For more information or to purchase *Expert Briefing: The VW diesel emissions crisis*, visit **www.integer-research.com/market-analysis/vw-diesel-emissions-crisis**.

If you have any questions on +44 (0) 7503 1265 or wish to access the publications, email **publications@integer-research.com**

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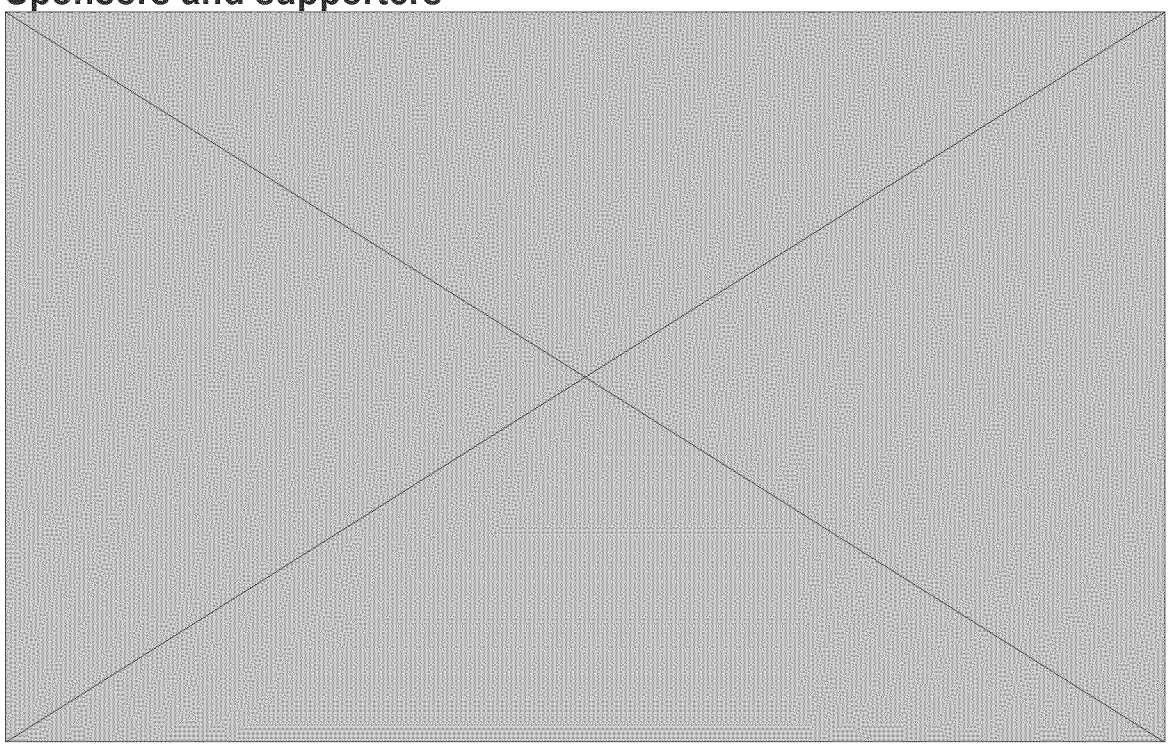

VW FOIA, EPA 06/20/2017 2017-FFP_028527

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To: Bunker, Byron[bunker.byron@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]; Allen, Laura[Allen.Laura@epa.gov]; Conger, Nick[Conger.Nick@epa.gov]; Birgfeld, Erin[Birgfeld.Erin@epa.gov]; Hengst, Benjamin[Hengst.Benjamin@epa.gov]
From: Valentine, Julia
Sent: Fri 10/2/2015 2:05:43 PM
Subject: Financial Times: EPA extends VW diesel emissions probe to other brands in US

Financial Times:

http://www.ft.com/intl/cms/s/0/9e4a32fa-68d6-11e5-97d0-1456a776a4f5.html#axzz3nPzzcwZI

EPA extends VW diesel emissions probe to other brands in US

Barney Jopson in Washington and Robert Wright in New York

The widened tests are aimed at establishing if VW was alone in using the defeat devices

More than two dozen diesel car models made by BMW, Chrysler, General Motors, Land Rover and Mercedes-Benz are under scrutiny as the US regulator that exposed Volkswagen's rigging of emissions tests probes whether rival carmakers engaged in similar cheating.

The Environmental Protection Agency's broadening search for software-based "defeat devices" that understate emissions during laboratory tests will encompass at least 28 diesel-powered models, according to a document seen by the Financial Times.

More

The investigations are aimed at determining whether the German carmaker was alone in rigging emissions tests or if the practice is more widespread in the industry. VW has admitted that the devices, which turn on pollution controls during lab tests, had been fitted to up to 11m vehicles worldwide, leading to the resignation of Martin Winterkorn, its chief executive.

The EPA will initially test one used vehicle of each model and then widen the probe if it uncovers anything suspicious, said a senior agency official close to the investigation.

The news about the EPA's expanded investigation comes as Italy's antitrust authority announced it had opened an inquiry into VW to establish whether customers' car purchases were distorted by the German carmaker's emissions claims.

The competition watchdog for the eurozone's third-largest economy said in a statement that the investigation was related to models sold by VW between 2009 and 2015 with the brands Volkswagen, Audi, Seat and Skoda. The authority said it wanted to know whether VW engaged in "improper commercial practices" in selling cars and commercial vehicles that had emissions standards "below the declared values".

The US watchdog is using cars from rental agencies or borrowing them from owners it identifies via vehicle registration databases. To entice owners to give up their cars temporarily, the EPA plans to offer them stand-in rental cars and free car washes or oil changes.

The agency is targeting most of the diesel vehicles on US roads, including BMW's X3, Chrysler's Grand Cherokee, GM's Chevrolet Colorado, the Range Rover TDV6 and the Mercedes-Benz E250 BlueTec. Diesel engines make up a tiny proportion of the overall car market in the US, but are much more prevalent in Europe.

Spokesmen for Fiat Chrysler, Mercedes, GM and JLR all said their companies did not install defeat devices in their cars. There has so far been no evidence that other carmakers have gamed the system.

The EPA official said the agency did not require manufacturers' co-operation for the broadening tests.

In a letter sent to carmakers last week, the EPA said it would increase its scrutiny of all vehicle emissions. However, it did not reveal publicly the details of the vehicles it was targeting.

Last month the EPA said it had identified 482,000 VW vehicles in the US with diesel engines fitted with defeat devices. The software detected when a diesel vehicle was undergoing a

laboratory test and switched on controls to reduce emissions. On the road, the controls were switched off and vehicles were found to emit up to 40 times the permitted level of nitrogen oxides.

To: Conger, Nick[Conger.Nick@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]; Birgfeld, Erin[Birgfeld.Erin@epa.gov]
Cc: Harrison, Melissa[Harrison.Melissa@epa.gov]; Allen, Laura[Allen.Laura@epa.gov]; Purchia, Liz[Purchia.Liz@epa.gov]
From: Bunker, Byron
Sent: Fri 10/2/2015 2:12:31 PM
Subject: RE: Clarification needed re investigation/testing

Thanks Nick.

This looks perfect to me.

****

Byron Bunker

Director Compliance Division

Office of Transportation and Air Quality

Environmental Protection Agency

2000 Traverwood Drive

Ann Arbor, MI 48105

Bunker.Byron@epa.gov

Phone: (734) 214-4155

Mobile: (734) 353-9623

****

From: Conger, Nick
Sent: Friday, October 02, 2015 9:18 AM
To: Grundler, Christopher; Bunker, Byron; Birgfeld, Erin
Cc: Harrison, Melissa; Allen, Laura; Purchia, Liz
Subject: Clarification needed re investigation/testing

Chris, Byron, Erin,

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EPA has not expanded the number of vehicles listed in the Notices of Violation sent to Volkswagen on Friday September 18.

Separate from the investigation, EPA's Office of Transportation Air Quality has expanded its routine vehicle compliance and oversight testing. Expanded testing is prompted by Volkswagen's actions and is not related to specific information about any other manufacturer. EPA and the California Air Resources Board are working together to acquire vehicles for additional testing. The focus is on light duty diesel vehicles but could expand to include gasoline vehicles.

ON BACKGROUND: Chris Grundler confirmed that EPA and CARB are procuring vehicles now for in use screening tests. This is not a confirmation of an expansion of the investigation launched on Friday. Instead, this is EPA describing what we are doing to enhance standard compliance and oversight procedures in light of recent information about VW's defeat devices.

EPA extends VW diesel emissions probe to other brands in US

Financial Times

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Nick Conger

Deputy Press Secretary

Office of the Administrator

U.S. Environmental Protection Agency

Office: (202) 564-6287

Cell: (202) 412-2655

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Nick Conger

Deputy Press Secretary

Office of the Administrator

U.S. Environmental Protection Agency

Office: (202) 564-6287

Cell: (202) 412-2655

ENVIRONMENTAL PROTECTION AGENCY
SUMMARY OF AGENCY RESOURCES

(DOLLARS IN THOUSANDS)

Agency Programs by Goal	FY 1998 Enacted	FY 1999 President's Budget	1999-1998 Difference Total Dollars
Clean Air	$490,448.2	$506,953.3	$16,505.1
Clean & Safe Water	$778,239.6	$873,869.3	$95,629.7
Safe Food	$56,459.3	$63,552.4	$7,093.1
Preventing Pollution	$240,466.0	$258,845.0	$18,379.0
Better Waste Management	$225,642.1	$247,656.4	$22,014.3
Global & Cross Border	$161,144.4	$295,960.5	$134,816.1
Right-to-Know	$137,696.9	$156,273.5	$18,576.6
Sound Science	$395,663.9	$358,918.5	($36,745.4)
Credible Deterrent	$298,015.7	$313,861.7	$15,846.0
Effective Management	$544,544.8	$527,429.8	($17,115.0)
Subtotal Operating Programs:	**$3,328,320.9**	**$3,603,320.4**	**$274,999.5**
Better Waste Management	$1,411,143.2	$2,003,671.3	$592,528.1
Right-to-Know	$2,674.5	$2,814.3	$139.8
Sound Science	$9,057.3	$7,949.1	($1,108.2)
Credible Deterrent	$17,812.5	$17,089.6	($722.9)
Effective Management	$124,312.5	$132,430.7	$8,118.2
Subtotal Trust Funds:	**$1,565,000.0**	**$2,163,955.0**	**$598,955.0**
Clean & Safe Water	$2,392,625.0	$1,928,000.0	($464,625.0)
Global & Cross Border	$75,000.0	$100,000.0	$25,000.0
Subtotal Water Infrastructure Financing:	**$2,467,625.0**	**$2,028,000.0**	**($439,625.0)**
GRAND TOTAL:	**$7,360,945.9**	**$7,795,275.4**	**$434,329.5**

VW FOIA, EPA 06/20/2017 2017-FFP_028541

ENVIRONMENTAL PROTECTION AGENCY
SUMMARY OF AGENCY RESOURCES

(WORKYEARS)

Program	FY 1998 Enacted	FY 1999 President's Budget	1999-1998 Difference Total Dollars
Clean Air	1,801.8	1,762.4	(39.4)
Clean & Safe Water	2,440.3	2,449.5	9.2
Safe Food	681.0	682.3	1.3
Preventing Pollution	1,143.6	1,125.5	(18.1)
Better Waste Management	1,190.4	1,183.2	(7.2)
Global & Cross Border	448.7	527.4	78.7
Right-to-Know	757.1	741.2	(15.9)
Sound Science	1,155.6	1,246.0	90.4
Credible Deterrent	2,454.5	2,452.6	(1.9)
Effective Management	2,274.2	2,340.3	66.1
Subtotal Operating Programs:	**14,414.6**	**14,546.8**	**132.2**
Better Waste Management	2,974.3	2,942.0	(32.3)
Right-to-Know	14.6	15.8	1.2
Sound Science	9.4	10.3	0.9
Credible Deterrent	83.3	83.3	0.0
Effective Management	643.9	633.9	(10.0)
Subtotal Trust Funds:	**3,868.5**	**3,828.3**	**(40.2)**
Clean & Safe Water	0.0	0.0	0.0
Global & Cross Border	0.0	0.0	0.0
Subtotal Water Infrastructure Financing:	**0.0**	**0.0**	**0.0**
GRAND TOTAL:	**18,283.1**	**18,375.1**	**92.0**

VW FOIA, EPA 06/20/2017 2017-FFP_028542

Environmental Protection Agency
Summary of Agency Resources

(dollars in thousands)

Agency Programs by Goal	FY 1999 Enacted	FY 2000 President's Budget Request	FY 2000 – FY 1999 Difference Total Dollars
1 Clean Air	$536,368.0	$522,058.8	($14,309.2)
2 Clean & Safe Water	$941,589.7	$898,369.2	($43,220.5)
3 Safe Food	$67,546.4	$78,583.2	$11,036.8
4 Preventing Pollution	$237,789.8	$277,166.0	$39,376.2
5 Better Waste Management	$234,501.5	$245,433.5	$10,932.0
6 Global and Cross Border	$179,366.9	$307,414.2	$128,047.3
7 Right-to-Know	$131,153.5	$141,834.1	$10,680.6
8 Sound Science	$341,660.5	$316,162.6	($25,497.9)
9 Credible Deterrent	$304,466.8	$316,086.2	$11,619.4
10 Effective Management	$516,658.9	$578,982.2	$62,323.3
Subtotal Operating Programs:	**$3,491,102.0**	**$3,682,090.0**	**$190,988.0**
5 Better Waste Management	$1,421,412.0	$1,411,286.0	($10,126.0)
7 Right-to-Know	$2,313.7	$2,765.0	$451.3
8 Sound Science	$5,335.7	$5,584.8	$249.1
9 Credible Deterrent	$14,923.5	$15,248.8	$325.3
10 Effective Management	$128,515.1	$136,671.4	$8,156.3
Subtotal Trust Funds:	**$1,572,500.0**	**$1,571,556.0**	**($944.0)**
1 Clean Air	$0.0	$200,000.0	$200,000.0
2 Clean & Safe Water	$2,476,750.0	$1,653,000.0	($823,750.0)
6 Global & Cross Border	$50,000.0	$100,000.0	$50,000.0
Subtotal Water and Air Infrastructure Financing:	**$2,526,750.0**	**$1,953,000.0**	**($573,350.0)**
GRAND TOTAL DISCRETIONARY:	**$7,590,352.0**	**$7,206,646.0***	**($383,706.0)**
Superfund Orphan Share (Mandatory)	–	$200,000.0	$200,000.0
GRAND TOTAL BUDGET AUTHORITY:	**$7,590,352.0**	**$7,406,646.0***	**($183,706.0)**
BOND AUTHORITY:			
BETTER AMERICA BONDS	**$0.0**	**$1,900,000.0**	**$1,900,000.0**

* Does not include a $20 million offset for user fees.

VW FOIA, EPA 06/20/2017 2017-FFP_028543

Environmental Protection Agency
Summary of Agency Resources

	Agency Programs by Goal	Workyears FY 1999 Enacted	FY 2000 President's Budget Request	FY 2000 – FY 1999 Difference Total Dollars
1	Clean Air	1,762.3	1,802.6	40.3
2	Clean & Safe Water	2,495.1	2,522.0	26.9
3	Safe Food	702.4	712.2	9.8
4	Preventing Pollution	1,124.9	1,117.9	(7.0)
5	Better Waste Management	1,213.3	1,219.5	6.2
6	Global & Cross Border	522.4	519.9	(2.5)
7	Right-to-Know	708.6	741.9	33.3
8	Sound Science	1,184.9	1,178.0	(6.9)
9	Credible Deterrent	2,475.1	2,461.0	(14.1)
10	Effective Management	2,357.3	2,380.4	23.1
	Subtotal Operating Programs:	**14,546.3**	**14,655.4**	**(109.1)**
5	Better Waste Management	3,103.6	3,026.6	(67.0)
7	Right-to-Know	12.2	12.4	0.2
8	Sound Science	9.3	9.3	2.5
9	Credible Deterrent	79.3	79.1	(0.2)
10	Effective Management	633.9	622.9	(11.0)
	Subtotal Trust Funds:	**3,838.3**	**3,750.3**	**(78.0)**
1	Clean Air	0.0	0.0	0.0
2	Clean & Safe Water	0.0	0.0	0.0
6	Global & Cross Border	0.0	0.0	0.0
	Subtotal Water and Air Infrastructure Financing:	**0.0**	**0.0**	**0.0**
	GRAND TOTAL:	**18,384.6**	**18,405.7**	**31.1**

VW FOIA, EPA 06/20/2017 2017-FFP_028544

Environmental Protection Agency
Summary of Agency Resources

(dollars in thousands)

Agency Programs by Goal	FY 2000 Enacted	FY 2001 President's Budget	Delta FY 2001 vs. FY 2000
1. Clean Air	$540,965.5	$562,514.2	$21,548.7
2. Clean & Safe Water	$980,822.0	$1,101,826.5	$121,004.5
3. Safe Food	$82,285.2	$86,056.5	$3,771.3
4. Preventing Pollution	$277,597.3	$301,046.3	$23,449.0
5. Better Waste Management	$252,700.1	$268,637.0	$15,936.9
6. Global & Cross Border	$187,865.8	$325,070.5	$137,204.7
7. Right-to-Know	$155,931.6	$181,421.2	$25,489.6
8. Sound Science	$326,055.8	$323,990.6	($2,065.2)
9. Credible Deterrent	$355,924.5	$384,236.1	$28,311.6
10. Effective management	$372,137.8	$381,703.4	$9,565.6
Subtotal Operating Programs	**$3,532,285.6**	**$3,916,502.3**	**$384,216.7**
5. Better Waste Management	$1,369,672.5	$1,411,210.6	$41,538.1
7. Right-to-Know	$3,708.5	$3,687.9	($20.6)
8. Sound Science	$4,454.5	$4,767.1	$312.6
9. Credible Deterrent	$16,831.1	$19,535.4	$2,704.3
10. Effective Management	$75,093.2	$82,895.5	$7,802.3
Subtotal Trust Funds:	**$1,469,759.8**	**$1,522,096.5**	**$52,336.7**
1. Clean Air	$0.0	$85,000.0	$85,000.0
2. Clean & Safe Water	$2,510,765.3	$1,653,000.0	($857,765.3)
6. Global and Cross Border	$50,000.0	$100,000.0	$50,000.0
Subtotal Water and Air Infrastructure Financing	**$2,560,765.3**	**$1,838,000.0**	**($722,765.3)**
Grand Total Discretionary	**$7,562,810.7**	**$7,276,598.8** 1/	**($286,211.9)**
Superfund Orphan Share (mandatory)	$0.0	$150,000.0	$150,000.0
GRAND TOTAL Budget Authority	**$7,562,810.7**	**$7,426,598.8**	**($136,211.9)**
Better America Bond Authority	**$0.0**	**$2,150,000.0**	**$2,150,000.0**

1/ Does not include $20 million in offsetting receipts

VW FOIA, EPA 06/20/2017 2017-FFP_028545

Environmental Protection Agency
Summary of Agency Resources

Workyears

Agency Programs by Goal	FY 2000 Enacted	FY 2001 President's Budget	Delta FY 2001 vs. FY 2000
1. Clean Air	1,857.9	1,856.6	(1.3)
2. Clean & Safe Water	2,722.8	2,672.7	(50.1)
3. Safe Food	701.0	711.8	10.8
4. Preventing Pollution	1,176.1	1,186.5	10.4
5. Better Waste Management	1,384.9	1,356.0	(28.9)
6. Global & Cross Border	511.7	533.1	21.4
7. Right-to-Know	809.3	800.4	(8.9)
8. Sound Science	1,055.5	1,046.6	(8.9)
9. Credible Deterrent	2,466.7	2,469.4	2.7
10. Effective management	1,937.5	1,972.8	35.3
Subtotal Operating Programs	**14,623.4**	**14,605.9**	**(17.5)**
5. Better Waste Management	3,070.5	3,046.3	(24.2)
7. Right-to-Know	9.1	9.1	0.0
8. Sound Science	2.0	2.0	0.0
9. Credible Deterrent	104.1	103.3	(0.8)
10. Effective Management	290.9	283.4	(7.5)
Subtotal Trust Funds:	**3,476.6**	**3,444.1**	**(32.5)**
1. Clean Air	0.0	0.0	0.0
2. Clean & Safe Water	0.0	0.0	0.0
6. Global and Cross Border	0.0	0.0	0.0
Subtotal Water and Air Infrastructure Financing	**0.0**	**0.0**	**0.0**
Grand Total	**18,100.0**	**18,050.0**	**(50.0)**

VW FOIA, EPA 06/20/2017 2017-FFP_028546

From: Bunker, Byron
Location: RM. 6520 DC/RM C-174 DOD AA
Importance: Normal
Subject: Accepted: VW Prep Session
Start Date/Time: Fri 10/2/2015 6:30:00 PM
End Date/Time: Fri 10/2/2015 7:00:00 PM

To: Snyder, Jim[Snyder.Jim@epa.gov]
From: Rodgers, William (EEO)
Sent: Fri 10/2/2015 2:30:37 PM
Subject: RE: CD UDDS Etron hardcopy

Thanks Jim. Can you confirm if EPA Charge-depleting results will be available in Verify?

Bill

From: Snyder, Jim [mailto:Snyder.Jim@epa.gov]
Sent: Thursday, October 01, 2015 6:26 PM
To: Rodgers, William (EEO); Allen, Gregory (EEO); Horton, Garett (VWGoA Imp); Giles, Michael (EEO)
Subject: CD UDDS Etron hardcopy

Sorry if its upside down.

jim

From: AA-OFF-N107-M@epa.gov [mailto:AA-OFF-N107-M@epa.gov]
Sent: Thursday, October 01, 2015 6:23 PM
To: Snyder, Jim
Subject:

To: Rodgers, William (EEO)[William.Rodgers@vw.com]
From: Snyder, Jim
Sent: Fri 10/2/2015 3:20:25 PM
Subject: RE: CD UDDS Etron hardcopy

No I don't think so. I think you'll will have to sort that out. Since this is for Fuel economy, Dave Good usually gets involved on how to input it. Best to look at previously submitted data. I sent you a couple examples before right?

From: Rodgers, William (EEO) [mailto:William.Rodgers@vw.com]
Sent: Friday, October 02, 2015 10:31 AM
To: Snyder, Jim
Subject: RE: CD UDDS Etron hardcopy

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From: AA-OFF-N107-M@epa.gov [mailto:AA-OFF-N107-M@epa.gov]
Sent: Thursday, October 01, 2015 6:23 PM
To: Snyder, Jim
Subject:

To: Harrison, Melissa[Harrison.Melissa@epa.gov]
Cc: Conger, Nick[Conger.Nick@epa.gov]; Birgfeld, Erin[Birgfeld.Erin@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Allen, Laura[Allen.Laura@epa.gov]; Purchia, Liz[Purchia.Liz@epa.gov]; Valentine, Julia[Valentine.Julia@epa.gov]
From: Grundler, Christopher
Sent: Fri 10/2/2015 4:46:53 PM
Subject: Re: Clarification needed re investigation/testing

Yep

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

On Oct 2, 2015, at 12:44 PM, Harrison, Melissa <Harrison.Melissa@epa.gov> wrote:

> Hey gang-just got the same question from AP. Ok to send this response?
>
> **From:** Conger, Nick
> **Sent:** Friday, October 02, 2015 10:21 AM
> **To:** Birgfeld, Erin; Bunker, Byron; Grundler, Christopher
> **Cc:** Harrison, Melissa; Allen, Laura; Purchia, Liz; Valentine, Julia
> **Subject:** RE: Clarification needed re investigation/testing
>
> Ok thanks. Julia, I'll just remove "routine" per our discussion and get back to Amy. Let me know in the next 10 mins if you see any other issues.
>
> Nick Conger
>
> Deputy Press Secretary
>
> Office of the Administrator
>
> U.S. Environmental Protection Agency
>
> Office: (202) 564-6287
>
> Cell: (202) 412-2655

From: Birgfeld, Erin
Sent: Friday, October 02, 2015 10:18 AM
To: Bunker, Byron; Conger, Nick; Grundler, Christopher
Cc: Harrison, Melissa; Allen, Laura; Purchia, Liz
Subject: RE: Clarification needed re investigation/testing

Ex. 5

From: Bunker, Byron
Sent: Friday, October 02, 2015 10:13 AM
To: Conger, Nick; Grundler, Christopher; Birgfeld, Erin
Cc: Harrison, Melissa; Allen, Laura; Purchia, Liz
Subject: RE: Clarification needed re investigation/testing

Thanks Nick.

Ex. 5

****

Byron Bunker

Director Compliance Division

Office of Transportation and Air Quality

Environmental Protection Agency

2000 Traverwood Drive

Ann Arbor, MI 48105

Bunker.Byron@epa.gov

Phone: (734) 214-4155

Mobile: (734) 353-9623

****

From: Conger, Nick
Sent: Friday, October 02, 2015 9:18 AM
To: Grundler, Christopher; Bunker, Byron; Birgfeld, Erin
Cc: Harrison, Melissa; Allen, Laura; Purchia, Liz
Subject: Clarification needed re investigation/testing

Ex. 5

EPA extends VW diesel emissions probe to other brands in US

Financial Times

More than two dozen diesel car models made by BMW, Chrysler, General Motors, Land Rover and Mercedes-Benz are under scrutiny as the US regulator that exposed Volkswagen's rigging of emissions tests probes whether rival carmakers engaged in similar cheating.

The Environmental Protection Agency's broadening search for software-based "defeat devices" that understate emissions during laboratory tests will encompass at least 28 diesel-powered models, according to a document seen by the Financial Times.

•□□□□□□□

The investigations are aimed at determining whether the German carmaker was alone in rigging emissions tests or if the practice is more widespread in the industry. VW has admitted that the devices, which turn on pollution controls during lab tests, had been fitted to up to 11m vehicles worldwide, leading to the resignation of Martin Winterkorn, its chief executive.

The EPA will initially test one used vehicle of each model and then widen the probe if it uncovers anything suspicious, said a senior agency official close to the investigation.

The news about the EPA's expanded investigation comes as Italy's antitrust authority announced it had opened an inquiry into VW to establish whether customers' car purchases were distorted by the German carmaker's emissions claims.

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wanted to know whether VW engaged in “improper commercial practices” in selling cars and commercial vehicles that had emissions standards “below the declared values”.

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Spokesmen for Fiat Chrysler, Mercedes, GM and JLR all said their companies did not install defeat devices in their cars. There has so far been no evidence that other carmakers have gamed the system.

The EPA official said the agency did not require manufacturers’ co-operation for the broadening tests.

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Nick Conger

Deputy Press Secretary

Office of the Administrator

U.S. Environmental Protection Agency

Office: (202) 564-6287

Cell: (202) 412-2655

To: Grundler, Christopher[grundler.christopher@epa.gov]
Cc: Conger, Nick[Conger.Nick@epa.gov]; Birgfeld, Erin[Birgfeld.Erin@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Allen, Laura[Allen.Laura@epa.gov]; Purchia, Liz[Purchia.Liz@epa.gov]; Valentine, Julia[Valentine.Julia@epa.gov]
From: Harrison, Melissa
Sent: Fri 10/2/2015 4:48:12 PM
Subject: RE: Clarification needed re investigation/testing

Thanks everyone!

From: Grundler, Christopher
Sent: Friday, October 02, 2015 12:47 PM
To: Harrison, Melissa
Cc: Conger, Nick; Birgfeld, Erin; Bunker, Byron; Allen, Laura; Purchia, Liz; Valentine, Julia
Subject: Re: Clarification needed re investigation/testing

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Office of Transportation and Air Quality

U.S. EPA

202-564-1682 (DC)

734-214-4207 (Ann Arbor)

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Cc: Harrison, Melissa; Allen, Laura; Purchia, Liz
Subject: Clarification needed re investigation/testing

Chris, Byron, Erin,

See below today's FT story. Wall Street Journal is asking whether we are "expanding our investigation," similar inquires to a couple weeks back. Previously we used this response. Please advise ASAP if we need to revise this statement:

EPA has not expanded the number of vehicles listed in the Notices of Violation sent to Volkswagen on Friday September 18.

Separate from the investigation, EPA's Office of Transportation Air Quality has expanded its routine vehicle compliance and oversight testing. Expanded testing is prompted by Volkswagen's actions and is not related to specific information about any other manufacturer. EPA and the California Air Resources Board are working together to acquire vehicles for additional testing. The focus is on light duty diesel vehicles but could expand to include gasoline vehicles.

ON BACKGROUND: Chris Grundler confirmed that EPA and CARB are procuring vehicles now for in use screening tests. This is not a confirmation of an expansion of the investigation launched on Friday. Instead, this is EPA describing what we are doing to enhance standard compliance and oversight procedures in light of recent information about VW's defeat devices.

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Last month the EPA said it had identified 482,000 VW vehicles in the US with diesel engines fitted with defeat devices. The software detected when a diesel vehicle was undergoing a laboratory test and switched on controls to reduce emissions. On the road, the controls were switched off and vehicles were found to emit up to 40 times the permitted level of nitrogen oxides.

Nick Conger

Deputy Press Secretary

Office of the Administrator

U.S. Environmental Protection Agency

Office: (202) 564-6287

Cell: (202) 412-2655

To: Good, David[good.david@epa.gov]
Cc: Snyder, Jim[Snyder.Jim@epa.gov]; Ex. 7
From: Ex. 7
Sent: Fri 10/2/2015 4:58:23 PM
Subject: Correction and Relabel 2016 Golf R automatic

Hi Dave;

Following our discussion I am providing this summary. A new curb weight after production vehicles were weighed resulted in an increased ETW class for the 2016 2.0L Volkswagen Golf R with automatic transmission. Testing was performed and submitted to EPA for this new configuration at 3750 ETW and the EPA confirmatory testing was waived by Jim Snyder, and manufacturer's confirmatory testing was not needed. The original specific 5-cycle label results, to a tenth of a MPG, when compared to the new tests resulted in only a 0.4 MPG lower specific label city and highway label value. The rounded whole label values results in the same city and highway values, while the combined value dropped one MPG to 25 MPG from 26 MPG.

We agreed I would relabel this model with only the new data and the application for certification description for the Golf R automatic will be corrected. The curb weight of the manual 6-speed transmission configuration will also be corrected, however the ETW has not changed. I have relabeled this model in Verify (index #022) and the model type values on fuel economy labels will carry the new values going forward.

If you have any questions or concern please let me know.

Best regards,

Ex. 7

Engineering & Environmental Office (EEO)

Volkswagen Group of America, Inc.

3800 Hamlin Road

Auburn Hills, MI 48326

Ex. 7

To: Good, David[good.david@epa.gov]
Cc: Snyder, Jim[Snyder.Jim@epa.gov]; Ex. 7 @vw.com]
From: Thomas, Richard (EEO)
Sent: Fri 10/2/2015 4:58:23 PM
Subject: Correction and Relabel 2016 Golf R automatic

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Best regards,

Richard

Richard E. Thomas

Senior Emission Certification Specialist

Engineering & Environmental Office (EEO)

Volkswagen Group of America, Inc.

3800 Hamlin Road

Auburn Hills, MI 48326

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mailto: Richard.Thomas@VW.com

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: E&E Publishing
Sent: Fri 10/2/2015 5:24:00 PM
Subject: October 2 -- Greenwire is ready

Read today's Greenwire on the web

AN E&E PUBLISHING SERVICE

GREENWIRE — Fri., October 2, 2015

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1.FEDERAL AGENCIES:

'Body men' -- from coffee fetchers to confidants

When White House staffers and Cabinet secretaries need to reach Energy Secretary Ernest Moniz, they call his "body man," Mark Appleton. It's an inside-the-Beltway moniker for aides to presidents, members of Congress and agency bosses whose duties can range from ordering a tuxedo in a pinch to weighing in on important policy decisions.

TOP STORIES

2.AIR POLLUTION:
EPA defends new ozone standard as green allies fume

3.CHEMICALS:
Deal reached for Senate floor action on TSCA overhaul

4.OIL AND GAS:
Drilling company seeks repeal of 'false' report on flaring

POLITICS

5.TOXICS:
Pallone calls for hearings on artificial turf safety

6.CLIMATE:
Cattle ranching Steyer's latest focus

NATURAL RESOURCES

7.ENDANGERED SPECIES:
Proposed domestic ivory trade ban draws 1M comments

8.WILDERNESS:
Group sues feds over Minn. motorboats policy

9.ENDANGERED SPECIES:
Tortoise raised on Marine base moseys into the Mojave

10.WILDLIFE:
Mont. woman dies from bear attack in home

LAW

11.OIL:
Exxon fined $2.6M over 2013 pipeline spill

12.OBITUARY:
Passionately liberal Supreme Court lawyer dies

CLIMATE CHANGE

13.OCEANS:
Fish, larvae moving as climate changes -- NOAA study

ENERGY

14.NEWSMAKER:
Actor, rapper pushes tribal energy initiatives

15.OIL:

U.S. net exporter to Mexico

BUSINESS

16.BIOTECH:
Pro-GMO prof denies trying to hide Monsanto connection

17.COAL:
Feds voice concerns over Patriot's bankruptcy plans

18.COAL:
Half the world's coal not worth digging up -- Moody's

PUBLIC HEALTH

19.TOXICS:
Mich. declares emergency over Flint lead levels

AIR AND WATER

20.AIR POLLUTION:
Multiple jurisdictions probe Volkswagen software scandal

STATES

21.CALIFORNIA:
Oakland weighs arguments for and against coal exports

22.HAWAII:
State cuts deal with EPA, Navy to control fuel tanks

E&ETV'S THE CUTTING EDGE

23.NEGOTIATIONS:
***ClimateWire*'s Friedman discusses new series examining rise of developing countries**

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The calculated values for these methods are shown in the calculation worksheets in rows 25-30.

		For model years up to and including 2019	
		Is it a dual fuel vehicle under 49 U.S.C. 32905/32906 and 49 CFR 538.5, i.e., does it meet minimum driving range requirements specified by DOT?	
		YES	**NO**
Does it exhibit blended operation during charge-depleting UDDS or HFET test procedures?	**YES**	A	C
	NO	B	

Description of CAFE methodologies. The methodology for GHG calculations is always Method C.	
A	CAFE = 50/50 weighting of electricity and gasoline efficiencies. Electricity efficiency is calculated using equivalent all-electric range and recharge event electricity, using DOE Petroleum Equivalence Factor (includes 0.15 adjustment)
B	CAFE = 50/50 weighting of electricity and gasoline = 50/50 weighting of charge-depleting and charge-sustaining modes, using DOE Petroleum Equivalence Factor (includes 0.15 adjustment)
C	Utility Factor weighting of charge-depleting and charge-sustaining modes. Electricity is counted only on an energy equivalent basis (no use of DOE Petroleum Equivalence Factor or 0.15 adjustment)
D	Utility Factor weighting of charge-depleting and charge-sustaining modes. Electricity is counted only on an energy equivalent basis (with DOE Petroleum Equivalence Factor including 0.15 adjustment)

d use. The calculated values

For 2020 and later model years
D

y for GHG calculations is	Examples
ciencies. Electricity efficiency is arge event electricity, using DOE ent)	None
0/50 weighting of charge-depleting quivalence Factor (includes 0.15	Chevrolet Volt Ford Fusion/C-Max Honda Accord Porsche Spyder
e-sustaining modes. Electricity is f DOE Petroleum Equivalence Factor	Toyota Prius Porsche Panamera
e-sustaining modes. Electricity is E Petroleum Equivalence Factor	None (applies only after 2019 model year)

Enter data ONLY in GREEN cells

Enter Vehicle Information Here:

Model Year:	2016
Vehicle Category:	enger Vehicle (PV)
Manufacturer Name:	Audi
Model Name:	A3 etron
Additional Descriptors (e.g., Eco Mode, Config No.):	

CAFE, GHG, AND LABEL CALCULATIONS

CAFE & GHG CALCULATIONS	Units
Fraction of Transition Cycle Allocated to Charge-Depleting (Zn)	
Charge-Depleting Range (Rcda)	miles
Equivalent All Electric Range, Unadjusted (calculated per 86.1866-12(b))	miles
Charge-Depleting DC Energy Consumed	W-hours
Charge-Depleting AC Electricty Consumption Rate	AC W-hrs/mi
Charge-Depleting Incentivized Fuel Economy (uses DOE Petroleum Equiv Factor)	MPGe
Charge-Depleting gasoline CREE, utilitized	g/mi
Fleet Utility Factor	UF
Charge-Depleting Fuel Consumption Rate, utilitized	gal-e/mi
Charge-Depleting CO2 Emissions	g/mi

CAFE & GHG VALUES	
A. Composite CD/CS Incentivized CAFE (for dual fuel "blended" PHEVs)	MPGe
B. Composite CD/CS Incentivized CAFE (for dual fuel "non-blended" PHEVs)	MPGe
C. Composite CD/CS CAFE (if NOT a CAFE dual fuel vehicle)	MPGe
D. Composite CD/CS CAFE (for after model year 2019)	MPGe
E. Composite CD/CS CREE (does not include upstream emissions)	g/mi
F. Composite CD/CS CREE (includes net upstream emissions per 600.113-12(n))	g/mi

LABEL CALCULATIONS	
Charge-Depleting Cost per Mile - Electricity	$/mi
Charge-Depleting Cost per Mile - Gasoline	$/mi
Charge-Depleting Cost per Mile - Total Electricity + Gasoline	$/mi
Charge-Sustaining Cost per Mile	$/mi
MDIUF based on Rcda	mdiuf
MDIUF (for composite fractional UF calculations)	mdiuf
Composite CD/CS Cost per Mile	$/mi

Charge-Depleting Gasoline Consumption	gals
Charge-sustaining Driving Range	miles
Charge-Depleting CO2	g/mi

LABEL VALUES	
Charge-Depleting Range (Rcda)	miles
All-Electric Range (AER)	miles
Total Driving Range	miles
Charge-Depleting Fuel Economy (MPGe)	mpge
Charge-Depleting Electricity Consumption Rate	kWh/100mi
Charge-Depleting Gasoline Consumption Rate	gal/100mi
Charge-Sustaining Fuel Economy	mpg
Charge-Sustaining Fuel Consumption Rate	gal/100mi
Annual Fuel Cost	$/year
5-Year Save/Spend Value (negative value = SPEND)	$/5-years
Composite CD/CS CO2 (fractional UF calculation)	g/mi
Composite CD/CS Fuel Economy (fractional UF calculation)	mpge

HOV VALUES (used for specific state requirements)	
MDIUF based on unadjusted Rcda	mdiuf
Charge-Depleting Fuel Economy	mpge
Composite CD/CS Fuel Economy (lumped UF method)	mpge
MDIUF (for composite fractional UF calculation)	mdiuf
Composite CD/CS Fuel Economy (fractional UF method)	mpge

Enter data ONLY in GREEN cells

2016
assenger Vehicle (PV)
Audi
A3 etron

Enter Test Information Here:	
	Charge-Depleting City:
	Charge-Depleting Highway:
~~DELETE; COULD BE 5-CYCLE~~	~~Charge-Sustaining City:~~
~~DELETE; COULD BE 5-CYCLE~~	~~Charge-Sustaining Highway:~~

ENTER DATA HERE: CHARGE-SUSTAINING AND C

City	Highway	Combined
0.1202	#DIV/0!	
23.22	#DIV/0!	#DIV/0!
23.22	#DIV/0!	
5763	0	
293.17	#DIV/0!	#DIV/0!
279.9	#DIV/0!	
0.0	0.0	
0.6658	0.0000	
0.0050	0.0000	
0.0	#DIV/0!	#DIV/0!

CHARGE-SUSTAINING INPUTS: MPG, CREE, CO2
Fuel Economy, Unadjusted
Fuel Economy, Adjusted 5-Cycle or Derived 5-Cycle
CREE, Unadjusted
CO2, Unadjusted
CO2, Adjusted 5-Cycle or Derived 5-Cycle

ADDITIONAL INPUTS FOR LABEL AND CREE CALCULATIO		
Gasoline cost	$/gallon	$ 3.30
Electricity cost	$/kW-hour	$ 0.13
Average vehicle MPG	MPG	25
Average vehicle 5-year cost	$	$ 9,000

City	Highway	Combined
75.4613	**#VALUE!**	**#VALUE!**
75.4613	**#VALUE!**	**#VALUE!**
78.7890	**51.8900**	**63.9**
CALCULATION UNDER DEVELOPMENT		
0	**0**	**0**
CALCULATION UNDER DEVELOPMENT		

CITY (UDDS) CHARGE-DEPLETING INPUTS			
Which cycle/phase number is the transition cycle?			
Enter the Total Recharge Energy (AC Watt-Hours):			
Enter the unadjusted all-electric range, if any (miles):			
Cycle/Phase No.	**Cycle/Phase Target Distance**	**Cycle/Phase Measured Distance**	**Integrated Amp-Hours Electricity Used**
No.	*miles*	*miles*	*Amp-hours*
1	7.45	7.443	5.073
2	7.45	7.438	10.171
3	7.45	7.443	15.410
4	7.45	7.432	16.047
5	7.45	7.453	16.131
6	7.45	7.442	16.002
7	7.45		

City	Highway	Combined
		#DIV/0!
$ 0.054	#DIV/0!	
$ -	#DIV/0!	
$ 0.054	#DIV/0!	
$ 0.10	$ 0.09	
0.395	#VALUE!	#VALUE!
0.4698	0.0000	
$ 0.08	#VALUE!	#VALUE!

0	#DIV/0!	#DIV/0!
349.48	#DIV/0!	#DIV/0!
0.000	#DIV/0!	#DIV/0!

City	Highway	Combined
16.25	#DIV/0!	**#VALUE!**
15.87	0.00	**9.0**
		#VALUE!
80.477	#DIV/0!	**#VALUE!**
41.8	#DIV/0!	**#VALUE!**
0.0000	#DIV/0!	**#DIV/0!**
33.0	36.6	**35.0**
3.0	2.7	**2.9**
		#VALUE!
		#VALUE!
58.678	108.210	**81**
47.62	36.59	**42**

Enter the unadjusted all-electric range, if any (miles):

City	Highway	Combined
0.5035	#VALUE!	
114.97	#DIV/0!	
63.4307	#VALUE!	**#VALUE!**
0.58377	0	
71.76275	51.89	**61.2**

8	7.45		
9	7.45		
10	7.45		
11	7.45		
12	7.45		
13	7.45		
14	7.45		
15	7.45		
16	7.45		
17	7.45		
18	7.45		
19	7.45		
20	7.45		

HIGHWAY (HFET) CHARGE-DEPLETING INPUTS			
ne transition cycle?			
y (AC Watt-Hours):			
if any (miles):			
No.	**Distance**	**Distance**	**Used**
No.	*miles*	*miles*	*Amp-hours*
1	10.3		
2	10.3		
3	10.3		
4	10.3		
5	10.3		
6	10.3		
7	10.3		
8	10.3		
9	10.3		
10	10.3		
11	10.3		
12	10.3		
13	10.3		
14	10.3		
15	10.3		
16	10.3		
17	10.3		
18	10.3		
19	10.3		
20	10.3		

Values for fueleconomy

Charge Sustaining Oper
City FE (Guide) - Conventional Fuel
33

Test Date	Test Number/Identifier
9/30/2015	20150359016

NING AND CHARGE DEPLETING

HARGE DEPLETING

		City	Highway
	mpg	43.6	51.9
	mpg	33.0	36.6
	g/mi		
	g/mi	204.4	171.2
	g/mi	110.7	108.2

Need CWF for fuel from sustaining tests

E CALCULATIONS

Fuel tank size (U.S. gallons)	10.60
Vehicle footprint (square feet)	

Which cycle/phase number is the transition cycle?	4
Enter the Total Recharge Energy (AC Watt-Hours):	6788.4
ter the unadjusted all-electric range, if any (miles):	22.67

Average Cycle Voltage	Fuel Economy	CO2	CREE
Volts	*MPG*	*g/mi*	*g/mi*
375.70	0.00	0.00	0.00
359.10	0.00	0.00	0.00
348.00	0.00	0.00	0.00
343.90			
343.00			
342.90			

UDDS CALCULATIONS

Cycle/Phase No.	Gasoline Consumed	CO2
No.	*gal*	*grams*
1	0.0000	0.0000
2	0.0000	0.0000
3	0.0000	0.0000
4	0.0000	0.0000
5	0.0000	0.0000
6	0.0000	0.0000
7		

8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		

Voltage	**Economy**	**CO2**	**CREE**
Volts	*MPG*	*g/mi*	*g/mi*

HFET CALCULATIONS		
No.	**Consumed**	**CO2**
No.	*gal*	*grams*
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		

ation
ge Sustaining Operation

Hwy FE (Guide) - Conventional Fuel	Comb FE (Guide) - Conventional Fuel	City Unadj FE - Conventional Fuel	Hwy Unadj FE - Conventional Fuel	Comb Unadj FE - Conventional Fuel	City Unrd Adj FE - Conventional Fuel	Hwy Unrd Adj FE - Conventional Fuel
37	35	43.61000	51.89000	46.9837	33.0	36.6

Net Amp-Hours Used Per Cycle	DC Energy Consumed	AC Energy Consumed	Cumulative Cycle Distance	City Fleet Utility Factor	City FUF x CREE	Electric Only Fuel Consumption
Amp-hours	*W-hours*	*W-hours*	*mi*	*UF*	*UF*	*gal/mi equiv*
5.073	1905.926	2244.876	7.45	0.2427	0.0000	0.00895
5.098	1830.692	2156.262	14.90	0.1832	0.0000	0.00860
5.239	1823.172	2147.405	22.35	0.1373	0.0000	0.00856
0.637	219.064	258.023	29.80	0.1026	0.0000	0.00103
0.084	28.812	33.936	37.25	0.0765	0.0000	0.00014
-0.129	-44.234	-52.101	44.70	0.0572	0.0000	-0.00021

Per Cycle	**Consumed**	**Consumed**	**Cycle Distance**	**Utility Factor**	**CREE**	**Consumption**
Amp-hours	*W-hours*	*W-hours*	*mi*	*UF*	*UF*	*gal/mi equiv*
0.000				#VALUE!		

		Charge-Depleting Operation				
Comb Unrd Adj FE - Conventional Fuel	Charge-Sustaining Driving Range [miles]	Units	City2 FE (Guide) - Alternative Fuel	Hwy2 Fuel FE (Guide) - Alternative Fuel	Comb2 Fuel FE (Guide) - Alternative Fuel	City2 Unadj FE - Alternative Fuel
34.5062	#DIV/0!	kW-hr/100 mi	42	#VALUE!	#VALUE!	29.2
		MPGe	80	#VALUE!	#VALUE!	114.97

Total Fuel Consumption Rate (gas + electric)	Total Fuel Consumption (gas + electric)	FUF x Total Consumption	Adjusted Cycle Measured Distance	Adjusted Cycle Theoretical Cumulative Distance	MDIUF	MDIUF x Adjusted CO2
gal/mi equiv	*gal-equiv*	*gal/mi equiv*	*miles*	*miles*	*UF*	*g/mi*
0.0089	0.0666	0.0022	5.2101	5.22	0.1546772	0
0.0086	0.0640	0.0016	5.2066	10.43	0.1262248	0
0.0086	0.0637	0.0012	5.2101	15.65	0.1035495	0
0.0010	0.0077	0.0001	5.2024	20.86	0.0853868	0
0.0001	0.0010	0.0000	5.2171	26.08	0.0707660	0
-0.0002	-0.0015	0.0000	5.2094	31.29	0.0589388	0

(gas + electric)	**(gas + electric)**	**Consumption**	**Distance**	**Distance**	**MDIUF**	**CO2**
gal/mi equiv	*gal-equiv*	*gal/mi equiv*	*miles*	*miles*	*UF*	*g/mi*
			#VALUE!		#VALUE!	

Hwy2 Unadj FE Alternative Fuel	Comb2 Unadj FE - Alternative Fuel	City2 Unrd Adj FE - Alternative Fuel	Hwy2 Unrd Adj FE - Alternative Fuel	Cmb2 Unrd Adj FE - Alternative Fuel	City CO2 Rounded Adjusted	Hwy CO2 Rounded Adjusted
#VALUE!	#VALUE!	41.8	#VALUE!	#VALUE!		0#VALUE!
#VALUE!	#VALUE!	80.5	#VALUE!	#VALUE!		

MDIUF x Adjusted Total Fuel Consumption	Cycle Theoretical Cumulative Distance	MDIUF for HOV Calculation	MDIUF x Fuel Consumption
gal-equiv	*miles*	*UF*	*gal/mi equiv*
0.00198	7.45	0.2118876	0.00190
0.00155	14.9	0.1589767	0.00137
0.00127	22.35	0.1205502	0.00103
0.00013	29.8	0.0923573	0.00010
0.00001	37.25	0.0714659	0.000010
-0.00002	44.7	0.0558341	-0.00001
	52.15	0.0440269	

	59.6	0.0350266	
	67.05	0.0281049	
	74.5	0.0227364	
	81.95	0.0185387	
	89.4	0.0152312	
	96.85	0.0126063	
	104.3	0.0105096	
	111.75	0.0088250	
	119.2	0.0074648	
	126.65	0.0063621	
	134.1	0.0054658	
	141.55	0.0047364	
	149	0.0041429	

Consumption	**Distance**	**Calculation**	**Consumption**
gal-equiv	*miles*	*UF*	*gal/mi equiv*
	10.3	0.2780522	
	20.6	0.1879014	
	30.9	0.1295390	
	41.2	0.0910246	
	51.5	0.0651335	
	61.8	0.0474159	
	72.1	0.0350838	
	82.4	0.0263611	
	92.7	0.0200985	
	103	0.0155403	
	113.3	0.0121829	
	123.6	0.0096856	
	133.9	0.0078149	
	144.2	0.0064083	
	154.5	0.0053514	
	164.8	0.0045619	
	175.1	0.0039791	
	185.4	0.0035569	
	195.7	0.0032591	
	206	0.0030555	

Comb CO2 Rounded Adjusted	City CO2 Unadjusted	Hwy CO2 Unadjusted	Comb CO2 Unadjusted	City CO2 Unrounded Adjusted	Hwy CO2 Unrounded Adjusted	Comb CO2 Unrounded Adjusted	Charge-Depleting Driving Range [miles]
#VALUE!	0.0	#VALUE!	#VALUE!	0.0	#VALUE!	#VALUE!	#VALUE!

Annual Fuel C	Save/Spend		Gasoline Adjusted CO2			Range	Composite	MPG
Annual Fuel Cost	$ You Save	$ You Spend	City CO2 Rounded Adjusted	Hwy CO2 Rounded Adjusted	Comb CO2 Rounded Adjusted (as shown on FE Label)	Driving Range (rounded to nearest 10 miles)DISTANCE	City PHEV Composite MPGe	
#VALUE!	#VALUE!	#VALUE!	111	108	110	#VALUE!	48	

PHEV Composite MPG		PHEV Composite CO2			Charge Depleting Driving Range		
Hwy PHEV Composite MPGe	Comb PHEV Composite MPGe	PHEV Composite Rounded Adjusted Combined CO2	PHEV Composite Rounded Adjusted Combined CO2	CO2-PHEV Composite Rounded Adjusted Combined CO2	City Range on Electricity (miles)	Hwy Range on Electricity (miles)	Comb Range on Electricity as shown on FE Label (miles)
37	42	59	108	81	16.25	#DIV/0!	#VALUE!

Individual Utility Factors (MDIUFs)			PHEV Charge Depleting Fuel Consumption		
City Utility Factor (MDIUF)	Hwy Utility Factor (MDIUF)	Comb Utility Factor (MDIUF)	City (gal/100 mi)	Hwy (gal/100 mi)	Combined (gal/100 mi) as listed on blended PHEV labels
0.3952	#VALUE!	#VALUE!	0	#VALUE!	#VALUE!

Version 15.

May 29, 2014.

Corrected table in READ ME! Worksheet for 2020 and later CAFE calculations. It indicated no use of 0.15 or DO Columns AI and AJ, which use an adjustment factor based on the 5-cycle derived equation or 0.7 (whichever is

Cell D19 units changed to gal-e/mile (was gal/e).

Added capability to calculate the HOV lane values (used for specific state purposes).

E PEF, which was incorrect.

higher) are now used to calculate label values for Rcdc, Rcda, and AER. These values previously used 0.7 only.

17" E0

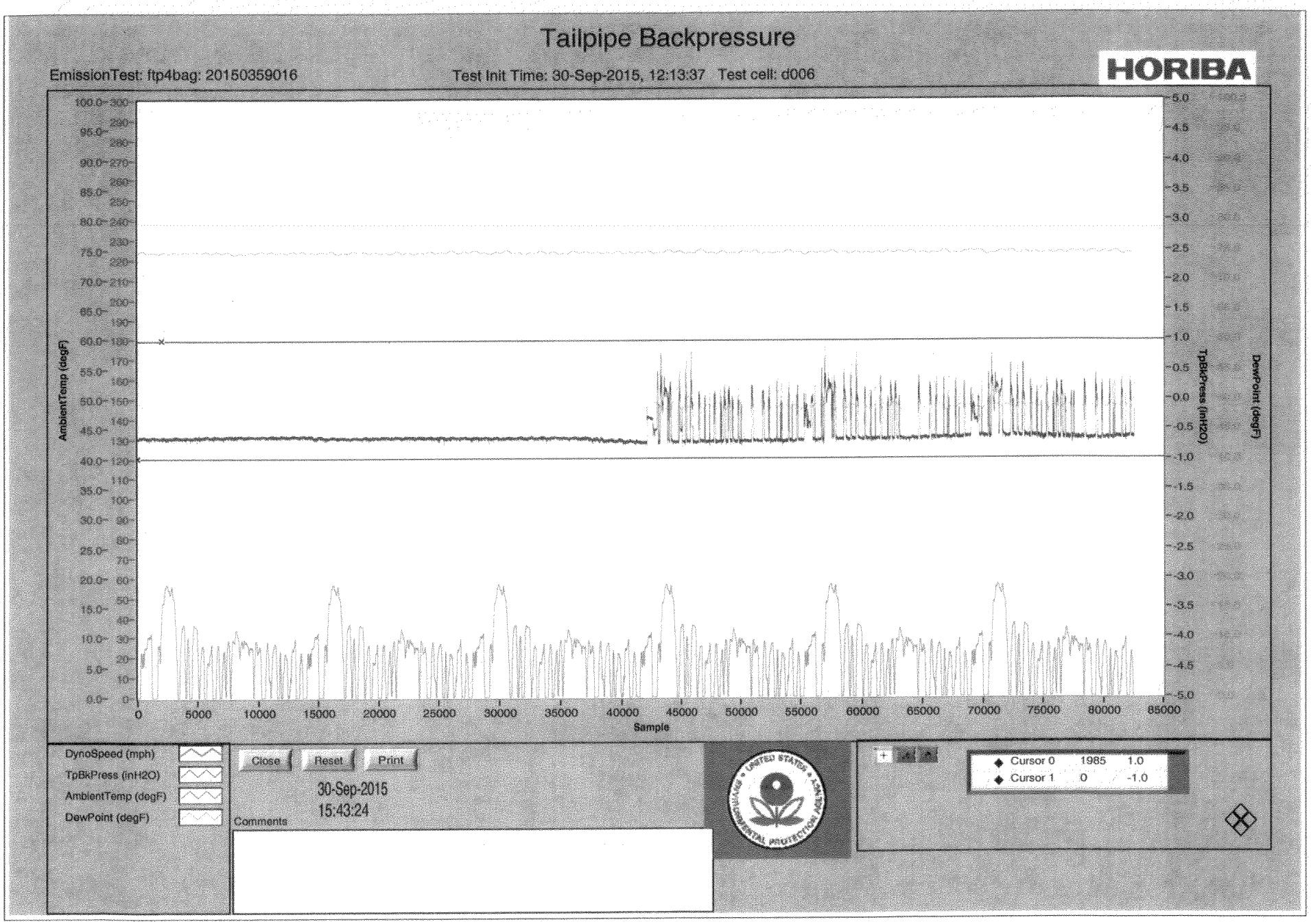
LABEL VALUES		City	Highway	Combined
Charge-Depleting Range (Rcda)	miles	17.81	16.06	**17.0**
All-Electric Range (AER)	miles	15.96	15.89	**16.0**
Total Driving Range	miles			**400**
Charge-Depleting Fuel Economy (MPGe)	mpge	86.994	83.976	**86.0**
Charge-Depleting Electricity Consumption Rate	kWh/100mi	38.1	40.1	**39.0**
Charge-Depleting Gasoline Consumption Rate	gal/100mi	0.0000	0.0000	**0.0**
Charge-Sustaining Fuel Economy	mpg	34.8	37.5	**36.0**
Charge-Sustaining Fuel Consumption Rate	gal/100mi	2.9	2.7	**2.8**
Annual Fuel Cost	$/year			**$ 1,100.00**
5-Year Save/Spend Value (negative value = SPEND)	$/5-years			**$ 3,500.00**
Composite CD/CS CO2 (fractional UF calculation)	g/mi	72.288	78.281	**75**
Composite CD/CS Fuel Economy (fractional UF calculation)	mpge	45.53	47.26	**46**

16" E0

LABEL VALUES		City	Highway	Combined
Charge-Depleting Range (Rcda)	miles	17.84	16.25	**17.0**
All-Electric Range (AER)	miles	16.66	16.52	**17.0**
Total Driving Range	miles			**430**
Charge-Depleting Fuel Economy (MPGe)	mpge	86.188	86.541	**86.0**
Charge-Depleting Electricity Consumption Rate	kWh/100mi	38.9	38.0	**38.0**
Charge-Depleting Gasoline Consumption Rate	gal/100mi	0.0000	0.0000	**0.0**
Charge-Sustaining Fuel Economy	mpg	36.8	41.4	**39.0**
Charge-Sustaining Fuel Consumption Rate	gal/100mi	2.7	2.4	**2.6**
Annual Fuel Cost	$/year			**$ 1,050.00**
5-Year Save/Spend Value (negative value = SPEND)	$/5-years			**$ 3,750.00**
Composite CD/CS CO2 (fractional UF calculation)	g/mi	68.574	71.746	**70**
Composite CD/CS Fuel Economy (fractional UF calculation)	mpge	47.59	51.12	**49**

VW FOIA, EPA

06/20/2017



2017-FFP_028607

EPA Gasoline Bag CVS Summary Report

Test Information

Run Number:	993	Site Name:	d006		
Test Number:	20150359016	Vehicle ID:	AU373-6-0813/16		
Test Date:	30-Sep-2015	Config No.:	0		
Test Init Time:	12:13:37	Engine Number:	G2.5CMC		
Test Type:	ftp4bag	Requested Dyno Interface:	Write		
Test Procedure:	81 Charge Depleting UDDS	Dyno File Used:	20150359016_ftp4bag.rls		
Requester:	Jim Snyder	Act Inertia Weight:(lbm)	3875	Req Inertia:(lbm)	3875
Operator:	358054	Act Set Coef A:(lbf)	-7.90	Req Set Coeff A:(lbf)	-7.90
Driver:	358054	Act Set Coef B:(lbf/mph)	0.0523	Req Set Coef B:(lbf/mph)	0.0523
Fuel Type:	61 Tier 2 Cert Gasoline	Act Set Coef C:(lbf/mph^2)	0.01836	Req Coef C:(lbf/mph^2)	0.01836
Fuel Container ID:	F00021_25278_CD#9	Act Aug Brake:	N	Req Aug Brake:	N
Tire Pressure Front:	36.00	Shift Table 1:	A0EPA0005		
Tire Pressure Rear:	36.00	Shift Table 2:	A0EPA0005_2		
		Odometer(mi)	3198.0		
		Fan Placement:	1 - One Small Fan - Up - Front		
PreTest Remarks:		Validation File Name:	none		
PreTest Remarks:		PostTest Remarks:			
		PostTest Remarks:			

Test Conditions	Bag 1	Bag 2	Bag 3	Bag 4
Start Time:	12:35:30	12:43:56	13:07:44	13:16:10
Phase Time (sec):	506.2	869.9	506.2	869.8
Distance (mi):	3.591	3.852	3.590	3.848
Avg. Cell Temp(°F):	74.6	74.6	74.6	74.5
Avg. Barometer (inHg):	29.19	29.19	29.19	29.19
Avg. Dew Point (°F):	49.1	49.0	48.8	48.8
Avg. Specific Humidity (gr/lbm):	52.89	52.61	52.19	52.28
NOx Hum Correction Factor :	0.906	0.905	0.903	0.904
Avg. CVS Flow Rate (scfm):	319.86	319.65	319.80	319.62
CVS Volume (ft³ 20degC)	2698.53	4632.22	2699.14	4631.17
Dilution Factor(13.4 based):	311.545	319.332	321.896	317.515
Avg. Tailpipe Press.(inaq):	-0.651	-0.634	-0.651	-0.651
Bag Analysis Time (sec):	55.8	57.9	55.8	57.0
Methane Resp. Factor:	1.101	1.101	1.101	1.101

Test Conditions	Bag 1	Bag 2	Bag 3	Bag 4
Start Time:	13:37:14	13:45:40	14:09:56	14:18:23
Phase Time (sec):	506.1	869.9	507.0	869.8
Distance (mi):	3.589	3.854	3.584	3.848
Avg. Cell Temp(°F):	74.6	74.5	74.6	74.6
Avg. Barometer (inHg):	29.19	29.18	29.19	29.18
Avg. Dew Point (°F):	48.8	48.8	48.7	48.8
Avg. Specific Humidity (gr/lbm):	52.18	52.28	52.00	52.18
NOx Hum Correction Factor :	0.903	0.904	0.903	0.903
Avg. CVS Flow Rate (scfm):	319.61	319.51	319.43	319.00
CVS Volume (ft³ 20degC)	2695.89	4631.17	2699.70	4622.34
Dilution Factor(13.4 based):	316.159	316.508	21.724	47.281
Avg. Tailpipe Press.(inaq):	-0.658	-0.677	-0.452	-0.593
Bag Analysis Time (sec):	56.4	57.5	55.9	57.1
Methane Resp. Factor:	1.101	1.101	1.101	1.101

Test Conditions	Bag 1	Bag 2	Bag 3	Bag 4
Start Time:	14:40:37	14:49:03	15:13:17	15:21:43
Phase Time (sec):	506.2	870.0	506.1	869.9
Distance (mi):	3.594	3.859	3.591	3.851
Avg. Cell Temp(°F):	74.5	74.5	74.6	74.5
Avg. Barometer (inHg):	29.18	29.19	29.19	29.18
Avg. Dew Point (°F):	48.7	48.8	48.7	48.8
Avg. Specific Humidity (gr/lbm):	52.14	52.18	52.14	52.21
NOx Hum Correction Factor :	0.903	0.903	0.903	0.903
Avg. CVS Flow Rate (scfm):	318.81	318.90	318.91	318.87
CVS Volume (ft³ 20degC)	2689.18	4622.34	2690.48	4621.63
Dilution Factor(13.4 based):	20.526	47.381	20.026	44.642
Avg. Tailpipe Press.(inaq):	-0.387	-0.547	-0.340	-0.524
Bag Analysis Time (sec):	55.8	57.8	56.0	57.1
Methane Resp. Factor:	1.101	1.101	1.101	1.101

Bag Results	THC (ppmC)	CO (ppm)	NOx (ppm)	CO2 (%)	CH4 (ppm)	NMHC (ppm)
Bag 1						
Sample:	2.520	0.000	0.026	0.043	1.907	0.420
Ambient:	2.513	0.000	0.026	0.042	1.917	0.402
Net Concentration:	0.015	0.000	0.000	0.001	0.000	0.019

VW FOIA, EPA 06/20/2017 2017-FFP_028608

EPA Gasoline Bag CVS Summary Report

Bag 2						
Sample:	2.560	0.000	0.010	0.042	1.906	0.461
Ambient:	2.534	0.000	0.011	0.042	1.924	0.416
Net Concentration:	0.034	0.000	0.000	0.000	0.000	0.047
Bag 3						
Sample:	2.630	0.000	0.009	0.041	1.903	0.535
Ambient:	2.941	0.000	0.010	0.042	1.921	0.826
Net Concentration:	0.000	0.000	0.000	0.000	0.000	0.000
Bag 4						
Sample:	2.589	0.000	0.008	0.042	1.922	0.473
Ambient:	2.568	0.000	0.009	0.042	1.921	0.453
Net Concentration:	0.029	0.000	0.000	0.000	0.007	0.021
Bag 1						
Sample:	2.502	0.000	0.019	0.042	1.908	0.401
Ambient:	2.523	0.000	0.021	0.042	1.916	0.414
Net Concentration:	0.000	0.000	0.000	0.000	0.000	0.000
Bag 2						
Sample:	2.511	0.000	0.009	0.042	1.901	0.418
Ambient:	2.514	0.000	0.010	0.042	1.919	0.402
Net Concentration:	0.005	0.000	0.000	0.000	0.000	0.018
Bag 3						
Sample:	3.669	7.215	0.498	0.616	1.937	1.536
Ambient:	2.540	0.000	0.014	0.043	1.915	0.432
Net Concentration:	1.246	7.215	0.485	0.575	0.111	1.123
Bag 4						
Sample:	2.516	0.264	0.148	0.283	1.919	0.403
Ambient:	2.512	0.000	0.013	0.043	1.918	0.401
Net Concentration:	0.056	0.264	0.135	0.241	0.042	0.011
Bag 1						
Sample:	2.483	7.350	0.284	0.652	1.922	0.367
Ambient:	2.498	0.000	0.025	0.043	1.917	0.387
Net Concentration:	0.107	7.350	0.260	0.611	0.098	0.000
Bag 2						
Sample:	2.493	0.449	0.151	0.283	1.896	0.406
Ambient:	2.514	0.000	0.012	0.042	1.921	0.399
Net Concentration:	0.032	0.449	0.139	0.241	0.016	0.015
Bag 3						
Sample:	2.483	7.326	0.257	0.668	1.920	0.370
Ambient:	2.552	0.000	0.012	0.043	1.912	0.447
Net Concentration:	0.058	7.326	0.245	0.628	0.103	0.000
Bag 4						
Sample:	2.497	0.407	0.206	0.300	1.900	0.405
Ambient:	2.510	0.000	0.012	0.042	1.911	0.407
Net Concentration:	0.043	0.407	0.194	0.258	0.032	0.007

Mass Results (gram)	THC	CO	NOx	CO2	CH4	NMHC
Bag 1	0.001	0.000	0.000	0.826	0.000	0.001
Bag 2	0.003	0.000	0.000	0.000	0.000	0.004
Bag 3	0.000	0.000	0.000	0.000	0.000	0.000
Bag 4	0.002	0.000	0.000	0.771	0.001	0.002
Bag 1	0.000	0.000	0.000	0.000	0.000	0.000
Bag 2	0.000	0.000	0.000	0.251	0.000	0.001
Bag 3	0.055	0.642	0.064	804.191	0.006	0.050
Bag 4	0.004	0.040	0.031	577.972	0.004	0.001
Bag 1	0.005	0.652	0.034	851.395	0.005	0.000
Bag 2	0.002	0.068	0.031	578.169	0.001	0.001
Bag 3	0.003	0.650	0.032	875.019	0.005	0.000
Bag 4	0.003	0.062	0.044	619.067	0.003	0.001

Mass Results(g/mi)	THC	CO	NOx	CO2	CH4	NMHC
Bag 1	0.000	0.000	0.000	0.230	0.000	0.000
Bag 2	0.001	0.000	0.000	0.000	0.000	0.001
Bag 3	0.000	0.000	0.000	0.000	0.000	0.000
Bag 4	0.001	0.000	0.000	0.200	0.000	0.000
Bag 1	0.000	0.000	0.000	0.000	0.000	0.000
Bag 2	0.000	0.000	0.000	0.065	0.000	0.000
Bag 3	0.015	0.179	0.018	224.361	0.002	0.014
Bag 4	0.001	0.010	0.008	150.198	0.001	0.000
Bag 1	0.001	0.181	0.010	236.915	0.001	0.000
Bag 2	0.001	0.018	0.008	149.833	0.000	0.000
Bag 3	0.001	0.181	0.009	243.690	0.001	0.000
Bag 4	0.001	0.016	0.011	160.752	0.001	0.000

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EPA Gasoline Bag CVS Summary Report

Weighted Mass Results (g/mi)	WGT_THC	WGT_CO	WGT_NOx	WGT_CO2	CH4	NMHC
Test 1	0.000	0.000	0.000	0.107	0.000	0.000
Test 2	0.005	0.052	0.007	106.014	0.001	0.004
Test 3	0.001	0.096	0.010	196.924	0.001	0.000

Fuel Economy (mi/gal)	
Bag 1	38587.668
Bag 2	4203760.332
Bag 3	1.7e+308
Bag 4	44026.298
Bag 1	1.7e+308
Bag 2	136145.472
Bag 3	39.631
Bag 4	59.279
Bag 1	37.540
Bag 2	59.419
Bag 3	36.498
Bag 4	55.384

Weighted (4 Phase) (mi/gal)	
Test 1	82461.433
Test 2	83.919
Test 3	45.184

VW FOIA, EPA 06/20/2017 2017-FFP_028610

VW FOIA, EPA 06/20/2017 2017-FFP_02811

EPA Hybrid Summary Report

Test Information

Run Number:	993	Site Name:	d006		
Test Number:	20150359016	Vehicle ID:	AU373-6-0813/16		
Test Date:	30-Sep-2015	Config No.:	0		
Test Init Time:	12:13:37	Engine Number:	G2.5CMC		
Test Type:	ftp4bag	Requested Dyno Interface:	Write		
Test Procedure:	81 Charge Depleting UDDS	Dyno File Used:	20150359016_ftp4bag.rls		
Requester:	Jim Snyder	Act Inertia Weight:(lbm)	3875	Req Inertia:(lbm)	3875
Operator:	358054	Act Set Coef A:(lbf)	-7.90	Req Set Coeff A:(lbf)	-7.90
Driver:	358054	Act Set Coef B:(lbf/mph)	0.0523	Req Set Coef B:(lbf/mph)	0.0523
Fuel Type:	61 Tier 2 Cert Gasoline	Act Set Coef C:(lbf/mph^2)	0.01836	Req Coef C:(lbf/mph^2)	0.01836
Fuel Container ID:	F00021_25278_CD#9	Act Aug Brake:	N	Req Aug Brake:	N
Tire Pressure Front:	36.00	Shift Table 1:	A0EPA0005		
Tire Pressure Rear:	36.00	Shift Table 2:	A0EPA0005_2		
		Odometer(mi)	3198.0		
		Fan Placement:	1 - One Small Fan - Up - Front		
PreTest Remarks:		Validation File Name:	none		
PreTest Remarks:		PostTest Remarks:			
		PostTest Remarks:			

Hybrid-Electric Vehicle with Battery Storage System

Nominal System Voltage (V):	0.00
Net SOC Change (Ah):	-16.00
Net Energy Change (kWh):	0.00
Total Distance (mi):	44.65
Total Fuel Mass (kg):	1.06
Total Fuel Energy (kWh):	12.63
Total Cycle Energy (kWh):	12.63
All Electric Range (mi):	22.67

UDDS Results	UDDS Cycle1	UDDS Cycle2
Start Time:	12:35:30	12:43:56
UDDS Time (sec):	1376.100	1376.000
UDDS Distance (mi)	7.442	7.438
Average Voltage (V):	0.000	0.000
Average Current (A):	-13.265	-13.319
Initial UDDS SOC(Ah):	0.000	-5.077
Final UDDS SOC(Ah):	-5.073	-10.175
UDDS SOC Change(Ah):	-5.073	-5.098
Initial UDDS Energy Ch1(kWh):	0.000	0.000
Final UDDS Energy Ch1(kWh):	0.000	0.000
Total UDDS Energy Change(kWh):	0.000	0.000

UDDS Results	UDDS Cycle3	UDDS Cycle4
Start Time:	13:07:44	13:16:10
UDDS Time (sec):	1376.000	1376.800
UDDS Distance (mi)	7.443	7.432
Average Voltage (V):	0.000	0.000
Average Current (A):	-13.692	-1.652
Initial UDDS SOC(Ah):	0.000	-5.243
Final UDDS SOC(Ah):	-5.239	-5.880
UDDS SOC Change(Ah):	-5.239	-0.637
Initial UDDS Energy Ch1(kWh):	0.000	0.000
Final UDDS Energy Ch1(kWh):	0.000	0.000
Total UDDS Energy Change(kWh):	0.000	0.000

UDDS Results	UDDS Cycle5	UDDS Cycle6
Start Time:	13:37:14	13:45:40
UDDS Time (sec):	1376.200	1376.100

EPA Hybrid Summary Report

UDDS Distance (mi)	7.452	7.442
Average Voltage (V):	0.000	0.000
Average Current (A):	-0.208	0.352
Initial UDDS SOC(Ah):	0.000	-0.087
Final UDDS SOC(Ah):	-0.084	0.042
UDDS SOC Change(Ah):	-0.084	0.129
Initial UDDS Energy Ch1(kWh):	0.000	0.000
Final UDDS Energy Ch1(kWh):	0.000	0.000
Total UDDS Energy Change(kWh):	0.000	0.000

Test Conditions	**Test 1**	**Test 2**	**Test 3**
Start Time:	12:35:30	13:37:14	14:40:37
Test Time (sec):	2752.100	2752.800	2752.300
Test Distance (mi)	14.880	14.875	14.894
Average Voltage (V):	0.000	0.000	0.000
Average Current (A):	-6.646	-3.835	0.036
Test SOC Change(Ah):	-10.175	-5.880	0.042
Test NE Change(kWh):	0.000	0.000	0.000
Test Fuel Energy (kWh):	0.004	4.414	8.208
Test Cycle Energy (kWh):	0.004	4.414	8.208
PercentFuelEnergy (%):	0.000	0.000	0.000

EPA Zero Span Report

Site Name: d006 Test Start Date: 30-Sep-2015 Test Init Time: 12:13:37

Z/S/Z CORRECTION "30-Sep-2015" 12:29:00

	Mexa Zero				Mexa Span				ReZero			
	Reading (ppm)	% FS Offset	Mexa Zero Cal		Spec (ppm)	Reading (ppm)	% FS Offset	Mexa Span Cal	Reading (ppm)	% FS Offset	Std Dev	1% FS Check
BagDilCH4 (25 ppm)	0.025	0.1	PASS		24.057	24.169	0.45	PASS	0.001	0.01	0	PASS
BagDilCO2 (2.5 %)	8	0.03	PASS		24143	23935	-0.83	PASS	2	0.01	0.0072	PASS
BagDilCOL (500 ppm)	-0.11	-0.02	PASS		480.5	477.43	-0.61	PASS	0.714	0.14	0.008	PASS
BagDilTHC (100 ppm)	0.124	0.12	PASS		97.072	96.384	-0.69	PASS	0.011	0.01	0.0001	PASS
BagDilNOx (25 ppm)	0.007	0.03	PASS		23.924	23.403	-2.08	PASS	0.013	0.05	0.0003	PASS
BagDilO2 (25 %)	20	0.01	PASS		210000	212970	1.19	PASS	20	0.01	0.0032	PASS

DRIFT CHECK "30-Sep-2015" 15:40:10

	Zero				Span			
	Reading (ppm)	% FS Offset	Std Dev	2% FS Check	Spec (ppm)	Reading (ppm)	% FS Offset	Std Dev	2% FS Check
BagDilCH4 (25 ppm)	0.001	0	0	PASS	24.057	23.998	-0.24	0	PASS
BagDilCO2 (2.5 %)	1	0.01	0.0033	PASS	24143	24142	0	0.0124	PASS
BagDilCOL (500 ppm)	-0.037	-0.01	0.0008	PASS	480.5	480.779	0.06	0.0006	PASS
BagDilTHC (100 ppm)	0.002	0	0.0002	PASS	97.072	96.635	-0.44	0.0034	PASS
BagDilNOx (25 ppm)	0	0	0.0003	PASS	23.924	24.129	0.82	0.0072	PASS
BagDilO2 (25 %)	-260	-0.1	0.005	PASS	210000	209340	-0.27	0.0105	PASS

TestName: EmissionTest
Test Number: 2015035901 6
Operator ID: 358054

Vehicle ID	AU373-6-0813/16	**Configuration**	0
Manufacturer	10015 VGA		
Test Date	9/30/2015		
Test #	**20150359016**		

Cycle	ACT-DISTANCE	AMP-HRS	Initial Voltage	Final Voltage	AS-VOLT	START SOC*	END SOC*
UDDS 1 TOTAL	***7.442***	***5.073***	*385.2*	*366.2*	***375.7***	***0.000***	***5.073***
UDDS 2 TOTAL	***7.438***	***10.171***	*367.0*	*351.2*	***359.1***	***5.077***	***10.175***
UDDS 3 TOTAL	***7.443***	***15.410***	*352.0*	*344.0*	***348.0***	***0.000***	***5.239***
UDDS 4 Transition	***0.35***	***15.746***	*NA*	*NA*	***NA***	***5.243***	***5.579***
UDDS 4 TOTAL	***7.432***	***16.047***	*344.5*	*343.2*	***343.9***	***5.243***	***5.880***
UDDS 5 TOTAL	***7.452***	***16.131***	*343.0*	*343.0*	***343.0***	***0.000***	***0.084***
UDDS 6 TOTAL	***7.442***	***16.002***	*342.5*	*343.2*	***342.9***	***0.087***	***-0.042***

AER (mi)	Recharge Event Voltage (V)
22.67	**239.5**
	Recharge Event Energy (Wh)
	6788.4

Note: Hioki integration start after every 4 bag FTP (double UDDS).

To: Valentine, Julia[Valentine.Julia@epa.gov]
Cc: Allen, Laura[Allen.Laura@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Birgfeld, Erin[Birgfeld.Erin@epa.gov]; Conger, Nick[Conger.Nick@epa.gov]; Harrison, Melissa[Harrison.Melissa@epa.gov]; Millett, John[Millett.John@epa.gov]
From: Grundler, Christopher
Sent: Fri 10/2/2015 5:59:10 PM
Subject: Re: VW Reuters interview

Did these responses go to Reuters?

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

On Oct 2, 2015, at 1:25 PM, Valentine, Julia <Valentine.Julia@epa.gov> wrote:

> These responses helped Reuters.
>
> Because of what he identifies as his main thrust: the difference between on-road tests as part
>
> **Ex. 5**
>
> 10 min at 2:15 ish should do it.
>
> This is from the reporter:
>
> I guess the main thrust is the difference between on-road tests as part of a defeat device search vs. the potential need for something more comprehensive. Nothing in the interview would fall outside the parameters of the note I sent earlier, except for two obligatory questions that are specific to VW and required by my editors.
>
> Julia P. Valentine
>
> Office of Public Affairs

U.S. EPA

202.564.2663 direct

202.740.1336 m/txt

From: Allen, Laura
Sent: Thursday, October 01, 2015 8:26 PM
To: Valentine, Julia
Subject: Fwd: VW Reuters interview

Ex. 5

Begin forwarded message:

From: "Birgfeld, Erin" <Birgfeld.Erin@epa.gov>
Date: October 1, 2015 at 8:13:14 PM EDT
To: "Bunker, Byron" <bunker.byron@epa.gov>
Cc: "Valentine, Julia" <Valentine.Julia@epa.gov>, "Hengst, Benjamin" <Hengst.Benjamin@epa.gov>, "Allen, Laura" <Allen.Laura@epa.gov>, "Conger, Nick" <Conger.Nick@epa.gov>, "Millett, John" <Millett.John@epa.gov>
Subject: Re: VW Reuters interview

Thanks Byron,

Ex. 5

Laura, Julia do you think you can buy us some more time on that q?

Sent from my iPhone

On Oct 1, 2015, at 7:55 PM, Bunker, Byron <bunker.byron@epa.gov> wrote:

Erin,

Ex. 5

Ex. 5

Ex. 5

Ex. 5

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Automotive News
Sent: Fri 10/2/2015 6:52:53 PM
Subject: P.M. NEWSCAST: Ford girds for strike at F-150 plant | VW on hunt for answers | Hyundai, Kia lose patent case | CFPB fines Calif. lenders | Jason Stein's mailbag

October 2, 2015

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VW's hunt for answers »
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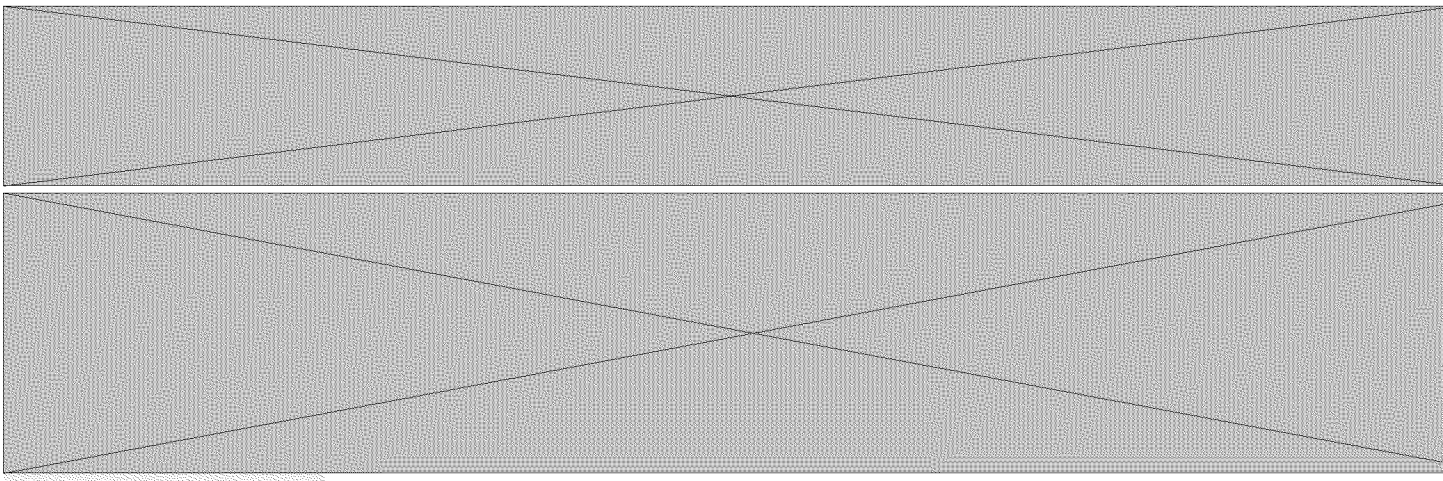
Detroit, MI 48207-2997 United States
customerservice@autonews.com

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: The Hill
Sent: Fri 10/2/2015 7:57:33 PM
Subject: Energy & Environment IssueWatch Newsletter



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Week ahead: House to vote on crude oil ban

By Devin Henry

House lawmakers will cast a vote on lifting the 40-year-old ban on crude oil exports, the next

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step in an expanding debate over the issue.

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Members of both chambers of Congress have grappled with the ban this session, and its prospects for repeal have grown markedly over the last several months.

Faced with the prospects of declining prices at home and

Iranian oil flooding the market after sanctions on the country are lifted, oil producers and their legislative allies are pushing to open up the rest of the world to American crude as soon as possible.

The House will vote on a bill from Rep. Joe Barton (R-Texas) that would end the ban, a move House Majority Leader Kevin McCarthy (R-Calif.) promised last month. Senators are considering a similar measure.

Barton's bill — like one from Sens. Lisa Murkowski (R-Alaska) and Heidi Heitkamp (D-N.D.) — won't pass as is. The White House has come out against the measure, arguing the Commerce Department already

has the ability to approve crude exports under certain circumstances.

But supporters say they are open to finding some type of compromise, a prospect that presented itself at a recent Senate hearing on the matter. At a Banking Committee markup, most every Democratic senator voted against the bill, but some spoke in favor of working toward a resolution.

The bill's movement through Congress has kicked off a lobbying campaign on the issue. Oil producers say the measure will help provide a boost to the growing American oil industry, and they are hitting the airwaves to make their case in

several congressional districts around the United States.

Environmentalists and some oil refiners opposed to the measure are pushing back, however, warning against increased oil production's effect on climate change and domestic gasoline prices.

Elsewhere, House Science subcommittees on the environment and oversight will hold a hearing Wednesday on the Environmental Protection Agency's new ozone standards.

On Thursday, the investigative arm of the House Energy and Commerce Committee will hear from a Volkswagen executive on the car manufacturer's

emissions scandal. The committee's energy and power panel will also hold a hearing on the EPA's carbon emissions regulations for new and existing power plants on Tuesday.

In the Senate, Energy Secretary Ernest Moniz will testify before the Energy and Natural Resources Committee on the Strategic Petroleum Reserve on Tuesday.

The four commissioners of the Nuclear Regulatory Commission will testify at a Senate Environment and Public Works Committee hearing on Wednesday.

Recent stories:

— EPA to tighten federal limits on ozone: http://bit.ly/1FLxRF5

— Senate panel approves oil export bill: http://bit.ly/1LYt1Fp

— Judge in Wyoming blocks fracking rule: http://bit.ly/1RkPVam

— Bush energy plan would boost exports, approve Keystone: http://bit.ly/1hgjtca

— Shell to abandon Arctic drilling efforts: http://bit.ly/1FN8z9u

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To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Automotive News
Sent: Fri 10/2/2015 8:36:09 PM
Subject: DAILY: VW turns to insiders to probe emissions violations | Old Auto vs. New Auto | The small Japanese manufacturer that humbled VW | Ford girds for possible UAW strike | Trusting Google's car

Today's most read story

U.S. sales rise 16% on double-digit gains at Detroit 3, Nissan, Toyota, Honda

October 2, 2015

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VW turns to insiders to probe, recover from emissions violations

Volkswagen AG will rely on a small group of company insiders to lead its recovery from a diesel-emissions scandal that's left regulators, investors and 11 million customers still awaiting answers two weeks after it disclosed violations of U.S. environmental laws.

BLOG: **DAVE GUILFORD**

Old Auto scandals create opening for New Auto

Facing a rising tide of disruptors, Old Auto desperately needs to stop being its own worst enemy.

MOST READ (Last 7 days)

U.S. sales rise 16% on double-digit gains at Detroit 3, Nissan, Toyota, Honda
UAW-FCA deal dooms Tier 1 if passed
Bosch warned VW about illegal software use in diesel cars, report says
The UAW-FCA deal: A bridge too short
2016 Chevy Volt rollout

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The Japanese emissions equipment maker that humbled VW

Horiba, an obscure Japanese manufacturer that makes about 70 percent of the world's auto emissions testing systems, played a key role in uncovering violations that promise to dog Volkswagen for months to come.

The auto accessories industry is $40 billion and dealers represent less than 5%.
Toyota's CARB-NELSONs has puzzled dealers. Some have cracked the code with AddOnAuto and are averaging an additional $175 a copy in accessories.
Learn how you can do it, too, with AddOnAuto.

Ford adds overtime at Michigan F-150 plant as Missouri strike deadline nears

Ford canceled a planned overtime shift this weekend at its F-150 plant in Missouri, where workers threaten to strike as soon as Sunday, and is diverting frames for the pickup to its Dearborn, Mich., plant to minimize the impact, people familiar with the matter said.

Google's prototype car earned my trust, even when it stopped cold

I bought a test self-driving car in Michigan to ride with the confidence of a robot, except when it malfunctioned with me inside, slamming hard on the brakes and refusing to move.

Musk: Tesla Model X crossover debut stokes 'strong' demand for sedan

California to launch separate VW emissions probe, report says

Subaru is still the hottest car company in the U.S.

Aston Martin names JLR's Laura Schwab head of Americas

Toyota readies biggest Tacoma campaign in decade amid truck battle

BLOG: **JESSE SNYDER**

Look again: VW dropping but industry is rocking

Ford ad campaign aims to lift car lineup in U.S. market hot for trucks

VW's Horn to face U.S. House panel over emissions violations

Autobytel buys AutoWeb

AutoNation, buoyed by holiday deals, sees Sept. sales rise 21%

Nissan recalls Versa to fix suspension prone to corrosion from road salt

NHTSA upgrades probe of Ford police interceptor for brake failure

Hyundai loses $28.9 million patent infringement trial

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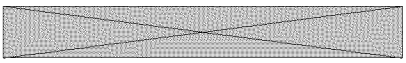

WEBINARS

» Oct. 7 at 2pm ET - Programmatic
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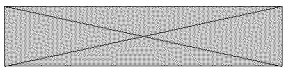
» Oct. 15 at 2pm ET - Create Loyal Customers
by Auto/Mate

» Oct. 22 at 2pm ET - Save on Energy
by KeyBank

» Oct. 28 at 2pm ET - Targeted Digital Advertising
by DMEautomotive



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To: Birgfeld, Erin[Birgfeld.Erin@epa.gov]
Cc: Bunker, Byron[bunker.byron@epa.gov]; Valentine, Julia[Valentine.Julia@epa.gov]; Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Millett, John[Millett.John@epa.gov]; Allen, Laura[Allen.Laura@epa.gov]; Conger, Nick[Conger.Nick@epa.gov]; Harrison, Melissa[Harrison.Melissa@epa.gov]
From: Grundler, Christopher
Sent: Fri 10/2/2015 8:36:13 PM
Subject: Re: OTAQ: Post-interview intel from David Morgan at Reuters

Ex. 5

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

> On Oct 2, 2015, at 4:08 PM, Birgfeld, Erin <Birgfeld.Erin@epa.gov> wrote:
>
> **Ex. 5**
>
> -----Original Message-----
> From: Bunker, Byron
> Sent: Friday, October 02, 2015 4:04 PM
> To: Valentine, Julia; Grundler, Christopher; Birgfeld, Erin
> Cc: Hengst, Benjamin; Millett, John; Allen, Laura; Conger, Nick; Harrison, Melissa
> Subject: RE: OTAQ: Post-interview intel from David Morgan at Reuters
>

Ex. 5

> **********
> Byron Bunker
> Director Compliance Division
> Office of Transportation and Air Quality Environmental Protection Agency
> 2000 Traverwood Drive
> Ann Arbor, MI 48105
> Bunker.Byron@epa.gov
> Phone: (734) 214-4155
> Mobile: (734) 353-9623
> **********
>
> -----Original Message-----
> From: Valentine, Julia
> Sent: Friday, October 02, 2015 3:59 PM
> To: Grundler, Christopher; Bunker, Byron; Birgfeld, Erin
> Cc: Hengst, Benjamin; Millett, John; Allen, Laura; Conger, Nick; Harrison, Melissa
> Subject: OTAQ: Post-interview intel from David Morgan at Reuters
> Importance: High
>
> Chris / Byron / Erin:

> Ex. 5
>
> -----Original Message-----
> From: david.morgan@thomsonreuters.com [mailto:david.morgan@thomsonreuters.com]
> Sent: Friday, October 02, 2015 3:55 PM
> To: Valentine, Julia
> Subject: RE: Hey, we r just gathering
>
> This is where my compass is taking me:
>
> The tougher auto emissions tests that U.S. regulators adopted in the wake of the Volkswagen cheating scandal are permanent and could lead to bigger changes down the road if more problems surface, a senior Environmental Protection Agency official said.
>
> -----Original Message-----
> From: Valentine, Julia [mailto:Valentine.Julia@epa.gov]
> Sent: Friday, October 02, 2015 2:53 PM
> To: Morgan, David G. (Reuters News)
> Subject: Re: Hey, we r just gathering
>
> You good for the moment?
>
> Lemme know if you have any follow ups. They were concerned when you said you are in the wilderness. They want to make sure to explain anything you feel unsure about.
>
> Sent from USEPA iPhone
>
>> On Oct 2, 2015, at 2:15 PM, "david.morgan@thomsonreuters.com" <david.morgan@thomsonreuters.com> wrote:
>>
>> Thanks. 202 898 8326.
>>
>> -----Original Message-----
>> From: Valentine, Julia [mailto:Valentine.Julia@epa.gov]
>> Sent: Friday, October 02, 2015 2:15 PM
>> To: Morgan, David G. (Reuters News)
>> Subject: Hey, we r just gathering
>>
>> Will chat then call. What number?
>>
>> And this will be on the record.
>>
>> Sent from USEPA iPhone

From: Levine, Carolyn
Required Attendees: Belser, Evan; Brooks, Phillip; Kelley, Rosemarie; Niebling, William; Sutton, Tia; Haman, Patricia; Cohen, Janet; Bunker, Byron; Werner, Jacqueline; Shinkman, Susan; Grundler, Christopher
Optional Attendees: Emmerson, Caroline; Hengst, Benjamin
Location: 13th and PA for HQ
Importance: Normal
Subject: Briefing for House Energy and Commerce Committee staff re: VW (includes travel time for DC folks)
Start Date/Time: Mon 10/5/2015 7:00:00 PM
End Date/Time: Mon 10/5/2015 8:30:00 PM

…
,,,
Hi all,

Please let me know who will be participating in-person from HQ, and I will contact you about travel arrangements. Committee staff specifically requested that we do not bring a big group of folks. We will loop in Ann Arbor via phone for the meeting.

Thanks!
Carolyn
202-564-1859

FRED UPTON, MICHIGAN
CHAIRMAN

FRANK PALLONE, JR., NEW JERSEY
RANKING MEMBER

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Congress of the United States

House of Representatives

COMMITTEE ON ENERGY AND COMMERCE

2125 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–6115
Majority (202) 225–2927
Minority (202) 225–3641

September 29, 2015

Mr. Michael Horn
President and CEO
Volkswagen Group of America, Inc.
2200 Ferdinand Porsche Drive
Herndon, VA 20171

Dear Mr. Horn:

On September 18, 2015, the Environmental Protection Agency (EPA) notified Volkswagen AG, Audi AG, and Volkswagen Group of America, Inc. (collectively, VW) that the agency "determined that VW manufactured and installed defeat devices" in certain model year Volkswagen and Audi diesel passenger cars. The "defeat devices" took the form of software, according to the agency, that "sensed" when the vehicles were undergoing emissions testing and ensured emissions control systems were operating to pass the tests. During normal vehicle use, according to the agency, the software would "switch" to a different mode that produced certain emissions 10 to 40 times above EPA standards and in violation of the Clean Air Act. The scope of the alleged violations — affecting some 480,000 vehicles according to news reports — and EPA's assertion that VW admitted it "designed and installed" defeat devices in these vehicles, raise serious questions about VW's efforts to comply with its statutory obligations under the Clean Air Act.

The Committee on Energy and Commerce and its Subcommittee on Oversight and Investigations are investigating the facts and circumstances surrounding VW's use of software in vehicle emissions control systems to affect Clean Air Act related compliance and emissions test results. To assist the committee with its investigation, and pursuant to Rules X and XI of the U.S. House of Representatives, we ask that you provide to the committee the following:

1. All documents, including communications, relating to compliance with the Clean Air Act, EPA emissions standards and regulations, or testing of diesel emissions for all make and model year vehicles associated with the alleged violation(s).

2. All documents, including communications, relating to EPA and California Air Resources Board (CARB) inquiries concerning potential noncompliance of any VW models with emissions standards or with EPA's certificates of conformity applications.

3. All documents, including communications, relating to VW efforts to respond to EPA and CARB requests to explain potential noncompliance with EPA or California standards and emissions test requirements, including, but not limited to, VW deliberations concerning any and all recalls and technical solutions initiated or considered to address EPA or CARB concerns.

4. All documents, including communications, relating to any anomalies or discrepancies concerning actual on-road performance of VW models and the performance of those models under EPA or other testing conditions since January 2010.

5. All documents, including communications, relating to the development, testing, approval and use of the software installed in the electronic control module of diesel model passenger vehicles that EPA alleges acts as a "defeat device." This includes any documents, including communications, with any suppliers involved in the development of the electronic control module and any associated software.

6. A detailed timeline of events and activity related to the alleged violation(s) outlined in EPA's Notice of Violation dated September 18, 2015.

Please produce the requested information by October 13, 2015. We also request that you arrange VW to provide an initial briefing with committee staff to occur by October 2, 2015. Instructions for responding to the committee's document requests are included as an attachment to this letter.

We request that you arrange to provide this briefing with committee staff to occur by October 2, 2015. If you have questions regarding this request, please contact Peter Spencer or John Ohly of the majority committee staff at (202) 225-2927 or Elizabeth Letter or Ryan Gottschall of the minority committee staff at (202) 225-3641.

Sincerely,

Fred Upton
Chairman

Frank Pallone, Jr.
Ranking Member

Tim Murphy
Chairman
Subcommittee on Oversight and
Investigations

Diana DeGette
Ranking Member
Subcommittee on Oversight and
Investigations

Attachment

To: Grundler, Christopher[grundler.christopher@epa.gov]
Cc: Mark McGough[MMcgough@ioxus.com]
From: Vicki Salamon
Sent: Fri 10/2/2015 10:50:17 PM
Subject: EPA test

Dear Mr. Grundler,

In light of the recent news about Volkswagen I read the above EPA notification with great interest. "Gaming" EPA and other emission test protocols is not a new topic in the industry. I have been in many conversations where designs are promoted that can pass EPA tests but do not deliver the long term benefits both the EPA and the consumer expect.

For instance, in many new vehicle 'start/stop' systems, they work fine on the showroom floor but as soon as you drive them off the lot those systems begin to dramatically deteriorate. We have well documented test results that show under less than room temperature conditions, or even after a few months of use, battery based systems don't work when they should. How do OEMs handle that? They simply put software on board the car which shuts off the start/stop system, meaning the car will continue to idle at intersections, thus deactivating the fuel efficiency and emissions benefits of that design. Our Founder Chad Hall, spoke last year at The Battery Show in Novi, MI and specifically mentioned that this testing was being done falsely, and suggested that the EPA begin purchasing vehicles and testing them for emissions to ensure they meet the OEM specifications. I would be happy to provide you excerpts from that material.

The hybrid/EV/HEV markets, and in particular, the vendors, rely heavily on good information being used to support our claims that we can increase fuel efficiency and reduce emissions through the use of the best fitting technology. If consumers are purchasing a hybrid vehicle, paying more for it due to claims, and then do not achieve the performance claimed, then it gives a black eye to the entire industry. This should not happen, here or in other parts of the world, as it negatively impacts all of the players.

Ioxus has American-made technology that eliminates test "gaming" of such systems by reducing fuel consumption and emissions for the life of the vehicle, not just under ideal conditions on a test bed. Our ultracapacitor based start/stop systems deliver engine shut-offs in real world driving the same way that you see in a laboratory test, even after many years of use. Almost every start/stop system design you would test in American cars today would fail that same test after 6 months, because they use batteries which are not well suited for this application. Ultracapacitor technology for cars is cost-effective, and is in commercial use today. Most

recently GM has announced plans to use ultracapacitors for start/stop in the 2017 Cadillac.

The battery industry has spent far more than my company can afford to lobby OEMs to use a cheap battery based design which essentially "games" EPA testing. I would like to ask that you further review EPA testing requirements to include testing the vehicle's ability to achieve the stated fuel and environmental efficiencies not just on day-one, but for at least the first five years. If the vehicle cannot achieve these results expected from the CAFE standards, I urge you to consider a recall as the Europeans have done, to allow OEMs to retrofit start/stop system designs that will ensure American cars run as cleanly as EPA testing claims. Such designs are readily available at costs ranging between $40 and $160 per vehicle. I would be happy to provide you with more detail or talk with you live about any of these topics.

Sincerely,

Mr. Mark McGough

President & CEO

Ioxus, Inc.

Best regards,

Mark E. McGough

President and CEO, Ioxus

www.ioxus.com

office: 607-441-3500 x101

cell: 610-291-1017

Ex. 5

Begin forwarded message:

From: "Valentine, Julia" <Valentine.Julia@epa.gov>
Date: October 2, 2015 at 7:34:00 PM EDT
To: "Birgfeld, Erin" <Birgfeld.Erin@epa.gov>, "Grundler, Christopher" <grundler.christopher@epa.gov>, "Bunker, Byron" <bunker.byron@epa.gov>, "Hengst, Benjamin" <Hengst.Benjamin@epa.gov>
Cc: "Allen, Laura" <Allen.Laura@epa.gov>, "Conger, Nick" <Conger.Nick@epa.gov>, "Harrison, Melissa" <Harrison.Melissa@epa.gov>
Subject: WashPost Request to use Background on the record:

Sent from USEPA iPhone

Begin forwarded message:

From: "Whoriskey, Peter" <Peter.Whoriskey@washpost.com>
Date: October 2, 2015 at 6:30:40 PM EDT
To: "Valentine, Julia" <Valentine.Julia@epa.gov>
Subject: RE: Follow up

Thanks. Regarding the bit on background – can that be attributed to EPA officials? Otherwise, I can't use it.

From: Valentine, Julia [mailto:Valentine.Julia@epa.gov]
Sent: Friday, October 02, 2015 4:09 PM
To: Whoriskey, Peter

Subject: RE: Follow up

Hi Peter,

My apologies for not including the budget doc.

On your questions about how much was the NVFEL budget increased over that time:

Off the record, we just can't find this information within this time period.

What we could find is the attached doc that shows the budget for the air office. It shows is a steady increase in funding over the years when the lab was closed.

We answered the question about why it was closed here, in the info we sent earlier:

On Background: VTL was a very outdated private testing facility that was going to need significant investments if the Agency wanted to continue to use it for recall testing once the more stringent, Tier 2 standards for cars and light trucks were implemented. It would not have been a wise choice to invest public dollars to upgrade a private facility when we had a much larger national lab that could do this work. We chose to invest in the public facility.

Hope this helps.

Best,

Julia P. Valentine

Office of Public Affairs

U.S. EPA

202.564.2663 direct

202.740.1336 m/txt

From: Whoriskey, Peter [mailto:Peter.Whoriskey@washpost.com]
Sent: Friday, October 02, 2015 12:59 PM
To: Valentine, Julia
Subject: RE: Follow up

Julia:

This addresses just one of my three follow up questions.

The others were:

Why was VTL closed?

How much was the NVFEl budget increased over that time?

Thanks.

Peter

From: Valentine, Julia [mailto:Valentine.Julia@epa.gov]
Sent: Friday, October 02, 2015 12:55 PM
To: Whoriskey, Peter
Subject: RE: Follow up

Here you go, Peter.

This should wrap it up for us:

Washington Post (Peter Whoriskey) asked:

I would like to verify that the EPA's regular road testing of cars for emissions compliance did not continue after the closure of the Virginia Testing Laboratory, where Emmet Arndt had been running a pilot program to do so. Chris Grundler indicated that the regular road testing of cars for emissions compliance hadn't continued after the closure, indicating that it wasn't continued because the priorities led them to focus on heavy duty engines, where a larger portion of the pollution comes from. Byron Bunker may have been saying something different, though, so I want to make sure I've understood correctly.

Response:

We have looked into the ROVER pilot program and the following is based on recollections from current EPA staff. VTL had limited capacity to conduct chassis dynamometer testing to audit emissions systems in light duty cars and trucks. The goal of the VTL ROVER pilot program was to increase the number of vehicle models that could be screened for defective emissions systems (not defeat device detection) given limited this limited capacity. The pilot program conducted ROVER testing of vehicles on a test route that closely matched the Federal Test Procedure (FTP) used on the dynamometer. Those screening results were then used to prioritize chassis dynamometer testing as part of recall investigations. Since the pilot testing tried to mimic the FTP, it is quite possible that the defeat device would have detected the pilot screening as well. It is also possible that Volkswagen could have become aware of the pilot testing and added additional lines of software code to defeat the ROVER testing as well. The problem with such hypotheticals is that no one can know what would have happened in those cases.

The facilities at the National Vehicle and Fuel Emissions Laboratory (NVFEL) where we currently conduct almost all of our testing can run chassis dynamometer tests with far greater efficiency. Mr. Arndt's idea to use on-road screening (Using ROVER/PEMS) is not necessary given the higher testing capacity that we now have at

NVFEL.

NVFEL has 23 PEMS units, and PEMS testing remains an important screening tool for broader evaluation of in-use emissions. Over the last ten years, we have used PEMS units to test emissions from light-duty passenger cars, heavy-duty trucks and non-road equipment like skid steer loaders. As Chris has indicated the most significant focus of that testing has been heavy-duty diesel trucks both because that industry has a history of introducing defeat devices and because roughly 40% of NOx emissions from on-road sources come from this source.

On Background: VTL was a very outdated private testing facility that was going to need significant investments if the Agency wanted to continue to use it for recall testing once the more stringent, Tier 2 standards for cars and light trucks were implemented. It would not have been a wise choice to invest public dollars to upgrade a private facility when we had a much larger national lab that could do this work. We chose to invest in the public facility.

Julia P. Valentine

Office of Public Affairs

U.S. EPA

202.564.2663 direct

202.740.1336 m/txt

From: Whoriskey, Peter [mailto:Peter.Whoriskey@washpost.com]
Sent: Friday, October 02, 2015 10:58 AM
To: Valentine, Julia
Subject: RE: Follow up

I haven't heard from the editors yet today, so I think that's fine.

From: Valentine, Julia [mailto:Valentine.Julia@epa.gov]
Sent: Friday, October 02, 2015 10:53 AM
To: Whoriskey, Peter
Subject: RE: Follow up

Hi Pete, we are pulling together a few things for you. We won't make it by 11 but we don't need a ton of time. Before noon will do it.

Can that work?

Julia P. Valentine

Office of Public Affairs

U.S. EPA

202.564.2663 direct

202.740.1336 m/txt

From: Whoriskey, Peter [mailto:Peter.Whoriskey@washpost.com]
Sent: Thursday, October 01, 2015 10:27 PM
To: Valentine, Julia
Subject: RE: Follow up

The editors are still pushing for tomorrow by 11 am. But if there is information forthcoming from you that is significant and that we ought to hold for, I can get more time.

Sent from my Verizon Wireless 4G LTE smartphone

-------- Original message --------
From: "Valentine, Julia" <Valentine.Julia@epa.gov>
Date: 10/01/2015 9:09 PM (GMT-05:00)
To: "Whoriskey, Peter" <Peter.Whoriskey@washpost.com>
Cc: "Allen, Laura" <Allen.Laura@epa.gov>
Subject: Re: Follow up

Hi Peter,

Thanks for this follow up. Tell us about your updated deadline.

Thanks!

Sent from USEPA iPhone

On Oct 1, 2015, at 8:48 PM, Whoriskey, Peter <Peter.Whoriskey@washpost.com> wrote:

> Thanks to both of you for setting up the phone call today. I've confirmed those bits about how the infractions in the 95, 97 and 98 consent decrees arose, and what role the ROVER had in their detection. The accounts on both sides are pretty close.
>
> There are just a few outstanding issues arising from the phone call that I would like to remind you of:
>
> - It would be nice to get a better account of why the Virginia Testing Laboratory was closed. Saying only that it was "contracting issues" only leads to more questions.
>
> - Chris Grundler said you all might get me the figures on the NVFEL budget, and how it has been expanded since 2001.

- Finally, I would like to verify that the EPA's regular road testing of cars for emissions compliance did not continue after the closure of the Virginia Testing Laboratory, where Emmet Arndt had been running a pilot program to do so. Chris Grundler indicated that the regular road testing of cars for emissions compliance hadn't continued after the closure, indicating that it wasn't continued because the priorities led them to focus on heavy duty engines, where a larger portion of the pollution comes from. Byron Bunker may have been saying something different, though, so I want to make sure I've understood correctly.

Best,

Peter

To: Valentine, Julia[Valentine.Julia@epa.gov]
Cc: Birgfeld, Erin[Birgfeld.Erin@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Conger, Nick[Conger.Nick@epa.gov]; Harrison, Melissa[Harrison.Melissa@epa.gov]
From: Allen, Laura
Sent: Sat 10/3/2015 12:42:08 AM
Subject: Re: WashPost Request to use Background on the record:

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On Oct 2, 2015, at 7:34 PM, Valentine, Julia <Valentine.Julia@epa.gov> wrote:

Sent from USEPA iPhone

Begin forwarded message:

From: "Whoriskey, Peter" <Peter.Whoriskey@washpost.com>
Date: October 2, 2015 at 6:30:40 PM EDT
To: "Valentine, Julia" <Valentine.Julia@epa.gov>
Subject: RE: Follow up

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Office of Public Affairs

U.S. EPA

202.564.2663 direct

202.740.1336 m/txt

From: Whoriskey, Peter [mailto:Peter.Whoriskey@washpost.com]

Sent: Friday, October 02, 2015 12:59 PM
To: Valentine, Julia
Subject: RE: Follow up

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From: Valentine, Julia
Sent: Sat 10/3/2015 1:02:51 AM
Subject: Re: WashPost Request to use Background on the record:

Great! Thanks

Sent from USEPA iPhone

On Oct 2, 2015, at 8:57 PM, Grundler, Christopher <grundler.christopher@epa.gov> wrote:

> It happens to be true, so yeah
>
> Christopher Grundler, Director
> Office of Transportation and Air Quality
> U.S. EPA
> 202-564-1682 (DC)
> 734-214-4207 (Ann Arbor)
>
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Sent: Sat 10/3/2015 1:08:56 AM
Subject: REUTERS: INTERVIEW -EPA says post-VW emission regime permanent, more change possible

THOMSON REUTERS

INTERVIEW -EPA says post-VW emission regime permanent, more change possible

02-Oct-2015 06:38:18 PM

By David Morgan

WASHINGTON, Oct 2 (Reuters) - The tougher auto emission tests that U.S. regulators adopted in the wake of the Volkswagen cheating scandal are permanent and could lead to more regulations down the road if more problems surface, a senior Environmental Protection Agency official said on Friday.

Christopher Grundler, director of the EPA's Office of Transportation and Air Quality, told Reuters that new emission tests announced on Sept. 25 (Full Story) would continue "indefinitely" as part of the agency's effort to detect so-called defeat devices of the kind Volkswagen AG VOWG_p.DE has admitted using to elude EPA laboratory emission tests for diesel vehicles.

Volkswagen employed a software algorithm that turned the diesel vehicles' emission controls on during lab tests but left them off during normal driving. The new EPA regime includes on-road emission tests, the approach that first raised questions about Volkswagen vehicle emissions in independent tests.

"We are permanently changing the oversight system," Grundler said in an interview. "We are integrating new tests and evaluations that we will be applying to both production vehicles and pre-production vehicles, as well as in-use vehicles."

The tougher EPA emissions test regime could add to auto industry costs.

But the scale of the Volkswagen scandal, combined with reports of potential emission hurdles for other automakers, have also raised speculation within the industry that the EPA could decide not to limit on-road tests to defeat device investigations but instead require automakers to undergo the more stringent tests while certifying new vehicles for sale in the

U.S. market.

The Center for Biological Diversity, a nonprofit environmental group, petitioned EPA this week to require on-road emissions tests for all cars, sport utility vehicles, vans and light trucks.

The prospect of more stringent testing has sent automakers scurrying to shop for on-road test equipment that could be used to ensure compliance. The equipment, known as portable emissions measurement systems, are sold by a number of companies in the United States, including Japanese manufacturer Horiba Ltd 6856.T, U.S.-based Sensors Inc and AVL GmbH of Austria.

"I've seen four or five serious inquiries just in the last two or three days alone," said an executive close to on-road test equipment manufacturers. "It's not just people doing research anymore. It's the manufacturers."

Grundler said the EPA is not considering more fundamental regulatory changes. But that could change if the new test methods uncover more widespread problems in the industry, he said.

"If we find through this new oversight that these problems are not limited to Volkswagen, we'll have to face that question – whether or not we need to make any regulatory changes," he said.

"If we do," Grundler added, "we've got the authority."

The Volkswagen scandal has spawned investigations around the world, including a U.S. congressional probe that is expected to press for details of the German automaker's actions but also examine how the EPA missed the cheating strategy for years, according to aides.

A recent report from the nonprofit International Council on Clean Transportation, which commissioned research that helped uncover the Volkswagen scandal, said vehicles from Volvo AB VOLVb.ST, Renault SA RENA.PA and Hyundai Corp 011760.KS have also shown high emission levels in European tests designed to replicate on-road driving.

The report said the vehicles would have a hard time passing new environmental standards being considered in Europe.

The EPA, which has barred VW from selling new diesel models in the United States until a fix has been approved, has said it could impose penalties on the company of up to $18 billion. But Bernstein Research analyst Max Warburton estimated the agency could impose a fine of no more than $7.4 billion, saying the penalties would apply only to the first 10 cars.

But Grundler disputed that calculation: "It's not the first 10 cars. The law provides $37,500 per violation, and the investigation will determine how many violations."

(Additional reporting by Timothy Gardner; Editing by Jonathan Oatis)
((david.morgan@thomsonreuters.com; +1)(202)(898 8326; twitter.com/dmorganreuters;
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Keywords: VOLKSWAGEN EMISSIONS/TESTING

nL1N1203I8

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http://thomsonreuterseikon.com/ for more information

****

To: Levine, Carolyn[Levine.Carolyn@epa.gov]
Cc: Belser, Evan[Belser.Evan@epa.gov]; Brooks, Phillip[Brooks.Phillip@epa.gov]; Kelley, Rosemarie[Kelley.Rosemarie@epa.gov]; Sutton, Tia[sutton.tia@epa.gov]; Haman, Patricia[Haman.Patricia@epa.gov]; Cohen, Janet[cohen.janet@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Werner, Jacqueline[Werner.Jacqueline@epa.gov]; Shinkman, Susan[Shinkman.Susan@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]; Emmerson, Caroline[Emmerson.Caroline@epa.gov]; Hengst, Benjamin[Hengst.Benjamin@epa.gov]
From: Niebling, William
Sent: Sat 10/3/2015 4:26:27 AM
Subject: Re: Briefing for House Energy and Commerce Committee staff re: VW (includes travel time for DC folks)

I intend to call in, unless someone thinks I should go up in person.

> On Oct 2, 2015, at 5:27 PM, Levine, Carolyn <Levine.Carolyn@epa.gov> wrote:
>
> Hi all,
>
> Please let me know who will be participating in-person from HQ, and I will contact you about travel arrangements. Committee staff specifically requested that we do not bring a big group of folks. We will loop in Ann Arbor via phone for the meeting.
>
>
> Thanks!
> Carolyn
> 202-564-1859
> <meeting.ics>

To: Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Brooks, Phillip[Brooks.Phillip@epa.gov]
Cc: Bunker, Byron[bunker.byron@epa.gov]; Cook, Leila[cook.leila@epa.gov]; Kaul, Meetu[Kaul.Meetu@epa.gov]; Belser, Evan[Belser.Evan@epa.gov]; Sutton, Tia[sutton.tia@epa.gov]
From: Grundler, Christopher
Sent: Sat 10/3/2015 5:11:46 PM
Subject: OAR+OECA VW hearing testimony v1
OAR+OECA VW hearing testimony v1.docx
ATT00001.txt

This is good. Just a few edits and comments

To: Sargeant, Kathryn[sargeant.kathryn@epa.gov]; Charmley, William[charmley.william@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Sutton, Tia[sutton.tia@epa.gov]; Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Brooks, Phillip[Brooks.Phillip@epa.gov]
From: Grundler, Christopher
Sent: Sat 10/3/2015 5:58:35 PM
Subject: AP Analysis: Dozens of Deaths Likely From VW Pollution Dodge - ABC News

Ex. 5

http://abcnews.go.com/Health/wireStory/ap-analysis-dozens-deaths-vw-pollution-dodge-34220164

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

To: Grundler, Christopher[grundler.christopher@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Birgfeld, Erin[Birgfeld.Erin@epa.gov]; Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Purchia, Liz[Purchia.Liz@epa.gov]; Conger, Nick[Conger.Nick@epa.gov]; Allen, Laura[Allen.Laura@epa.gov]; Harrison, Melissa[Harrison.Melissa@epa.gov]
Cc: Hull, George[Hull.George@epa.gov]
From: Valentine, Julia
Sent: Sat 10/3/2015 7:55:13 PM
Subject: AP: The Big Story: US regulator missed its best chance to catch VW cheating

http://bigstory.ap.org/article/da1eaf5bbab34f2c9369414b14168d9d/us-regulator-missed-its-best-chance-catch-vw-cheating

US regulator missed its best chance to catch VW cheating

BY JASON KEYSER
OCT. 2, 2015 8:18 AM EDT

CHICAGO (AP) — More than a decade ago, the U.S. Environmental Protection Agency helped develop a technology that ultimately was used by an independent laboratory to catch Volkswagen's elaborate cheating on car emissions tests. But EPA used the technology primarily to test trucks rather than passenger cars because such heavy equipment was a much bigger polluter.

That decision meant that the U.S. regulator missed its best chance to foil the German carmaker's deception early on. The portable emissions measurement systems that EPA pioneered might have subjected VW diesel cars to on-road tests and discovered they were spewing up to 40 times the allowable levels of key pollutant nitrogen oxide under normal driving conditions.

Without that test, VW was virtually home free and evaded detection for seven years.

"If EPA had used the technology back then (on diesel cars), we could have caught it," said Margo Oge, who was director of the EPA's office of Transportation and Air Quality at the time and headed the office for 18 years until 2012. But she doesn't regret EPA's decision to focus that technology on manufacturers of trucks and heavy equipment, which had a record of cheating on tests and accounted for a much bigger portion of U.S. pollution than the nascent diesel car business.

Interviews with former and current EPA officials and other auto and environmental experts suggest that although the U.S. has the world's toughest auto emissions standards, federal and state regulators don't have the resources to conduct the kind of comprehensive tests that might have nabbed VW, and they rely on automakers to self-report data in a kind of honor system.

"They trust the auto companies to tell the truth. And the auto companies have proven time and again that they don't tell the truth," said Dan Becker, director of the Safe Climate Campaign and a veteran of the fight for tougher car emissions regulation. "We can't allow the students to test

themselves and submit their own grades."

The crucial step in the U.S. testing system is "certification" of each new model or family of models, allowing them to be sold in the U.S. To get that EPA stamp of approval, car manufacturers run their own tests and submit sometimes thousands of data points to the EPA.

The EPA requires carmakers to follow a test script that has not changed in more than a decade. The script must be the same, experts said, in order to compare vehicles or validate data. They put the vehicles on a dynamometer — a treadmill for cars — that accelerates and slows down at a programmed interval known as a "drive cycle." A device measures pollutants from the tailpipe.

Aware of the script, VW installed 2009-2015 diesel models with software that sensed when the vehicles were on the treadmill and switched the emissions system to trap the right amount of nitrogen oxide. That sophisticated software algorithm sensed things such as the position of the steering wheel, speed, the duration of the engine's operation and barometric pressure.

Out on the road, the exhaust system would switch back to allowing more pollutants to pass through the nitrogen oxide trap and spill out of the tail pipe.

Volkswagen's 2009 Jetta and Jetta Sportwagen models passed the dynamometer tests and were certified for sale in the U.S.

In addition to certification, the EPA runs spot checks on cars representing 15-20 percent of models in a year to verify the data from manufacturers.

"We can't do a 100 percent check of every data point for every model," said Byron Bunker, director of the EPA's vehicle compliance program. "We focus on new vehicles, new technologies or those where we have a concern."

EPA's National Fuel and Vehicle Emissions Laboratory in Ann Arbor, Michigan, ran spot checks on VW's 2009 models that validated the company's data by running an identical series of laboratory tests.

After that, emissions tests are not required at U.S. ports of entry for imported cars or at dealerships. And most states do not require owners of diesel cars to submit them to an emissions test to get a car registration renewed.

The 21 states that do test diesel vehicles usually are not equipped to catch cheaters. Most only examine data stored in on-board-diagnostics systems for a record of faults that would indicate a broken component or a maintenance problem. But in the case of the Volkswagens, if the cars were operating as designed, no fault would appear.

It was only when researchers connected with West Virginia University last year used the technology pioneered by EPA, that VW's duplicity was finally exposed by subjecting the cars to actual road tests. Threatened with having its new models banned from the U.S. market, VW admitted the cheating.

In response, EPA last month announced it would toughen testing and is keeping the details secret from carmakers. The new methods could include the use of the portable devices and other tests that replicate real-world driving or just changing the treadmill script. The EPA will have to prioritize its limited money for testing, Christopher Grundler, the agency's current Transportation and Air Quality director, said last week. The regulator's budget has been slashed 21 percent by Congress since fiscal 2010, according to data on its website.

Associated Press writer Justin Pritchard in Orange County, California, contributed to this report.

Sent from USEPA iPhone

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Sutton, Tia
Sent: Sat 10/3/2015 8:41:07 PM
Subject: Re: AP Analysis: Dozens of Deaths Likely From VW Pollution Dodge - ABC News

Will add to the QA. **Non-Responsive**

Sent from my iPhone

> On Oct 3, 2015, at 1:58 PM, Grundler, Christopher <grundler.christopher@epa.gov> wrote:
>
> We will get this question
>
> http://abcnews.go.com/Health/wireStory/ap-analysis-dozens-deaths-vw-pollution-dodge-34220164
>
>
> Christopher Grundler, Director
> Office of Transportation and Air Quality
> U.S. EPA
> 202-564-1682 (DC)
> 734-214-4207 (Ann Arbor)

To: Giles-AA, Cynthia[Giles-AA.Cynthia@epa.gov]; Starfield, Lawrence[Starfield.Lawrence@epa.gov]; Senn, John[Senn.John@epa.gov]; Shinkman, Susan[Shinkman.Susan@epa.gov]; Belser, Evan[Belser.Evan@epa.gov]; Kaul, Meetu[Kaul.Meetu@epa.gov]; Werner, Jacqueline[Werner.Jacqueline@epa.gov]; Brooks, Phillip[Brooks.Phillip@epa.gov]; Kelley, Rosemarie[Kelley.Rosemarie@epa.gov]; Fisher, Mike[Fisher.Mike@epa.gov]
From: Conger, Nick
Sent: Sat 10/3/2015 11:31:10 PM
Subject: FW: The Big Story: US regulator missed its best chance to catch VW cheating

Ex. 5

Sent from my Windows Phone

From: Valentine, Julia
Sent: 10/3/2015 3:55 PM
To: Grundler, Christopher; Bunker, Byron; Birgfeld, Erin; Hengst, Benjamin; Purchia, Liz; Conger, Nick; Allen, Laura; Harrison, Melissa
Cc: Hull, George
Subject: AP: The Big Story: US regulator missed its best chance to catch VW cheating

http://bigstory.ap.org/article/da1eaf5bbab34f2c9369414b14168d9d/us-regulator-missed-its-best-chance-catch-vw-cheating

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Associated Press writer Justin Pritchard in Orange County, California, contributed to this report.

Sent from USEPA iPhone

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Maureen Delaney
Sent: Sun 10/4/2015 11:10:39 AM
Subject: This is my favorite article so far: EPA: Post-VW emissions scrutiny tthe new normal

http://www.autonews.com/article/20151002/OEM11/151009935?template=mobile

European Commission - Fact Sheet

FAQ - Air pollutant emissions standards

Brussels, 25 September 2015

How are pollutant emissions regulated at EU level?

Directive 2007/46/EC provides a common legal framework for the type approval of cars, vans trucks, buses and coaches. Type approvals are subject to fully harmonised EU requirements under:

- legislation defining the emission limits, such as Regulation 715/2007/EC - approved by the European Parliament and the Council;

- implementing legislation defining the test procedures - reviewed according to comitology procedure by the technical Committee for Motor Vehicles (TCMV) where all Members states are represented.

The Euro 5 and 6 Regulation 715/2007/EC, agreed by the European Parliament and Council, specifies emission limits for all important toxic pollutants. These include nitrogen oxides (NOx, i.e. the combined emissions of NO and NO2). The currently applicable NOx emission limit for new diesel passenger cars and light vans sold in the EU is 80 mg/km.

What is the Commission doing to address shortcomings of emissions testing of diesel vehicles?

Currently emissions are measured on a laboratory test cycle (NEDC) which does not reflect the emissions of vehicles in normal driving conditions. The Commission has therefore been working intensely to develop robust procedures for the emission testing of vehicles in real driving. Currently nitrogen oxides (NOx) emissions of diesel vehicles measured on the road may in reality exceed substantially the emissions measured on the regulatory test cycle (NEDC), though in most cases probably in line with the applicable legislation. To address this shortcoming, the Commission has been working to develop Real Driving Emission (RDE) test procedures. They replace the current laboratory based testing and will assess the emission performance of vehicles on roads. The new procedure was voted in May 2015 by the respective regulatory committee (Technical Committee for Motor Vehicles, TCMV) where all Members states are represented, and it will come into force in January 2016.

How will the RDE test procedure work? Will it eliminate the risk of cheating with a defect devices?

The RDE procedure will complement the laboratory based procedure to check that the emission levels of nitrogen oxides (NOx), and at a later stage also particle numbers (PN), measured during the laboratory test are confirmed in real driving conditions. This means that the car will be driven outside and on a real road according to random acceleration and deceleration patterns. The pollutant emissions will be measured by portable emission measuring systems (PEMS) that will be attached to the car. RDE testing will reduce the currently observed differences between emissions measured in the laboratory, and those measured on road under real-world conditions, and to a great extent limit the risk of cheating with a defeat device.

When will the RDE test procedure be in force?

In May 2015 the new procedure received a positive vote from the Technical Committee for Motor Vehicles, where all Members states are represented, and it will come into effect in January 2016. In this initial stage the portable emissions system will be used for monitoring purposes and it will have no implications on the conformity certificate issued by the national type-approval authority (TAA). Work is now underway to establish the regulatory not-to-exceed (NTE) emission limits applicable in RDE testing. These limits define the acceptable small degree of deviation from the emission limit set in Regulation 715/2007/ECto take into account measurement uncertainties present in the on-road testing. The NTE approach has proven its robustness in the assessment of, for example, emissions form heavy-duty vehicles. Other elements that are being discussed are test boundary conditions, such as temperature, altitude or velocity. All the details related to the RDE procedure for passenger cars and vans are currently being discussed with stakeholders and Member States. The Commission services aim to have the not-to-exceed emission limits applicable for all type approvals in the autumn 2017 and for new vehicles in the autumn 2018. The not-to-exceed limits should reflect environmental objectives

as well as economic and technical feasibility.

What does WLTP stand for?

A new test procedure, the Worldwide harmonized Light vehicles Test Procedures (WLTP), has been adopted in the United Nations system (UNECE) for measuring pollutant emissions and CO2 emissions from passenger cars and light commercial vans in the laboratory. The implementation process in the EU has started in parallel. The focus of the improvements is CO2 emissions testing. For NOx, RDE testing will complement laboratory test procedures.

Who is responsible for the emission testing?

Before vehicles can be put on the market, they are tested by a national technical service in accordance with the EU legislation. The national type-approval authority (TAA) grants the approval on the basis of these tests. The manufacturer may make an application for approval in any EU country. Once approved in one Member State, all vehicles of its type may be registered throughout the EU. The type approval legislation requires that cars meet the limit values 'under normal conditions of use'. In practice this requirement is implemented by establishing a test cycle to put the car through its paces, and checking whether the cycle emissions are below the limit value. Any car whose emissions are below the limit value is fit for type approval. The detailed description and rules for these test are laid down in the implementing legislation pursuant to the Euro 5/6 Regulation 715/2007/EC. The same monitoring system will continue to apply for the RDE testing and the portable emission measurement system.

Who checks that national authorities actually carry out the tests correctly?

Market surveillance and control of compliance with the type-approval legislation is a competence of the Member States. Article 30 of the Framework Directive requires Member States to take all the necessary measures to ensure that vehicles conform to their type-approval and Member States other than the Member State which granted the type-approval can do their own tests if they feel that here is a breach of the legislation. If a Member State demonstrates that there is a problem, it may ask the Member State which granted the type-approval to take corrective measures.

Are there any emissions tests after the vehicle has been type approved?

In accordance with type-approval legislation, vehicles are subject to checks on conformity of production and also to measures to ensure in-service conformity. Conformity of production tests are carried out on samples of freshly produced vehicles and ensure that their emissions values are in-line with the ones measured at type-approval. In-service conformity tests are carried out on vehicles that have been in use for a certain number of kilometres or years to ensure that they still have a pollution performance that is within a certain margin of the type-approval values. The procedure used for both tests is the same laboratory test that was done for type-approval.

Can the EU impose penalties if the rules regarding type approval are violated?

Under the Euro 5/6 legislation, it is for the Member State which has type-approved a vehicle to impose penalties for breach of the type-approval procedure. In particular, if it were determined that a car type-approved in a Member State had been modified to beat the cycle, the Member State which type-approved the car would be responsible for imposing penalties. More specifically, article 30(1) of Directive 2007/46/EC states that if a Member State which has granted an EC type-approval finds that new vehicles do not conform to the type it has approved, it shall take the necessary measures, including, where necessary, the withdrawal of type-approval, to ensure that production vehicles are brought into conformity with the approved type. In addition, Article 46 of the same Directive requires Member States to determine the penalties and to take all necessary measures for their implementation.

Are defeat devices illegal in the EU?

Yes. Defeat devices are forbidden in the EU. Article 5 (2) of Euro 6 Regulation 715/2007/EC prohibits the use of defeat devices. Article 3(10) defines defeat device as any element of design which senses temperature, vehicle speed, engine speed (RPM), transmission gear, manifold vacuum or any other parameter for the purpose of activating, modulating, delaying or deactivating the operation of any part of the emission control system, that reduces the effectiveness of the emission control system under conditions which may reasonably be expected to be encountered in normal vehicle operation and use.

Why did the Commission decide to introduce RDE testing?

Once it became clear that the test procedure set out in Regulation 715/2007/ECand its implementing legislation was not reflecting real driving emissions of vehicles, the European Commission decided in 2010 to address this situation by complementing the current laboratory test with a real-driving test procedure, which should be able to capture the wide range of driving conditions encountered on the road. A "real-driving emissions of light duty vehicles" working group composed by industry stakeholders and Member States representatives was set up to develop a test procedure to directly

assess the regulated emissions of light duty vehicles under real driving conditions. In the course of the work of the working group, two candidate procedures were investigated: a randomised test cycle and the use of portable emission measurements systems (PEMS). Following an in-depth analysis of both approaches, on-road testing with a portable device was judged to better cover the wide range of driving and ambient conditions than laboratory test cycles. As soon as the new procedure was ready from the technical point of view, the Commission proposed draft legislation which was voted in May 2015 by the respective regulatory committee (TCMV).

How does regulation differ in the EU and US both on emission limits and on testing procedures?

In the US, the Clean Air Act (CAA) requires every engine and motor vehicle to meet a set of emission standards and conformity requirements. Anyone wishing to sell an engine or vehicle within the United States must demonstrate compliance with the CAA and all applicable EPA regulations. Today, in the EU as well as in the US, vehicles are being tested on a chassis dynamometer in the lab according to well-described driving patterns (= regulatory test cycles) for compliance with regulatory emission limits. Test cycles are different in the EU and US. In the US there are several test cycles while in the EU there is only one. However, the differences in the test cycles are not relevant, since any laboratory test cycle can be defeated. As for the emission limits for NOx, in the US it is 50mg per mile, while in the EU it is of 80mg per km but also this difference is not relevant for the existing case. This is why the introduction of the RDE procedure is so important, as it would allow authorities to detect the use of defeat devices.

What are the applicable limits for CO2 emissions?

Unlike pollutants, at low concentrations CO2 emissions are not directly harmful to our health, but cause climate change. That is why the EU is reducing its CO2 emissions, including from transport. In contrast to pollutant emissions, for CO2 emissions there are no maximum limits per vehicle. But CO2 emissions are monitored and EU Regulations 443/2009 and 510/2011 establish CO2 performance standards for cars and vans and emission reduction targets. By 2021, the fleet average to be achieved by all new cars is 95 grams of CO2 per kilometre. This means a fuel consumption of around 4.1 l/100 km of petrol or 3.6 l/100 km of diesel. For vans, the target is 147 grams of CO2 per kilometre, corresponding to around 5.5 l/100 km of diesel. To help drivers choose new cars with low fuel consumption, cars have a label showing their test cycle fuel efficiency and CO2 emissions. If defeat devices were used to influence test CO2 emissions, it is likely the relative size of their impact would be lower than for pollutant emissions. For CO2 emissions the laboratory test procedure should improve with the introduction of the "Worldwide harmonized Light vehicles Test Procedure".

What is the Commission doing to tackle air pollution?

The Commission adopted a Clean Air Policy Package in December 2013, consisting of new air quality objectives for the period up to 2030, a revised National Emission Ceilings Directive with stricter national emission ceilings for the six main pollutants (SO2, NOx, non-methane VOCs, NH3, PM2.5 and CH4), and a proposal for a new Directive to reduce pollution from medium-sized combustion installations. The local air quality limits which may not be exceeded are set under the Ambient Air Quality Directives. The Directives address three main pollutants, particulate matter (PM10) originating from emissions from industry, traffic and domestic heating, sulphur dioxide (SO2) and nitrogen dioxide (NO2). Infringement procedures in this area are about the exceedances of the limit values which are measured at the monitoring stations in each Member State and appropriate measures to comply with these limit values.

How does the EU inform citizens about the consequences of air pollution and car emissions?

EU legislation foresees that Member States must ensure that up-to-date information on ambient concentrations of the different pollutants is routinely made available to the public. When information or alert thresholds are exceeded, Member States need to inform the public about the exceedance and the actions that are eventually taken. To facilitate consumer choice, citizens will also be informed of the real-world vehicle emissions measured according to the new test cycle (from the Euro 6 deadlines onwards). At EU level a number of sources exist that provide information to the public. Several important databases concerning air quality are managed by the European Environment Agency (EEA), including the AirBase database, the database on ozone. The Ambient Air Quality Portal contains a collection of documents delivered by each country, concerning various topics, including air quality.

MEMO/15/5705

Press contacts:

Lucia CAUDET (+32 2 295 61 82)
Heli PIETILA (+32 2 2964950)

General public inquiries: Europe Direct by phone 00 800 67 89 10 11 or by email

To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: energy@morningconsult.com
Sent: Sun 10/4/2015 6:05:39 PM
Subject: Morning Consult Energy: Week in Review & What's Ahead

By Colleen Leahy

Week in Review

EPA action

The Environmental Protection Agency came out with a new regulation and a controversial update to an old standard. The new regulation will tighten emissions standards for oil refineries, placing stricter limits on carcinogenic chemicals such as benzene, with implementation in 2018. The controversial update dealt with standards for the amount of ground-level ozone that's allowed in the atmosphere. EPA changed the threshold from 75 parts per billion to 70 ppb, a figure environmentalists warned is still high enough to warrant litigation over a possible violation of the Clean Air Act.

Oil export bill passes Senate committee, but there's a catch

The Senate Banking Committee approved a bill that would lift the crude oil export ban. Sen. Pat Toomey (R-Pa.) was hoping for an amendment to abolish the federal mandate to blend renewable ethanol-based fuels with gasoline. That didn't fly, but another amendment, one that may be a poison pill for the legislation, did. That amendment would change the terms of the Iran deal by requiring Iran to pay outstanding court judgments to U.S. victims of terrorism before sanctions are lifted.

The VW saga continues

Regulators in Europe and Brazil said they plan to step up their emissions-testing protocols as a result of the Volkswagen scandal, and EPA followed suit. EPA said it would start including real-world road tests and check for emissions-falsification software, a big change from its previous practice of relying mostly on compliance statements from auto manufacturers and some lab testing. In Congress, House Energy and Commerce Committee members requested documents from EPA and Volkswagen in anticipation of a hearing on the issue. In spite of all that, though, VW may actually not face criminal charges due to a loophole for automobiles in the 1970 Clean Air Act.

What's Ahead

Both the House and Senate are in session this week. The House will hold leadership

elections on Oct. 8.

Volkswagen Group of America President and Chief Executive Officer Michael Horn, as well as EPA representatives, will testify before the House Energy and Commerce Oversight and Investigations Subcommittee on Thursday.

Although Congress allowed the half-century-old Land and Water Conservation Fund to expire last week, don't expect it the issue to go away as fund supporters are considering plans to revive it. Reauthorization may come up as a rider to a long-term surface transportation bill or as part of an omnibus spending bill in December.

Mark Your Calendars (All Times Eastern)

Monday
AFPM Q&A technology forum @ 8 a.m.
Environmental Law Institute Supreme Court review & preview @ 12 p.m.
NRC pre-submittal meeting with Duke Energy Progress Inc. @ 1 p.m.
SXSW Eco discussion of tech and sustainable palm oil @ 3:15 p.m.
FERC scoping meeting for Southeast Market Pipeline Project in Alexander City, Ala. @ 7 p.m.

Tuesday
AFPM Q&A technology forum @ 8 a.m.
FERC environmental review & compliance for natural gas facilities seminar @ 8 a.m.
NRC ACRS Fukushima Subcommittee meeting @ 8:30 a.m.
USEA talk on C02 recycling @ 10 a.m.
Sen. Energy & Nat. Resources hearing on the SPR @ 10:30 a.m.
SXSW Eco discussion of sustainable supply chains @ 10:30 a.m.
EPA seminar on nutrient trading in the Shenandoah Valley Soil and Water Conservation District @ 11 a.m.
Heritage Foundation discussion on the Iran deal and U.S. foreign policy @ 12 p.m.
Environmental Law Institute lecture on environmental peace building @ 3 p.m.
Columbia Center on Global Energy Policy discussion of the future of Arctic energy @ 3 p.m.
Wilson Center discussion of the role of technology in marine biodiversity and sustainable fisheries @ 3 p.m.

Wednesday
AFPM Q&A technology forum @ 7:30 a.m.
FERC environmental review & compliance for natural gas facilities seminar @ 8 a.m.
Society of Environmental Journalists annual conference @ 9 a.m. in Okla.
USEA annual energy supply forum @ 9:30 a.m.
Senate EPW oversight of the NRC @ 10 a.m.
House E&C hearing on the Clean Power Plan @ 10 a.m.
House Science, Space, & Technology Environment Subcommittee and Oversight Hearing Subcommittee hearing on EPA's new ozone standard @ 10 a.m.

Resources for the Future seminar on shipping in the Arctic @ 12:45 p.m.
NRC Advisory Committee on Reactor Safeguards meeting @ 2 p.m.
House Foreign Affairs Asia and the Pacific Subcommittee hearing on Xi Jinping's state visit @ 2 p.m.
House Oversight Interior Subcommittee hearing on invasive species policy @ 2 p.m.

Thursday
Society of Environmental Journalists annual conference @ 5:30 a.m.
FERC environmental review & compliance for natural gas facilities seminar @ 8 a.m.
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Sen. Energy & Nat. Resources hearing on six bills @ 9:30 a.m.
House E&C Oversight and Investigations Subcommittee hearing on Volkswagen emissions scandal @ 10 a.m.
House Small Business Investigations, Oversight and Regulations Subcommittee hearing on DOL's overtime rule @ 10 a.m.
Clean Energy States Alliance webinar on fuel cells for educational facilities @ 1 p.m.
Sen. Energy & Nat. Resources Public Lands, Forests and Mining Subcommittee hearing @ 2:30 p.m.
EESI webinar on energy efficiency in Iowa @ 2:30 p.m.

Friday
NRC Advisory Committee on Reactor Safeguards meeting @ 8:30 a.m.
Society of Environmental Journalists annual conference @ 9 a.m.
CATO talk on Regressive Regulation and U.S. economic growth @ 12 p.m.

Morning Consult Energy Top Reads

1) Volkswagen May Not Face Environmental Criminal Charges
Amy Harder and Aruna Viswanatha, The Wall Street Journal

2) 'Clean coal' group downsizing amid industry struggles
Darren Samuelsohn, Politico

3) The Cost of Carbon: Putting a Price on Pollution
Alessandro Vitelli and Matthew Carr, Bloomberg View

4) Stop Propping Up Fossil Fuels
Editorial Board, Bloomberg View

5) Scoreboard Science and Data
Climate Interactive

6) Why America's Oil Output Refuses to Collapse
Dan Murtaugh David Wethe, Bloomberg News

7) Big Solar's Dark Side
David Williams, Morning Consult

8) Why the Pope is wrong about climate
Michael Grunwald, Politico

9) What Germany learned from its war on coal
Annett Meiritz, Vox

10) House Panel OKs Sweeping Energy Bill, But Cracks Are Showing
Deirdra O'Regan, Morning Consult

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To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Shepardson, David
Sent: Sun 10/4/2015 7:21:48 PM
Subject: Re: ld-na-25572-en-n_online

Thanks

U see that ap story on deaths attributed to VW emissions?

How's your testimony going ?

Sent from my iPhone

> On Oct 4, 2015, at 3:20 PM, Grundler, Christopher <grundler.christopher@epa.gov> wrote:
>
> Emailed you a report u might be interested in. Shows the "real world" vs "lab" debate is a diesel issue, not gasoline. Published by the EU joint research center. Not sure if it's gotten any ink.
>
> <ld-na-25572-en-n_online.pdf>
>
>
>
> Christopher Grundler, Director
> Office of Transportation and Air Quality
> U.S. EPA
> 202-564-1682 (DC)
> 734-214-4207 (Ann Arbor)

To: Simon, Karl[Simon.Karl@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Charmley, William[charmley.william@epa.gov]; Cook, Leila[cook.leila@epa.gov]
From: Grundler, Christopher
Sent: Sun 10/4/2015 8:39:10 PM
Subject: Portland flyer tries to get Volkswagen owners to sell cars | Fusion

Ex. 6

Portland flyer tries to get Volkswagen owners to sell cars | Fusion from Fusion's Tweet

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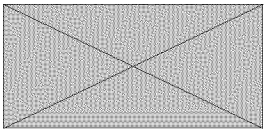
Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: Environmental Law360
Sent: Mon 10/5/2015 7:31:30 AM
Subject: Exxon Mobil Loses $236M MTBE Cleanup Appeal In NH



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In Case You Missed It: Hottest Firms And Stories On Law360

For those who missed out, here's a look back at the law firms, stories and expert analyses that generated the most buzz on Law360 last week.

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Mintz Levin

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Morvillo Abramo

Nixon Peabody

Pierce Atwood

Reed Smith

Rusty Hardin

Spilman Thomas

Susman Godfrey

Thomps & Knight

Thomps Coe

Vinson & Elkins

Weil Gotshal

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Wiley Rein

WilmerH

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Spaede

COMPA

Alpha
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Resourc
Inc.

America
Arbitrati
Associa

Amgen
Inc.

Anheuse
Busch
Inbev
SA/NV

Apple
Inc.

BP
p.l.c.

Broadcc
Corpora

Canadia
Pacific
Railway
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College
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Players
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Kellogg Compar

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Bureau of Reclama

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Departm of Labor

Departm of the Interior

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Europea Commis

Internal Revenu Service

Internati Monetar Fund

Mine Safety and Health Adminis

National Aeronau and Space Adminis

National Labor Relation Board

National Transpo Safety Board

Pipeline and Hazardc Material Safety Adminis

Port Authorit of New York & New Jersey

U.S. Departm of Justice

U.S. Departm of Transpo

U.S. Suprem Court

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Kaye Scholer

Kellogg Huber

Kluger Kaplan

Latham & Watkins

Liskow & Lewis

Locke Lord

McDermott Will

McGuireWoods

McLane Graf

Mercer Thompson

Mintz Levin

Morrison & Foerster

Morvillo Abramowitz

Nixon Peabody

Pierce Atwood

Reed Smith

Rusty Hardin

Spilman Thomas

Susman Godfrey

Thompson & Knight

Thompson Coe

Vinson & Elkins

Weil Gotshal

Westerman Ball

Wiley Rein

WilmerHale

Wilson Sonsini

Winston & Strawn

Zuckerman Spaeder

COMPANIES
Volkswagen

Apple Inc.

General Motors

National Collegiate Athletic Association

Royal Dutch Shell PLC

Alpha Natural Resources, Inc.

American Arbitration Association

Amgen Inc.

Anheuser-Busch Inbev SA/NV

BP p.l.c.

Broadcom Corporation

Canadian Pacific Railway Limited

College Athletes Players Association

Credit Agricole SA

Dominion Resources, Inc.

Electronic Arts Inc.

Energy Future Holdings

Exxon Mobil Corporation

Ford Motor Company

HSBC Holdings PLC

Halliburton Company

Kellogg Company

Luminant Generation Co. LLC

Lupin Ltd.

Mars Inc.

NJ Transit Corp.

National Railroad Passenger Corporation

Nestle

New York Times Co.

Occidental Petroleum Corporation

Pfizer Inc.

QUALCOMM Incorporated

R.J. Reynolds Tobacco Co.

SunEdison LLC

The Hershey Company

Transocean Ltd.

Waste Management, Inc.

Wells Fargo & Co.

GOVERNMENT AGENCIES
U.S. Department of Justice

Environmental Protection Agency

Bureau of Labor Statistics

Bureau of Reclamation

Department of Agriculture

Department of Labor

Department of the Interior

European Commission

Internal Revenue Service

International Monetary Fund

Mine Safety and Health Administration

National Aeronautics and Space Administration

National Labor Relations Board

National Transportation Safety Board

Pipeline and Hazardous Materials Safety Administration

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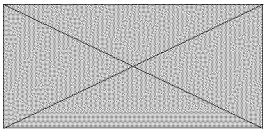
VW FOIA, EPA 06/20/2017 2017-FFP_028716

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Environmental Law360
Sent: Mon 10/5/2015 7:33:46 AM
Subject: Exxon Mobil Loses $236M MTBE Cleanup Appeal In NH



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In Case You Missed It: Hottest Firms And Stories On Law360

For those who missed out, here's a look back at the law firms, stories and expert analyses that generated the most buzz on Law360 last week.

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Liskow & Lewis

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VW FOIA, EPA 06/20/2017 2017-FFP_028732

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: emailthis@ms3.lga2.nytimes.com
Sent: Mon 10/5/2015 10:22:52 AM
Subject: NYTimes.com: Engine Shortfall Pushed Volkswagen to Evade Emissions Testing

Sent by: Ex. 6 :

Engine Shortfall Pushed Volkswagen to Evade Emissions Testing

By JACK EWING

The carmaker installed emissions-cheating software in 2008 after realizing that a new diesel motor could not meet pollution standards, people familiar with an internal inquiry said.

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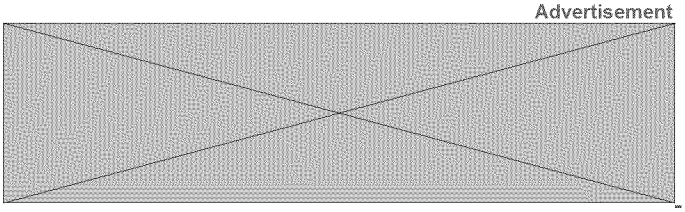

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To: McCabe, Janet[McCabe.Janet@epa.gov]
From: Grundler, Christopher
Sent: Mon 10/5/2015 10:56:23 AM
Subject: Fwd: NYTimes.com: Engine Shortfall Pushed Volkswagen to Evade Emissions Testing

What Gina saw?

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

Begin forwarded message:

From: bunker.byron <emailthis@ms3.lga2.nytimes.com>
Date: October 5, 2015 at 5:22:52 AM CDT
To: grundler.christopher@epa.gov
Subject: **NYTimes.com: Engine Shortfall Pushed Volkswagen to Evade Emissions Testing**
Reply-To: bunker.byron@gmail.com

Sent by bunker.byron@gmail.com:

Engine Shortfall Pushed Volkswagen to Evade Emissions Testing

By JACK EWING

The carmaker installed emissions-cheating software in 2008 after realizing that a new diesel motor could not meet pollution standards, people familiar with an internal inquiry said.

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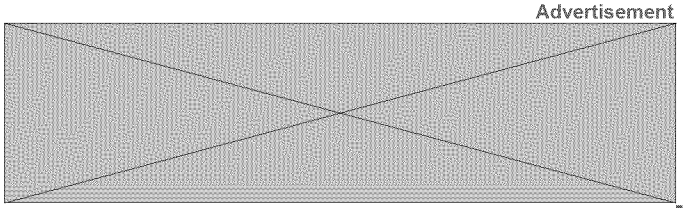

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To: McCabe, Janet[McCabe.Janet@epa.gov]
From: Grundler, Christopher
Sent: Mon 10/5/2015 10:58:35 AM
Subject: VW's new chief could visit US this week | Business | The Guardian

Better let folks know about this "apology" trip

http://www.theguardian.com/business/2015/oct/04/volkswagen-emissions-scandal-ceo-matthias-muller?CMP=twt_gu

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: E&E Publishing
Sent: Mon 10/5/2015 11:25:55 AM
Subject: October 5 -- E&E Daily is ready

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E&E DAILY — Mon., October 5, 2015

READ FULL EDITION

1.WESTERN WATER:

Panel to debate long-awaited drought measures

After months of quiet backroom discussions, efforts to pass Western drought legislation are getting ready for prime time. Sen. Lisa Murkowski's (R-Alaska) Energy and Natural Resources Committee this week will hold a long-awaited legislative hearing on the two lead California-specific relief measures, as well as several other bills dealing with Western water issues. For lawmakers eager to put legislative fixes in place before the winter rainy season begins, the clock is ticking.

TOP STORIES

2.OCEANS:
Obama to announce 2 marine sanctuaries

3.OIL:
House expected to lift export ban despite Obama's opposition

4.LEADERSHIP:
Rep. Chaffetz enters speaker's race

IN THE SENATE

5.NRC:
GOP senators to grill commissioners over safety rules, costs

6.OIL:
Moniz to talk petroleum reserve with Senate panel

7.PUBLIC LANDS:
Panel to review bill protecting 1.4M acres of Calif. desert

8.REGULATIONS:
Sen. Cruz hearing eyes regulatory burden for minorities

9.REGULATIONS:
Committee set to approve reform measures

10.CHEMICALS:
Burr calls for LWCF amendment to toxics reform bill

IN THE HOUSE

11.AIR POLLUTION:
New ozone standard to come under fire at hearing

12.CLIMATE:
McCabe to defend Clean Power Plan at House hearing

13.PUBLIC LANDS:
Panel to mark up numerous bills, but Dems want LWCF added

14.WILDFIRE:
House Ag panel to review 2015 season

15.VEHICLES:
VW exec to face grilling at emissions scandal hearing

16.INVASIVE SPECIES:
Panel to delve into federal policies

17.ENERGY POLICY:

Party battle brews with floor vote scheduled for tribal bill

18.AGRICULTURE:

Dietary guidelines fight comes to committee

19.HAZARDOUS WASTE:

Lawmakers to examine EPA progress on tracking shipments

ON THE HOUSE FLOOR

20.FISHERIES:

House likely to pass bill giving crab management to states

WHITE HOUSE

21.DOE:

Obama taps agency official to lead nuclear office

E&E INTERACTIVE

22.POWER PLAN HUB:

3 states kick off stakeholder planning meetings

E&ETV'S ONPOINT

23.CLIMATE:

C2ES report examines business resilience to impacts of climate change

UPCOMING HEARINGS AND MARKUPS

24.CALENDAR:

Activity for October 5 - October 11, 2015

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To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: EnergyGuardian
Sent: Mon 10/5/2015 11:30:47 AM
Subject: House set for crude export vote, collision with White House

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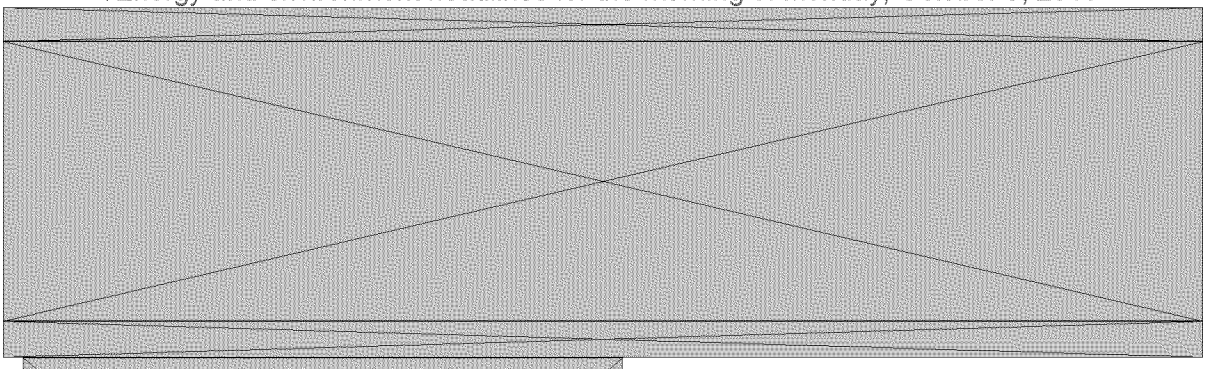
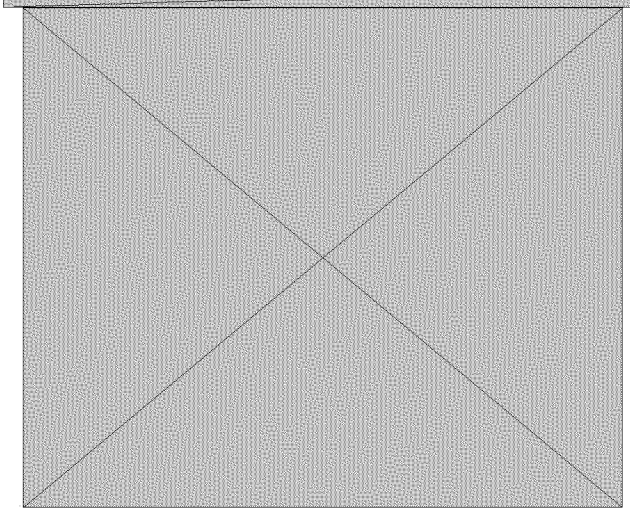
Energy and environment headlines for the morning of Monday, October 5, 2015





House set for crude export vote, collision with White House

By Kevin Rogers

The House plans to vote Friday on a bill that would end the 40-year-old ban on crude oil exports, setting the stage for a showdown with the White House.

The legislation, authored by Rep. Joe Barton, R-Texas, would end the Commerce Department policy, while retaining existing authority for the president to restrict exports during national emergencies. It would, however, prevent any new executive policies to limit

crude exports.

The House Rules Committee is set to meet on Wednesday to set floor procedure and amendment protocol for the bill ahead of Friday's vote. Any release of an official Statement of Administration Policy voicing opposition to the measure, and a potential veto threat, would coincide with that meeting.

The White House argues the Commerce Department has existing authority to allow crude exports, and the bill is "not needed."

House Republicans also are set to assail the Environmental Protection Agency's air quality rules, with separate hearings scheduled to examine both its Clean Power Plan to cut power-plant carbon and the agency's newly-finalized ozone standard.

The House Energy and Commerce Subcommittee on Energy and Power on Wednesday will feature testimony from Janet McCabe, EPA acting assistant administrator for the Office of Air and Radiation. The rules for new and existing plants, finalized in August, seek to slash power sector carbon emissions by 32 percent from 2005 levels.

In the run up to the hearing, Energy and Commerce Chairman Rep. Fred Upton, R-Mich., and Energy and Power Chairman Rep. Ed Whitfield, R-Ky., have billed the rules as the second coming of cap and trade and an effort to work around Congress, which failed to pass legislation from former Rep. Henry Waxman, D-Calif., and then-Rep. Ed Markey, D-Mass. to limit power plant carbon.

"Taken together these rules exceed 3,000 pages and effectively impose cap and trade requirements for the power sector," the lawmakers said. "Essentially, what we've got is the same scheme for power plants required under the Waxman-Markey cap and trade legislation that the administration failed to pass in Congress in 2010."

The Clean Power Plan, which would require states to develop compliance plans to reach specific targets, does not require the use of cap-and-trade systems. It does, however, give states the option to establish regional carbon exchanges as a compliance strategy.

Also on Wednesday, the House Science Subcommittees on Environment and Oversight will hold a hearing into EPA's move to lower the ground-level ozone standard to 70 parts per billion from the current 75 ppb. Announced Thursday, the rule drew ire from industry groups and environmentalists, who sparred over whether the agency went too far or didn't go far enough with its final rule.

House Science Chairman Rep. Lamar Smith, R-Texas, said the agency "did not base its new ozone standard on sound science and has failed to provide this committee with the data it uses to justify this rule."

As of Sunday, no EPA officials were scheduled to speak the hearing. Jeffrey Holmstead, former EPA assistant administrator for the Office of Air and Radiation during the Bush

administration, Michael Honeycutt of the Texas Commission on Environmental Quality, and Mark Mitchell of the National Medical Association, are set to testify.

On Thursday, the Energy and Commerce Subcommittee on Oversight and Investigations will probe allegations that Volkswagen installed technology in its diesel-powered cars to evade Clean Air Act emissions testing. The company's U.S. President and CEO Michael Horn, as well as unannounced EPA officials, are set to testify.

In the Senate, Energy Secretary Ernest Moniz is scheduled to testify Tuesday before the Energy and Natural Resources Committee on efforts to update the Strategic Petroleum Reserve, one of several department priorities outlined in its Quadrennial Energy Review. The committee included provisions to update the reserve's infrastructure in an energy reform package advanced in July.

On Wednesday, the Senate Environment and Public Works Committee will hear from the full sitting Nuclear Regulatory Commission for an oversight meeting. Chairman Steven Burns and commissioners William Ostendorff, Kristine Svinicki and Jeffrey Baran are scheduled to testify.

Quick Links

US, Chile to announce new marine sanctuaries at conference

GOP battle for House speaker intensifies

Analysis: VW evasion likely led to dozens of deaths

VW pollution test site under scrutiny amid cheating scandal

Oil following on Friday rally

Federal court: Intent matters in migratory-bird deaths

Climate an issue at busy, history-making UN summit

California governor signs bill closing ivory sales loophole

New York City explosion kills 1, hurts 3; gas leak suspected

Venezuela, Guyana restore ambassadors amid border dispute

SEC pledges dates for foreign payments rule

Saudi Arabia cuts oil prices to retain market share

Shell had pressed Arctic drilling after big lease payments

South Carolina gets slammed by historic floods

FERC approves backstop auctions for California grid operator

Details of BP settlement to be made available

Utility efficiency data with state regulators in Connecticut

Alaska hopes to move village with federal resilience funds

Film spotlights Michigan billionaire's water, energy quest

Authorities to tackle lead problem in Flint water

Upcoming Events

US, Chile to announce new marine sanctuaries at conference

By Bradley Klapper

VALPARAISO, Chile (AP) — President Barack Obama will declare new marine sanctuaries in the tidal waters of Maryland and Wisconsin's Lake Michigan Monday, while Chile is expected to block off a more than 200,000 square miles of sea from commercial fishing and oil and gas exploration in an area of the Pacific Ocean near the world-famous Easter Island.

The announcements were to be made when top officials, including U.S. Secretary of State John Kerry, attend an international conference on marine protection in the Chilean port city of Valparaiso on Monday. There, several nations also will outline plans for tracing seafood imports to combat overfishing and stem increased pollution in the ocean.

The new protected waters in the United States are the first to be designated as such in 15 years, the White House said in a statement.

The 875-square mile area of Lake Michigan extends from Port Washington to Two Rivers, containing a collection of 39 known shipwrecks. Fifteen are listed on the National Register of Historic Places.

The Mallows Bay-Potomac River in Maryland encompasses a 14-square mile area of the tidal Potomac River next to Charles County. Nearly 200 vessels, some dating back to the

Revolutionary War, are found in the largely undeveloped area that provides habitat for endangered species of wildlife and fish.

More

GOP battle for House speaker intensifies

By Erica Werner

WASHINGTON (AP) — House Republicans are in upheaval as their front-runner for speaker faces fresh opposition and conservatives push to postpone leadership elections.

With daunting challenges ahead, it's increasingly clear that Speaker John Boehner's resignation only deepened divisions in the fractious caucus.

GOP Rep. Jason Chaffetz of Utah announced his candidacy for speaker on Sunday, presenting himself as a new face who can unite the House in the wake of Boehner's sudden resignation last month. Boehner's deputy, Majority Leader Kevin McCarthy of California, remains the favorite, but Chaffetz's candidacy ensures there will be no coronation.

The House GOP is supposed to vote by secret ballot on Thursday, following by a floor vote in the full House later in the month.

"I can bridge that divide between our more centrist members and some of the more far-right-wing members. That's why I've entered this race," Chaffetz told "Fox News Sunday."

"The American public wants to see a change. They want a fresh start," Chaffetz said. "You don't just give an automatic promotion to the existing leadership team. That doesn't signal change."

Chaffetz, the 48-year-old chairman of the House Oversight and Government Reform Committee, has used that post to launch high-profile investigations of the Secret Service, Planned Parenthood and other issues.

His candidacy underscores chaos in the House little more than a week after Boehner, R-Ohio, announced he would resign rather than face a possible floor vote to depose him, pushed by hard-line conservatives.

More

Analysis: VW evasion likely led to dozens of deaths

By Seth Borenstein

WASHINGTON (AP) — Volkswagen's pollution-control chicanery has not just been victimless tinkering, killing between five and 20 people in the United States annually in recent years, according to an Associated Press statistical and computer analysis.

The software that the company admitted using to get around government emissions limits allowed VWs to spew enough pollution to cause somewhere between 16 and 94 deaths over seven years, with the annual count increasing more recently as more of the diesels were on the road. The total cost has been well over $100 million.

That's just in the United States. It's likely far deadlier and costlier in Europe, where more VW diesels were sold, engineers said. Scientists and experts said the death toll in Europe could be as high as hundreds each year, though they caution that it is hard to take American health and air quality computer models and translate them to a more densely populated Europe.

"Statistically, we can't point out who died because of this policy, but some people have died or likely died as a result of this," said Carnegie Mellon environmental engineer professor Peter Adams. He calculates the cost of air pollution with a sophisticated computer model that he and the AP used in its analysis.

More

VW pollution test site under scrutiny amid cheating scandal

By Gillian Flaccus and Justin Pritchard

OXNARD, Calif. (AP) — When Volkswagen opened its gleaming pollution testing center near the California coast, a top executive from the German automaker helped snip the blue ribbon and joined a tour of a lab so advanced that VW would brag the air inside was cleaner than in the surrounding strawberry fields.

Three years later, with VW admitting that it manipulated emissions results in 482,000 U.S. diesel vehicles to make them seem more environmentally friendly, questions are swirling around Volkswagen's only test center in North America. Was anyone at the facility complicit in the scheme? Or were VW's own testers unaware of the deception like so many others?

The center in Oxnard, about 60 miles northwest of Los Angeles, was built with the help of a $10 million, tax-exempt public bond and opened in 2012.

Volkswagen saw the facility as key to its multi-billion dollar U.S. growth strategy, partly because vehicles would have the selling point of meeting the nation's strictest emissions standards. At the facility, VW runs cars through a battery of tests to check whether they're polluting as little as advertised.

More

Oil following on Friday rally

By The Associated Press

Oil prices were continuing to climb Monday morning, building on a rally Friday.

Benchmark U.S. crude gained 57 cents to $46.11 per barrel in electronic trading on the New York Mercantile Exchange. The contract added 80 cents on Friday to close at $45.54.

Brent crude, used to price international oils, advanced 66 cents to $49.46 per barrel in London. On Friday, it rose 41 cents to $48.79.

A message from the American Petroleum Institute

America is now the world's #1 natural gas producer and will soon be #1 in oil. Now more than ever, abundant energy means abundant prosperity, opportunity and security for all Americans.

Learn more at EnergyTomorrow.org

Federal court: Intent matters in migratory-bird deaths

By Emily Schmall

FORT WORTH, Texas (AP) — Companies accused of causing migratory bird deaths may be harder to successfully prosecute after a federal appeals court recently ruled that a century-old wildlife protection law only applies if the killing is intentional.

The decision by the 5th U.S. Circuit Court of Appeals runs contrary to two other federal courts' interpretations of the 1918 Migratory Bird Treaty Act and could save companies that operate wind farms, power transmission lines and other methods of energy production millions in research — at the risk of more bird deaths.

"If you have a dead migratory bird, you have a violation. Doesn't matter how, why or when; that's historically been the government's interpretation," said Barry Hartman of K&L Gates, a Washington law firm that represents Duke Energy Corp. "And what the court is saying is that interpretation doesn't extend to unintentional takes."

The U.S. Fish and Wildlife Service has maintained that no intent is required to violate the law, which makes it illegal to "pursue, hunt, take, capture" or "kill" more than 1,000 bird species. But companies have long claimed they should not be held responsible for actions that incidentally cause deaths — up to about a half-million annually by wind turbines alone,

the federal agency says.

More

Climate an issue at busy, history-making UN summit

By The Associated Press

UNITED NATIONS (AP) — The 193 member states adopted a sweeping new agenda for the next 15 years to eradicate extreme poverty and preserve the planet, during the U.N.'s 70th anniversary gathering of more than 150 world leaders last week.

Pope Francis led a major push against global warming, announcing a "right of the environment." Speaker after speaker expressed hope that the world's nations will reach a new agreement in Paris in December to tackle climate change.

Small island states, threatened by rising sea levels, raised the greatest cry. "When we feel the cool breeze of the ocean caressing us, we cannot imagine that those same waters will become our watery grave," the foreign minister of the Maldives, Dunya Maumoon, said Saturday.

More than 70 countries submitted their climate pledges during the summit, making a total of 146 states so far, General Assembly President Mogens Lykketoft announced Saturday. That included long-awaited pledges from India and Brazil.

More

California governor signs bill closing ivory sales loophole

By The Associated Press

SACRAMENTO, Calif. (AP) — Gov. Jerry Brown has signed a bill to close a loophole in the state's ban on importing, buying or selling elephant ivory or rhinoceros horns.

Supporters said California is a major market for ivory, and the ban would help dry up demand.

The measure by Assembly Speaker Toni Atkins, D-San Diego, aimed to end the state's exemption for selling ivory imported before 1977. She said clamping down on the illegal ivory trade would help bring an end to the poaching of elephants and rhinoceros.

"Ninety-six elephants die every day for their ivory. Elephants and rhinos are being slaughtered at a faster rate they are being born, which will result in their extinction if we don't step up," Atkins said in a statement Sunday. "The governor's signature on AB96

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strengthens enforcement against the illegal ivory trade in California, which will, in turn, help put an end to poaching."

More

New York City explosion kills 1, hurts 3; gas leak suspected

By Jennifer Peltz

NEW YORK (AP) — The removal of a stove may have led to a gas leak that caused an explosion and fire that ripped through a three-story building in Brooklyn, killing a woman inside and injuring three passers-by, authorities said.

Firefighters received a call at about 1 p.m. Saturday reporting an explosion at a building in the Borough Park neighborhood. Emergency crews found the entire front of the building blown into the street.

Gov. Andrew Cuomo ordered the state's Department of Public Service, the agency that regulates utility companies, to launch an investigation into the cause of the apparent gas blast, which he called "the latest in a disturbing trend of incidents." He cited previous explosions in Harlem and the East Village.

Officials suspect the blast Saturday originated in an apartment on the second floor, where a tenant had recently disconnected a stove. Fire Commissioner Daniel Nigro said no one had reported smelling gas in the area.

More

Venezuela, Guyana restore ambassadors amid border dispute

By The Associated Press

CARACAS (AP) — Venezuela and Guyana are re-deploying their ambassadors to each other's capitals amid ongoing talks to resolve a border dispute that flared up after oil was discovered in disputed waters.

Venezuela confirmed Saturday that it sent its ambassador to the much smaller neighboring state, and accepted the Guyana's nominee for ambassador in Caracas.

Presidents of the two countries met in September for talks mediated by U.N. Secretary-General Ban Ki-moon.

The border between the South American countries was determined by international arbitration in 1899, but Venezuela has long disputed that. It claims 40 percent of Guyana's territory and extended its maritime claims this year after a subsidiary of Exxon Mobil Corp. announced an oil discovery off the coast.

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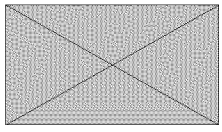

Week in Review – End to Biofuel Mandates Sought

EPA Sets Tighter Ozone Standards.

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SEC pledges dates for foreign payments rule

The Securities and Exchange Commission expects its final rule requiring disclosure of oil and gas companies' payments to foreign governments to take effect by June 2016, with an approval vote by the end of this year, Platts reports.

More

Saudi Arabia cuts oil prices to retain market share

In its latest move to maintain market share, Saudi Arabia Sunday announced it was cutting the prices it charges customers for its oil, The Wall Street Journal reports.

More

Shell had pressed Arctic drilling after big lease payments

Having spent nearly three times more than its rivals in purchasing lease agreements in the Chukchi Sea, Royal Dutch Shell pressed ahead with its unfruitful Arctic oil exploration despite steep obstacles, FuelFix reports.

More

South Carolina gets slammed by historic floods

Flooding deluged South Carolina as Hurricane Joaquin churns east out into the Atlantic, the New York Daily News reports.

More

FERC approves backstop auctions for California grid operator

A plan for the California Independent System Operator to acquire backstop capacity for the grid through an auction process has been approved by the Federal Energy Regulatory Commission, Platts reports.

More

Details of BP settlement to be made available

The Justice Department says the government's settlement agreement with BP over its 2010 Gulf of Mexico oil spill will be filed in court Monday, giving the public its first look at the details, The Associated Press reports.

More

Utility efficiency data with state regulators in Connecticut

The Connecticut Department of Energy and Environmental Protection will hold a public hearing on the conservation and load management plan submitted by utilities, and finish by year's end its review of a proposal to spend the state's efficiency funds, the New Haven Register reports.

More

Alaska hopes to move village with federal resilience funds

Hoping to move villages threatened by erosion and climate change, Alaska has applied for funds through the National Disaster Resilience Competition, The Associated Press reports.

More

Film spotlights Michigan billionaire's water, energy quest

Billions in Change, a documentary about Manoj Bhagarva's push to solve global energy and water problems with innovations at his Stage 2 laboratory in Michigan, is available for viewing on the internet as of Monday, the Detroit Free Press reports.

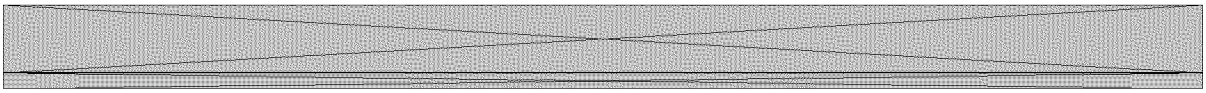
More

Authorities to tackle lead problem in Flint water

High levels of lead in Flint, Michigan drinking water have residents of the town up in arms, The Guardian reports.

More

Upcoming Events



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Cc: Gonzalez, Gail[Gonzalez.Gail@epa.gov]; White, SharonB[White.SharonB@epa.gov]
From: Stewart, Gwen
Sent: Mon 10/5/2015 11:39:08 AM
Subject: Grundler, Christopher Calendar
Grundler Christopher Calendar.ics

CHRISTOPHER GRUNDLER

MONDAY, OCTOBER 5, 2015

CALENDAR

CHRISTOPHER GRUNDLER WILL BE

OUT OF THE OFFICE

SPEAKING AT THE

NATIONAL ASSOCIATION OF CLEAN

AIR AGENCIES

FALL MEMBERSHIP MEETING

NEW ORLEANS

2:30 PM –Meeting Re: RFS Final Rule Update
3:30 PM
Location: Administrator's Office
2:45 PM –Briefing for House Energy and Commerce
4:15 PMCommittee staff re: VW (includes travel
time for DC folks)

Gwen Stewart

Office of Transportation and Air Quality

202 564-1682 – Telephone

202 564-1686 – Fax Number

Stewart.gwen@epa.gov

To: Hengst, Benjamin[Hengst.Benjamin@epa.gov]
Cc: Grundler, Christopher[grundler.christopher@epa.gov]; Brooks, Phillip[Brooks.Phillip@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Sutton, Tia[sutton.tia@epa.gov]; Emmerson, Caroline[Emmerson.Caroline@epa.gov]
From: Shinkman, Susan
Sent: Mon 10/5/2015 11:54:44 AM
Subject: Re: VW statement for Thursday

Does this include Cynthia's comments. I think she had some.

On Oct 5, 2015, at 7:20 AM, Hengst, Benjamin <Hengst.Benjamin@epa.gov> wrote:

> All--this is the version we will pass on to OCIR to get to OMB. This reflects the edit Janet McCabe suggested. I've also made on clarification per Chris's request.
>
> We will send this forward to OCIR around 9:30 or so. thanks
>
> Ben
>
> <OAR+OECA VW hearing testimony v4.docx>

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Governors' Biofuels Coalition
Sent: Mon 10/5/2015 11:59:13 AM
Subject: Today's Biofuels News

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NEWS UPDATE October 5, 2015

Senators push White House on ethanol mandate

By Devin Henry, The Hill • • Posted October 5, 2015

Fourteen senators — a mix of Republicans and Democrats, many from ethanol-producing Midwestern states — met with White House Chief of Staff Denis McDonough on Thursday to make their case for an aggressive new ethanol mandate under the Renewable Fuel Standard (RFS). The Environmental Protection Agency (EPA) rankled many ethanol producers in May when it proposed increasing the amount of biofuel it wants mixed into the gasoline supply, but at levels below those set by Congress in 2007. [read more …]

Pro-RFS senators meet with White House chief of staff

Amanda Reilly, E&E reporter • • Posted October 5, 2015

More than a dozen bipartisan senators Thursday met with White House Chief of Staff Denis McDonough to press for more robust yearly renewable fuel targets. At the meeting on Capitol Hill, the senators expressed concerns that a recent proposal by U.S. EPA to set targets for 2014, 2015 and 2016 underestimated the ability of producers to make ethanol and advanced biofuels. [read more …]

Senate panel rejects ethanol amendment by 15-7 vote

By Christopher Doering, Des Moines Register • • Posted October 5, 2015

The latest attempt to overhaul the country's ethanol mandate failed Thursday, but the reason for the failure depends on whom you ask. The Senate Banking Committee voted 15-7 to oppose an amendment from Sen. Pat Toomey, R-Pa., that would end the corn component of

the Renewable Fuel Standard. The measure was co-sponsored by Sen. Dianne Feinstein, D-Calif. Other attempts in Congress to end or significantly change the mandate have failed to gain momentum.
[read more …]

Engine Shortfall Pushed Volkswagen to Evade Emissions Testing

By JACK EWING, New York Times • • Posted October 5, 2015

Volkswagen began installing software devised to cheat on emissions tests in 2008 after realizing that a new diesel engine, developed at great expense, could not meet pollution standards in the United States and other countries, people with knowledge of the automaker's internal inquiry said on Sunday. Rather than stop production of the engine and throw out years of work and investment, managers decided to cheat, the people said, confirming a report in Bild am Sonntag, a German newspaper. [read more …]

Emissions Testing Is Broken, and Other Lessons from the VW Scandal

By Jessie Stolark, EESI • • Posted October 5, 2015

Finally, real-world fuels and emissions testing won't happen without resources. EPA will need significant resources to conduct these real-world vehicle and fuels emission tests, but everyone will benefit. First and foremost, public health and the environment will benefit. But equally important to realizing cleaner cars — automotive manufacturers will be able to sell clean cars that people actually want to buy, instead of relying on gaming the system. The technology exists to conduct real-world fuels and vehicle testing, but regulators need to have the manpower to execute these programs. A weak regulatory program benefits no one. [read more …]

Note: News clips provided do not necessarily reflect the views of coalition or its member governors.
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To: Grundler, Christopher[grundler.christopher@epa.gov]
From: energy@morningconsult.cpro30.com
Sent: Mon 10/5/2015 12:24:58 PM
Subject: Morning Consult Energy: House to Vote This Week on Lifting Crude Oil Export Ban; Russia, Saudi Arabia Won't Slow Crude Output

By Deirdra O'Regan

Today's Washington Brief

- House Republican leadership elections and budget deal negotiations will dominate discussion on Capitol Hill this week, but efforts to boost U.S. crude oil exports is also on the House agenda this week. (Morning Consult)

- The Environmental Protection Agency defended its decision to set a new national ozone standard at 70 parts per billion, the upper end of the proposed range. Health and environmental groups accused the agency of ignoring recommendations and potentially endangering the public. (E&E News)

- There was little support for fossil fuels when energy ministers from G20 countries met for the first time. Stakeholders had been trying to pitch fossil products as the only way to relieve "energy poverty" in developing countries, but the group was more focused on renewables. (Clean Technica)

Today's Business Brief

- The world's two biggest oil producers — Russia and Saudi Arabia — indicated they won't be reducing their crude output levels, despite the fact that oil prices have plummeted more than 50 percent in the past year as supplies outpace demand by about 2 million barrels per day. (The Wall Street Journal)

- Mayor Muriel Bowser (D-D.C.) shared with stakeholders a tentative agreement reached with Exelon Corp. on its $6.8 billion proposal to buy utility Pepco Holdings Inc. The draft agreement would include increased customer credits and require Exelon to establish a second headquarters in Washington. (Bloomberg News)

- Cheap natural gas prices could be stalling the installation of energy storage in the U.S., according to new research showing that when natural gas is cheaper, storage systems aren't as valuable or profitable, leading to less development. (The Washington Post)

Today's Chart Review

2014 natural gas total proved reserves and production
Platts

Mark Your Calendars (All Times Eastern)

Monday
AFPM Q&A technology forum @ 8 a.m.
Environmental Law Institute Supreme Court review & preview @ 12 p.m.
NRC pre-submittal meeting with Duke Energy Progress Inc. @ 1 p.m.
SXSW Eco discussion of tech and sustainable palm oil @ 3:15 p.m.
FERC scoping meeting for Southeast Market Pipeline Project in Alexander City, Ala. @ 7 p.m.

Tuesday
AFPM Q&A technology forum @ 8 a.m.
FERC environmental review & compliance for natural gas facilities seminar @ 8 a.m.
NRC ACRS Fukushima Subcommittee meeting @ 8:30 a.m.
USEA talk on C02 recycling @ 10 a.m.
Sen. Energy & Nat. Resources hearing on the SPR @ 10:30 a.m.
SXSW Eco discussion of sustainable supply chains @ 10:30 a.m.
EPA seminar on nutrient trading in the Shenandoah Valley Soil and Water Conservation District @ 11 a.m.
Heritage Foundation discussion on the Iran deal and U.S. foreign policy @ 12 p.m.
Environmental Law Institute lecture on environmental peace building @ 3 p.m.
Columbia Center on Global Energy Policy discussion of the future of Arctic energy @ 3 p.m.
Wilson Center discussion of the role of technology in marine biodiversity and sustainable fisheries @ 3 p.m.

Wednesday
AFPM Q&A technology forum @ 7:30 a.m.
FERC environmental review & compliance for natural gas facilities seminar @ 8 a.m.
Society of Environmental Journalists annual conference @ 9 a.m.
USEA annual energy supply forum @ 9:30 a.m.
Senate EPW oversight of the NRC @ 10 a.m.
House E&C hearing on the Clean Power Plan @ 10 a.m.
House Science, Space, & Technology Environment Subcommittee and Oversight Hearing Subcommittee hearing on EPA's new ozone standard @ 10 a.m.
Resources for the Future seminar on shipping in the Arctic @ 12:45 p.m.
NRC Advisory Committee on Reactor Safeguards meeting @ 2 p.m.
House Oversight Interior Subcommittee hearing on invasive species policy @ 2 p.m.

Thursday
Society of Environmental Journalists annual conference @ 5:30 a.m.
FERC environmental review & compliance for natural gas facilities seminar @ 8 a.m.
NRC Advisory Committee on Reactor Safeguards meeting @ 8:30 a.m.
USEA annual energy supply forum @ 9 a.m.
Sen. Energy & Nat. Resources hearing on six bills @ 9:30 a.m.
House E&C Oversight and Investigations Subcommittee hearing on Volkswagen's emissions scandal @ 10 a.m.
House Small Business Investigations, Oversight and Regulations Subcommittee hearing on DOL's overtime rule @ 10 a.m.
Clean Energy States Alliance webinar on fuel cells for educational facilities @ 1 p.m.
Sen. Energy & Nat. Resources Public Lands, Forests and Mining Subcommittee legislative hearing @ 2:30 p.m.
EESI webinar on energy efficiency in Iowa @ 2:30 p.m.

Friday
Society of Environmental Journalists annual conference @ 9 a.m.
NRC Advisory Committee on Reactor Safeguards meeting @ 8:30 a.m.
CATO talk on regressive regulation to boost U.S. economic growth @ 12 p.m.

General

The Coming Week: Gop Confronts Its Future As Debt Ceiling, Budget Loom
Will Dobbs-Allsopp, Morning Consult

Those who had hoped October would bring a brief respite from congressional shenanigans are in for a disappointment. Lawmakers are out of town for the week of Columbus Day, but the other three weeks they spend in the Capitol will be hectic.

EPA defends new ozone standard as green allies fume
Amanda Reilly, E&E

U.S. EPA is defending its choice of setting a new national ozone standard at 70 parts per billion despite blistering criticism by health and environmental groups that it won't protect the public. EPA Administrator Gina McCarthy said that, while there's no "bright line" on where a standard should be set, she based the 70 ppb limit on a review of the best available public health science.

Obama's ozone evolution
Devin Henry, The Hill

The Obama administration's decision to tighten federal ozone standards this week marked departure from the president's previous thinking on the regulations, though not as dramatic a shift as environmentalists had hoped. Four years ago, Obama disappointed public health organizations and green groups when he decided to staop the EPA's work on overhauling the standard.

Why cheap natural gas is thwarting the battery and energy storage revolution
Chris Mooney, The Washington Post

One of the major energy stories of 2015 has been the growing momentum of the so-called "energy storage" business, which burst into public view earlier this year when Tesla Motors announced a home battery product. Storage, whether through batteries or other technologies, has often been termed a game changer — if you can save energy and use it at a later time, then you can also use solar energy at night, wind energy when it's not windy, and much more.

Bill Clinton targets rural, energy issues in appeal to Democrats in coal-heavy West Virginia
Jonathan Mattise, The Associated Press

Former President Bill Clinton said Friday that struggling rural regions like coal-dependent southern West Virginia, a once-Democratic stronghold now firmly red, should be the focus of new energy investments and infrastructure improvement. In a 41-minute speech at the state Democratic Party's Jefferson-Jackson Dinner, Clinton focused more on economic woes in rural West Virginia and his home state of Arkansas than on promoting his wife.

U.S. Index Futures Climb as Fed Seen Holding Imminent Rate Rise
Roxana Zega, Bloomberg News

Standard & Poor's 500 Index E-mini contracts expiring in December rose 0.7 percent to 1,956.75 at 7:32 a.m. in New York. The S&P 500 ended last week with a gain of 1 percent, rebounding from a slide on Monday after Glencore Plc roiled global markets.

Oil & Natural Gas

Oil Gains a Second Day as U.S. Drilling Slumps to Five-Year Low
Heesu Lee Grant Smith, Bloomberg News

Oil rose for a second day in New York after the number of drilling rigs used in the U.S. slumped to a five-year low, signaling that output may slow and pare a global glut. West Texas Intermediate futures climbed as much as 1.6 percent, adding to Friday's 1.8 percent advance. The number of active rigs fell by 26 to 614 last week, according to data from oilfield-services company Baker Hughes Inc.

Russia and Saudi Arabia to Continue Pumping Oil
Georgi Kantchev and Summer Said, The Wall Street Journal

Russia and Saudi Arabia—the world's two biggest oil producers—indicated Friday they weren't pulling back from huge crude output levels that have helped send prices

tumbling. Russia said it produced oil in September at levels not seen since the fall of the Soviet Union, pumping an average of 10.74 million barrels a day, government data showed on Friday.

Russia says ready to meet OPEC, non-OPEC producers for consultations
Denis Pinchuk et al., Reuters

Russia, the world's top oil producer, is ready to meet with OPEC and non-OPEC oil producers to discuss the situation on the global oil markets if such a meeting was called, its energy minister said on Saturday. A separate meeting between Russian and Saudi officials was being planned for the end of October, to discuss energy issues and some other projects, Russian Energy Minister Alexander Novak told reporters.

Suncor Formally Begins Offer for Canadian Oil Sands for $3.29 Billion
James Herron, Bloomberg News

Suncor Energy Inc. offered to acquire all outstanding shares of Canadian Oil Sands Ltd. for about C$4.3 billion ($3.3 billion). Under the terms of the offer, each shareholder in Calgary-based Canadian Oil Sands will receive 0.25 of a Suncor share. Including the company's estimated outstanding net debt of C$2.3 billion as of June 30, the total transaction value is about C$6.6 billion, Suncor said in a statement Monday.

Exxon Gets Fine, Harsh Criticism for Negligence in Pegasus Pipeline Spill
David Hasemyer, InsideClimate News

ExxonMobil has been hit with a $2.6 million fine and harshly criticized by federal safety officials for failing to maintain an aging oil pipeline that burst two years ago in a quiet Arkansas neighborhood and sent heavy crude oil flowing through the streets. The Pipeline and Hazardous Materials Safety Administration (PHMSA) also faulted the company for its failure to spot warning signs that its 65-year-old Pegasus pipeline had structural defects.

Would green groups cut a deal to allow crude exports?
Phil Taylor and Geof Koss, E&E

Could green groups ever support legislation to lift the decades-old ban on crude exports if it included provisions to conserve public lands and wildlife, promote renewable energy or invest in low-carbon technologies? Or, would they be willing to soften their opposition?

Liquefied natural gas to take place of oil, coal?
Bill Loveless, USA Today

Now may not be the best time to unveil plans to export liquefied natural gas from the U.S. But don't tell Charles "Buddy" Roemer. The former governor of Louisiana will formally announce Monday one of the largest LNG-export proposals in the U.S., at a

time when faltering demand for gas in Asia, as well as low prices, threaten the viability of ventures much further along the way than his.

US continues to distance itself as the world leader of natural gas
Chris Pedersen, Platts

Over the last decade, the United States has firmly established itself as the world's largest natural gas producer. This significance of this is difficult to overstate, as less than a decade ago growing natural gas demand and declining production was putting the US on course to import significant amounts of gas from abroad.

U.S. Oil-Rig Count Falls to 614
Lisa Beilfuss, The Wall Street Journal

The U.S. oil-rig count dropped by 26 to 614 in the latest reporting week, extending a recent streak of declines, according to Baker Hughes Inc. The number of U.S. oil-drilling rigs, which is viewed as a proxy for activity in the oil industry, has fallen sharply since oil prices started falling last year.

Small crowd, big opposition to natural gas pipeline
Christopher Curry, The Gainesville Sun

A small, but vocal crowd turned out in Lake City Thursday evening to loudly oppose the Sabal Trail natural gas pipeline that is moving toward state and federal approval. About 30 people attended a meeting at the Columbia County High School auditorium to provide public comment on the Federal Energy Regulatory draft report on the projected environmental impact of the $3.2 billion, 515-mile, 3-foot-wide pipeline.

Utilities & Infrastructure

Exelon Said to Reach Tentative Pact with Mayor Over Pepco Deal
Mark Chediak, Bloomberg News

Washington's mayor is sharing with stakeholders a tentative agreement reached with Exelon Corp. on its $6.8 billion proposal to buy utility Pepco Holdings Inc., people with direct knowledge of the discussions said. The draft agreement, presented by Mayor Muriel Bowser's office to groups who have weighed in on the takeover before city utility regulators, would include more customer credits than Exelon and Pepco initially proposed, said the people, who asked not to be identified because the information isn't public.

Vegas Casinos Fight to Buy Their Own Electricity
Cassandra Sweet, The Wall Street Journal

Hoteliers including Wynn Resorts Ltd. , MGM Resorts International and Las Vegas

Sands Corp. , which operate more than a dozen massive gambling palaces in Nevada, say they could cut millions of dollars from their electric bills if they could buy power directly from solar farms or power-plant owners. But NV Energy, which is owned by Warren Buffett 's Berkshire Hathaway Inc., is pushing state regulators to make it very expensive for the casinos to stop buying its power.

Renewables

G20 Energy Ministers Heart Renewables, Squash "Energy Poverty" Case For Fossil Fuels
Tina Casey, Clean Technica

High-level energy ministers from G20 countries met for the first time ever last Friday, and if fossil fuel stakeholders were hoping for a show of support from that historic event, they got bupkus. While the fossil sector has been holding out cheap fossil products as the only way to relieve "energy poverty" in developing countries, at the meeting in Istanbul, Turkey, G20 ministers officially adopted a renewable energy toolkit that leads off with a program for reducing renewable energy costs among G20 countries and sharing low-cost technology around the globe.

Senators push White House on ethanol mandate
Devin Henry, The Hill

A group of senators is pushing the White House to issue a strong mandate for ethanol fuel. Fourteen senators — a mix of Republicans and Democrats, many from ethanol-producing Midwestern states — met with White House Chief of Staff Denis McDonough on Thursday to make their case for an aggressive new ethanol mandate under the Renewable Fuel Standard (RFS).

SolarCity to Make High-Efficiency Panel
Diane Cardwell, The New York Times

When SolarCity, the fast-growing provider of rooftop solar electricity systems, announced last year that it would begin making its own equipment, executives said they would focus on creating high-efficiency panels in an effort to reduce the cost of the electricity they sell. They announced on Friday that they had done just that, with a panel that converts more of the sun's energy into electricity than competing products.

Farms key to renewable energy development, feds say
Tom Lutey, Missoulian

Farms have always been hotbeds of invention, and the U.S. Department of Agriculture is hoping that a needed spark for renewable energy development will come from agriculture. "With all the great folks who live in rural America, we truly think we're going to see some things that no one even thought of before," said Lillian Salerno, USDA deputy undersecretary.

Electric Car Sales Up 1.1% In US In Sept, But The Story Is Complicated
Zachary Shahan, Clean Technica

The wait for the longer-range 2016 Nissan LEAF and 2016 Chevy Volt continues to stunt plug-in car sales growth in the US. Just about every car within the price vicinity (and especially the historically leading LEAF & Volt) saw September 2015 sales drop compared to September 2014. On the other hand, higher-priced BMW i3, Mercedes B-Class, BMW i8, and Tesla Model S models saw sales up big-time.

Coal

Too Cozy with Coal? Group Charges Feds Are Rubber-Stamping Mine Approvals
Zahra Hirji, InsideClimate News

Environmental advocates are suing federal officials, alleging they approved the expansion of four Western coal mines on public lands without adequately taking their climate impacts into account. The New Mexico-based group WildEarth Guardians is accusing the U.S. Department of the Interior of rubber-stamping coal mine expansions in Colorado, New Mexico and Wyoming without comprehensive environmental reviews.

Clinton blasts Patriot Coal bankruptcy plan
Amanda Becker, Reuters

U.S. Democratic presidential candidate Hillary Clinton said Friday that a bankruptcy plan proposed by Patriot Coal Corp. is “outrageous and must be stopped” because it diverts money intended for coal miners’ retirement benefits. “Patriot Coal is trying to take $18 million of the $22 million put aside for retired coal miners, wives and widows and use it to pay its lawyers instead,” Clinton said in a statement provided exclusively to Reuters.

South African coal miners begin strike
Joe Brock, Reuters

South African coal miners began a strike on Sunday after wage talks collapsed last week, disrupting the sector that produces the country’s electricity and exports coal to Europe and Asia. The National Union of Mineworkers (NUM), which organised the strike, said last week that it would begin from 1800 local time (1600 GMT). About 30,000 workers could take part.

Nuclear

CT nuclear plant suffers minor coolant leak
The Associated Press

The Nuclear Regulatory Commission says a leaking relief valve has caused an "unusual event" declaration at Millstone Power Station. The NRC says the incident occurred at about 9:30 a.m. Sunday at the Waterford, Connecticut plant. There were no injuries or release of radioactivity into the environment.

Climate

Alaska Seeks Federal Money to Move a Village Threatened by Climate Change
The Associated Press

One of the most eroded Native Alaskan villages on the state's coast is being considered as a possible national model for moving entire communities whose futures are threatened by natural disasters escalated by climate change. The state is hoping to kick-start an exodus from the village of Newtok, about 500 miles west of Anchorage, through a national competition for states and local governments vying for a slice of nearly $1 billion in grants to be awarded by the federal Department of Housing and Urban Development.

51 countries just released their climate plans — and they're still not strong enough
Steven Mufson, The Washington Post

When it comes to slowing climate change, it takes more than a village. On Wednesday and Thursday, 51 countries filed their climate action plans with the United Nations, a key step toward reaching an international accord at the Paris climate summit in December. Altogether, more than 130 nations accounting for about 85 percent of global greenhouse gas emissions have filed plans.

Opinions, Editorials & Perspectives

Shell's Decision to Suspend Arctic Activities: Retreat or Pause?
Randall Luthi, Morning Consult

Shell expended over $7 billion on this "dry hole". In addition, they have battled transportation mishaps, expensive renovations to drill ships, Green Peace hounding their every move, and an exploration plan unnecessarily crimped by Federal regulations.

Enemies of the Sun
Paul Krugman, The New York Times

While it's true that fracking has led to a boom in U.S. gas and oil production, we're also living in an era of spectacular progress in wind and solar energy. Why has the right become so hostile to technologies that look more and more like the wave of the future?

When economics get lost in the smog

Michael A. Livermore and Richard L. Revesz, The Hill

This week, the U.S. Environmental Protection Agency (EPA) revised its air quality standard for smog (or ground-level ozone), meeting, by a matter of hours, a court-ordered deadline to do so. The EPA tightened the existing standard of 75 parts per billion (ppb), set by the George W. Bush administration, to 70 ppb, the least stringent of the revisions it was considering.

Bill Gates Making Progress On Next Generation Of Nuclear Power — In China
James Conca, Forbes

Bill Gates' nuclear power company, TerraPower, signed an agreement with the China National Nuclear Corporation (CNNC) allowing the two companies to collaborate on advanced nuclear technologies that address safety, environmental and cost issues. The MOU was signed by TerraPower CEO Lee McIntire and CNNC President Qian Zhimin, as Washington's Lieutenant Governor Brad Owen and Bill Gates looked on.

How Shale Reduced U.S. Energy Risks from Hurricanes
Geoffrey Styles, The Energy Collective

Just in time for the 10-year anniversary of Hurricane Katrina last month, the US Energy Information Administration (EIA) reported on the reduced vulnerability of US energy supplies to Atlantic hurricanes, as a result of the energy shifts of the last decade. As the Houston Chronicle noted, this illustrates another benefit of the revolution in shale oil and gas. However, with oil still below $50 per barrel, it is also worth considering how durable these particular effects might be if low oil prices were to persist much longer.

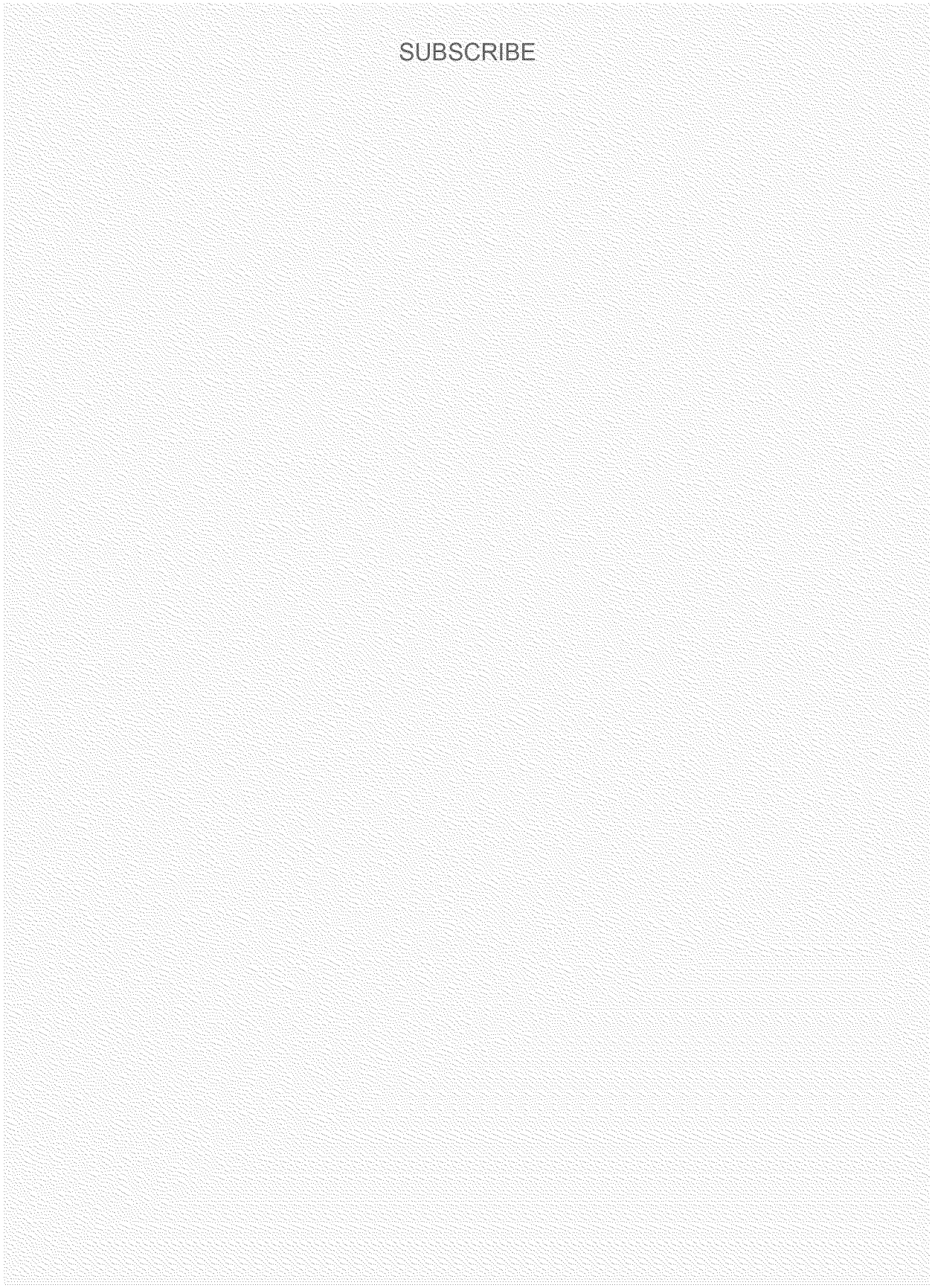
The time has come for offshore wind power in the United States
Jeremy Firestone et al., PNAS

Europe went from 622 megawatts of offshore wind capacity in 2004 to more than 8,000 in 2014 across 74 wind projects, with those under construction to increase capacity to almost 11,000 megawatts. United States offshore wind has so far remained a missed opportunity, given its huge resource size and proximity to population centers, the magnitude of the climate change problem, and the public's hunger for a transformative energy policy with offshore wind as part of the vanguard.

Research Reports, Issue Briefs & Case Studies

Is inexpensive natural gas hindering the grid energy storage industry?
Eric Hittinger and Roger Lueken, Science Direct

Grid energy storage is a maturing technology and forecasts of the industry's growth have been promising. However, recent years have realized little growth in actual deployments of grid-level storage and several high-profile storage companies and projects have failed.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To: Wehrly, Linc[wehrly.linc@epa.gov]
From: energy@morningconsult.cpro30.com
Sent: Mon 10/5/2015 12:24:58 PM
Subject: Morning Consult Energy: House to Vote This Week on Lifting Crude Oil Export Ban; Russia, Saudi Arabia Won't Slow Crude Output

By Deirdra O'Regan

Today's Washington Brief

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Chris Mooney, The Washington Post

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Bill Clinton targets rural, energy issues in appeal to Democrats in coal-heavy West Virginia
Jonathan Mattise, The Associated Press

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U.S. Index Futures Climb as Fed Seen Holding Imminent Rate Rise
Roxana Zega, Bloomberg News

Standard & Poor's 500 Index E-mini contracts expiring in December rose 0.7 percent to 1,956.75 at 7:32 a.m. in New York. The S&P 500 ended last week with a gain of 1 percent, rebounding from a slide on Monday after Glencore Plc roiled global markets.

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Exxon Gets Fine, Harsh Criticism for Negligence in Pegasus Pipeline Spill
David Hasemyer, InsideClimate News

ExxonMobil has been hit with a $2.6 million fine and harshly criticized by federal safety officials for failing to maintain an aging oil pipeline that burst two years ago in a quiet Arkansas neighborhood and sent heavy crude oil flowing through the streets. The Pipeline and Hazardous Materials Safety Administration (PHMSA) also faulted the company for its failure to spot warning signs that its 65-year-old Pegasus pipeline had structural defects.

Would green groups cut a deal to allow crude exports?
Phil Taylor and Geof Koss, E&E

Could green groups ever support legislation to lift the decades-old ban on crude exports if it included provisions to conserve public lands and wildlife, promote renewable energy or invest in low-carbon technologies? Or, would they be willing to soften their opposition?

Liquefied natural gas to take place of oil, coal?
Bill Loveless, USA Today

Now may not be the best time to unveil plans to export liquefied natural gas from the U.S. But don't tell Charles "Buddy" Roemer. The former governor of Louisiana will formally announce Monday one of the largest LNG-export proposals in the U.S., at a

time when faltering demand for gas in Asia, as well as low prices, threaten the viability of ventures much further along the way than his.

US continues to distance itself as the world leader of natural gas
Chris Pedersen, Platts

Over the last decade, the United States has firmly established itself as the world's largest natural gas producer. This significance of this is difficult to overstate, as less than a decade ago growing natural gas demand and declining production was putting the US on course to import significant amounts of gas from abroad.

U.S. Oil-Rig Count Falls to 614
Lisa Beilfuss, The Wall Street Journal

The U.S. oil-rig count dropped by 26 to 614 in the latest reporting week, extending a recent streak of declines, according to Baker Hughes Inc. The number of U.S. oil-drilling rigs, which is viewed as a proxy for activity in the oil industry, has fallen sharply since oil prices started falling last year.

Small crowd, big opposition to natural gas pipeline
Christopher Curry, The Gainesville Sun

A small, but vocal crowd turned out in Lake City Thursday evening to loudly oppose the Sabal Trail natural gas pipeline that is moving toward state and federal approval. About 30 people attended a meeting at the Columbia County High School auditorium to provide public comment on the Federal Energy Regulatory draft report on the projected environmental impact of the $3.2 billion, 515-mile, 3-foot-wide pipeline.

Utilities & Infrastructure

Exelon Said to Reach Tentative Pact with Mayor Over Pepco Deal
Mark Chediak, Bloomberg News

Washington's mayor is sharing with stakeholders a tentative agreement reached with Exelon Corp. on its $6.8 billion proposal to buy utility Pepco Holdings Inc., people with direct knowledge of the discussions said. The draft agreement, presented by Mayor Muriel Bowser's office to groups who have weighed in on the takeover before city utility regulators, would include more customer credits than Exelon and Pepco initially proposed, said the people, who asked not to be identified because the information isn't public.

Vegas Casinos Fight to Buy Their Own Electricity
Cassandra Sweet, The Wall Street Journal

Hoteliers including Wynn Resorts Ltd. , MGM Resorts International and Las Vegas

Sands Corp. , which operate more than a dozen massive gambling palaces in Nevada, say they could cut millions of dollars from their electric bills if they could buy power directly from solar farms or power-plant owners. But NV Energy, which is owned by Warren Buffett 's Berkshire Hathaway Inc., is pushing state regulators to make it very expensive for the casinos to stop buying its power.

Renewables

G20 Energy Ministers Heart Renewables, Squash "Energy Poverty" Case For Fossil Fuels
Tina Casey, Clean Technica

High-level energy ministers from G20 countries met for the first time ever last Friday, and if fossil fuel stakeholders were hoping for a show of support from that historic event, they got bupkus. While the fossil sector has been holding out cheap fossil products as the only way to relieve "energy poverty" in developing countries, at the meeting in Istanbul, Turkey, G20 ministers officially adopted a renewable energy toolkit that leads off with a program for reducing renewable energy costs among G20 countries and sharing low-cost technology around the globe.

Senators push White House on ethanol mandate
Devin Henry, The Hill

A group of senators is pushing the White House to issue a strong mandate for ethanol fuel. Fourteen senators — a mix of Republicans and Democrats, many from ethanol-producing Midwestern states — met with White House Chief of Staff Denis McDonough on Thursday to make their case for an aggressive new ethanol mandate under the Renewable Fuel Standard (RFS).

SolarCity to Make High-Efficiency Panel
Diane Cardwell, The New York Times

When SolarCity, the fast-growing provider of rooftop solar electricity systems, announced last year that it would begin making its own equipment, executives said they would focus on creating high-efficiency panels in an effort to reduce the cost of the electricity they sell. They announced on Friday that they had done just that, with a panel that converts more of the sun's energy into electricity than competing products.

Farms key to renewable energy development, feds say
Tom Lutey, Missoulian

Farms have always been hotbeds of invention, and the U.S. Department of Agriculture is hoping that a needed spark for renewable energy development will come from agriculture. "With all the great folks who live in rural America, we truly think we're going to see some things that no one even thought of before," said Lillian Salerno, USDA deputy undersecretary.

Electric Car Sales Up 1.1% In US In Sept, But The Story Is Complicated
Zachary Shahan, Clean Technica

The wait for the longer-range 2016 Nissan LEAF and 2016 Chevy Volt continues to stunt plug-in car sales growth in the US. Just about every car within the price vicinity (and especially the historically leading LEAF & Volt) saw September 2015 sales drop compared to September 2014. On the other hand, higher-priced BMW i3, Mercedes B-Class, BMW i8, and Tesla Model S models saw sales up big-time.

Coal

Too Cozy with Coal? Group Charges Feds Are Rubber-Stamping Mine Approvals
Zahra Hirji, InsideClimate News

Environmental advocates are suing federal officials, alleging they approved the expansion of four Western coal mines on public lands without adequately taking their climate impacts into account. The New Mexico-based group WildEarth Guardians is accusing the U.S. Department of the Interior of rubber-stamping coal mine expansions in Colorado, New Mexico and Wyoming without comprehensive environmental reviews.

Clinton blasts Patriot Coal bankruptcy plan
Amanda Becker, Reuters

U.S. Democratic presidential candidate Hillary Clinton said Friday that a bankruptcy plan proposed by Patriot Coal Corp. is “outrageous and must be stopped” because it diverts money intended for coal miners’ retirement benefits. “Patriot Coal is trying to take $18 million of the $22 million put aside for retired coal miners, wives and widows and use it to pay its lawyers instead,” Clinton said in a statement provided exclusively to Reuters.

South African coal miners begin strike
Joe Brock, Reuters

South African coal miners began a strike on Sunday after wage talks collapsed last week, disrupting the sector that produces the country’s electricity and exports coal to Europe and Asia. The National Union of Mineworkers (NUM), which organised the strike, said last week that it would begin from 1800 local time (1600 GMT). About 30,000 workers could take part.

Nuclear

CT nuclear plant suffers minor coolant leak
The Associated Press

The Nuclear Regulatory Commission says a leaking relief valve has caused an "unusual event" declaration at Millstone Power Station. The NRC says the incident occurred at about 9:30 a.m. Sunday at the Waterford, Connecticut plant. There were no injuries or release of radioactivity into the environment.

Climate

Alaska Seeks Federal Money to Move a Village Threatened by Climate Change
The Associated Press

One of the most eroded Native Alaskan villages on the state's coast is being considered as a possible national model for moving entire communities whose futures are threatened by natural disasters escalated by climate change. The state is hoping to kick-start an exodus from the village of Newtok, about 500 miles west of Anchorage, through a national competition for states and local governments vying for a slice of nearly $1 billion in grants to be awarded by the federal Department of Housing and Urban Development.

51 countries just released their climate plans — and they're still not strong enough
Steven Mufson, The Washington Post

When it comes to slowing climate change, it takes more than a village. On Wednesday and Thursday, 51 countries filed their climate action plans with the United Nations, a key step toward reaching an international accord at the Paris climate summit in December. Altogether, more than 130 nations accounting for about 85 percent of global greenhouse gas emissions have filed plans.

Opinions, Editorials & Perspectives

Shell's Decision to Suspend Arctic Activities: Retreat or Pause?
Randall Luthi, Morning Consult

Shell expended over $7 billion on this "dry hole". In addition, they have battled transportation mishaps, expensive renovations to drill ships, Green Peace hounding their every move, and an exploration plan unnecessarily crimped by Federal regulations.

Enemies of the Sun
Paul Krugman, The New York Times

While it's true that fracking has led to a boom in U.S. gas and oil production, we're also living in an era of spectacular progress in wind and solar energy. Why has the right become so hostile to technologies that look more and more like the wave of the future?

When economics get lost in the smog

Michael A. Livermore and Richard L. Revesz, The Hill

This week, the U.S. Environmental Protection Agency (EPA) revised its air quality standard for smog (or ground-level ozone), meeting, by a matter of hours, a court-ordered deadline to do so. The EPA tightened the existing standard of 75 parts per billion (ppb), set by the George W. Bush administration, to 70 ppb, the least stringent of the revisions it was considering.

Bill Gates Making Progress On Next Generation Of Nuclear Power — In China
James Conca, Forbes

Bill Gates' nuclear power company, TerraPower, signed an agreement with the China National Nuclear Corporation (CNNC) allowing the two companies to collaborate on advanced nuclear technologies that address safety, environmental and cost issues. The MOU was signed by TerraPower CEO Lee McIntire and CNNC President Qian Zhimin, as Washington's Lieutenant Governor Brad Owen and Bill Gates looked on.

How Shale Reduced U.S. Energy Risks from Hurricanes
Geoffrey Styles, The Energy Collective

Just in time for the 10-year anniversary of Hurricane Katrina last month, the US Energy Information Administration (EIA) reported on the reduced vulnerability of US energy supplies to Atlantic hurricanes, as a result of the energy shifts of the last decade. As the Houston Chronicle noted, this illustrates another benefit of the revolution in shale oil and gas. However, with oil still below $50 per barrel, it is also worth considering how durable these particular effects might be if low oil prices were to persist much longer.

The time has come for offshore wind power in the United States
Jeremy Firestone et al., PNAS

Europe went from 622 megawatts of offshore wind capacity in 2004 to more than 8,000 in 2014 across 74 wind projects, with those under construction to increase capacity to almost 11,000 megawatts. United States offshore wind has so far remained a missed opportunity, given its huge resource size and proximity to population centers, the magnitude of the climate change problem, and the public's hunger for a transformative energy policy with offshore wind as part of the vanguard.

Research Reports, Issue Briefs & Case Studies

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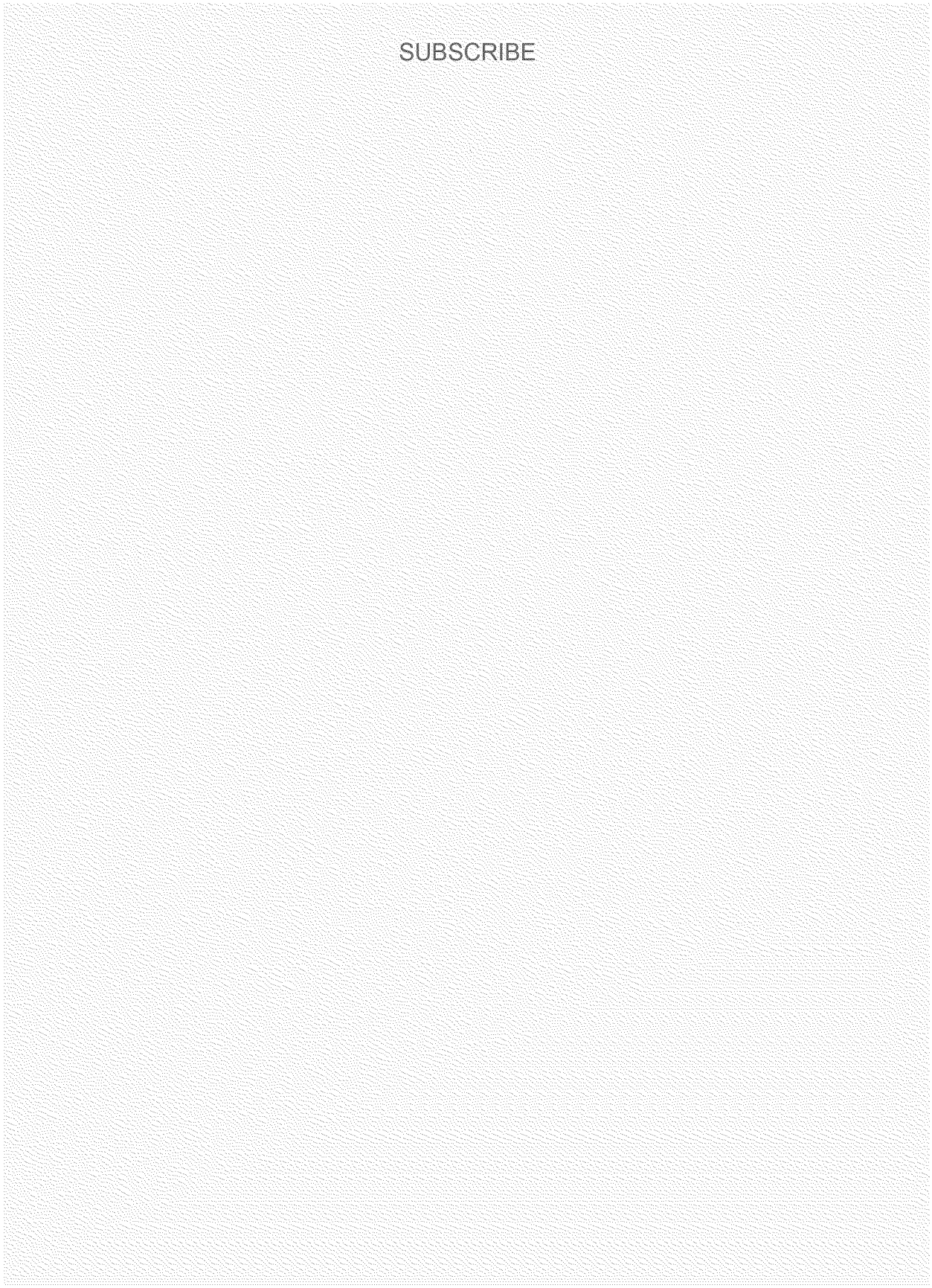
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Exxon Gets Fine, Harsh Criticism for Negligence in Pegasus Pipeline Spill
David Hasemyer, InsideClimate News

ExxonMobil has been hit with a $2.6 million fine and harshly criticized by federal safety officials for failing to maintain an aging oil pipeline that burst two years ago in a quiet Arkansas neighborhood and sent heavy crude oil flowing through the streets. The Pipeline and Hazardous Materials Safety Administration (PHMSA) also faulted the company for its failure to spot warning signs that its 65-year-old Pegasus pipeline had structural defects.

Would green groups cut a deal to allow crude exports?
Phil Taylor and Geof Koss, E&E

Could green groups ever support legislation to lift the decades-old ban on crude exports if it included provisions to conserve public lands and wildlife, promote renewable energy or invest in low-carbon technologies? Or, would they be willing to soften their opposition?

Liquefied natural gas to take place of oil, coal?
Bill Loveless, USA Today

Now may not be the best time to unveil plans to export liquefied natural gas from the U.S. But don't tell Charles "Buddy" Roemer. The former governor of Louisiana will formally announce Monday one of the largest LNG-export proposals in the U.S., at a

time when faltering demand for gas in Asia, as well as low prices, threaten the viability of ventures much further along the way than his.

US continues to distance itself as the world leader of natural gas
Chris Pedersen, Platts

Over the last decade, the United States has firmly established itself as the world's largest natural gas producer. This significance of this is difficult to overstate, as less than a decade ago growing natural gas demand and declining production was putting the US on course to import significant amounts of gas from abroad.

U.S. Oil-Rig Count Falls to 614
Lisa Beilfuss, The Wall Street Journal

The U.S. oil-rig count dropped by 26 to 614 in the latest reporting week, extending a recent streak of declines, according to Baker Hughes Inc. The number of U.S. oil-drilling rigs, which is viewed as a proxy for activity in the oil industry, has fallen sharply since oil prices started falling last year.

Small crowd, big opposition to natural gas pipeline
Christopher Curry, The Gainesville Sun

A small, but vocal crowd turned out in Lake City Thursday evening to loudly oppose the Sabal Trail natural gas pipeline that is moving toward state and federal approval. About 30 people attended a meeting at the Columbia County High School auditorium to provide public comment on the Federal Energy Regulatory draft report on the projected environmental impact of the $3.2 billion, 515-mile, 3-foot-wide pipeline.

Utilities & Infrastructure

Exelon Said to Reach Tentative Pact with Mayor Over Pepco Deal
Mark Chediak, Bloomberg News

Washington's mayor is sharing with stakeholders a tentative agreement reached with Exelon Corp. on its $6.8 billion proposal to buy utility Pepco Holdings Inc., people with direct knowledge of the discussions said. The draft agreement, presented by Mayor Muriel Bowser's office to groups who have weighed in on the takeover before city utility regulators, would include more customer credits than Exelon and Pepco initially proposed, said the people, who asked not to be identified because the information isn't public.

Vegas Casinos Fight to Buy Their Own Electricity
Cassandra Sweet, The Wall Street Journal

Hoteliers including Wynn Resorts Ltd. , MGM Resorts International and Las Vegas

Sands Corp. , which operate more than a dozen massive gambling palaces in Nevada, say they could cut millions of dollars from their electric bills if they could buy power directly from solar farms or power-plant owners. But NV Energy, which is owned by Warren Buffett 's Berkshire Hathaway Inc., is pushing state regulators to make it very expensive for the casinos to stop buying its power.

Renewables

G20 Energy Ministers Heart Renewables, Squash "Energy Poverty" Case For Fossil Fuels
Tina Casey, Clean Technica

High-level energy ministers from G20 countries met for the first time ever last Friday, and if fossil fuel stakeholders were hoping for a show of support from that historic event, they got bupkus. While the fossil sector has been holding out cheap fossil products as the only way to relieve "energy poverty" in developing countries, at the meeting in Istanbul, Turkey, G20 ministers officially adopted a renewable energy toolkit that leads off with a program for reducing renewable energy costs among G20 countries and sharing low-cost technology around the globe.

Senators push White House on ethanol mandate
Devin Henry, The Hill

A group of senators is pushing the White House to issue a strong mandate for ethanol fuel. Fourteen senators — a mix of Republicans and Democrats, many from ethanol-producing Midwestern states — met with White House Chief of Staff Denis McDonough on Thursday to make their case for an aggressive new ethanol mandate under the Renewable Fuel Standard (RFS).

SolarCity to Make High-Efficiency Panel
Diane Cardwell, The New York Times

When SolarCity, the fast-growing provider of rooftop solar electricity systems, announced last year that it would begin making its own equipment, executives said they would focus on creating high-efficiency panels in an effort to reduce the cost of the electricity they sell. They announced on Friday that they had done just that, with a panel that converts more of the sun's energy into electricity than competing products.

Farms key to renewable energy development, feds say
Tom Lutey, Missoulian

Farms have always been hotbeds of invention, and the U.S. Department of Agriculture is hoping that a needed spark for renewable energy development will come from agriculture. "With all the great folks who live in rural America, we truly think we're going to see some things that no one even thought of before," said Lillian Salerno, USDA deputy undersecretary.

Electric Car Sales Up 1.1% In US In Sept, But The Story Is Complicated
Zachary Shahan, Clean Technica

The wait for the longer-range 2016 Nissan LEAF and 2016 Chevy Volt continues to stunt plug-in car sales growth in the US. Just about every car within the price vicinity (and especially the historically leading LEAF & Volt) saw September 2015 sales drop compared to September 2014. On the other hand, higher-priced BMW i3, Mercedes B-Class, BMW i8, and Tesla Model S models saw sales up big-time.

Coal

Too Cozy with Coal? Group Charges Feds Are Rubber-Stamping Mine Approvals
Zahra Hirji, InsideClimate News

Environmental advocates are suing federal officials, alleging they approved the expansion of four Western coal mines on public lands without adequately taking their climate impacts into account. The New Mexico-based group WildEarth Guardians is accusing the U.S. Department of the Interior of rubber-stamping coal mine expansions in Colorado, New Mexico and Wyoming without comprehensive environmental reviews.

Clinton blasts Patriot Coal bankruptcy plan
Amanda Becker, Reuters

U.S. Democratic presidential candidate Hillary Clinton said Friday that a bankruptcy plan proposed by Patriot Coal Corp. is “outrageous and must be stopped” because it diverts money intended for coal miners’ retirement benefits. “Patriot Coal is trying to take $18 million of the $22 million put aside for retired coal miners, wives and widows and use it to pay its lawyers instead,” Clinton said in a statement provided exclusively to Reuters.

South African coal miners begin strike
Joe Brock, Reuters

South African coal miners began a strike on Sunday after wage talks collapsed last week, disrupting the sector that produces the country’s electricity and exports coal to Europe and Asia. The National Union of Mineworkers (NUM), which organised the strike, said last week that it would begin from 1800 local time (1600 GMT). About 30,000 workers could take part.

Nuclear

CT nuclear plant suffers minor coolant leak
The Associated Press

The Nuclear Regulatory Commission says a leaking relief valve has caused an "unusual event" declaration at Millstone Power Station. The NRC says the incident occurred at about 9:30 a.m. Sunday at the Waterford, Connecticut plant. There were no injuries or release of radioactivity into the environment.

Climate

Alaska Seeks Federal Money to Move a Village Threatened by Climate Change
The Associated Press

One of the most eroded Native Alaskan villages on the state's coast is being considered as a possible national model for moving entire communities whose futures are threatened by natural disasters escalated by climate change. The state is hoping to kick-start an exodus from the village of Newtok, about 500 miles west of Anchorage, through a national competition for states and local governments vying for a slice of nearly $1 billion in grants to be awarded by the federal Department of Housing and Urban Development.

51 countries just released their climate plans — and they're still not strong enough
Steven Mufson, The Washington Post

When it comes to slowing climate change, it takes more than a village. On Wednesday and Thursday, 51 countries filed their climate action plans with the United Nations, a key step toward reaching an international accord at the Paris climate summit in December. Altogether, more than 130 nations accounting for about 85 percent of global greenhouse gas emissions have filed plans.

Opinions, Editorials & Perspectives

Shell's Decision to Suspend Arctic Activities: Retreat or Pause?
Randall Luthi, Morning Consult

Shell expended over $7 billion on this "dry hole". In addition, they have battled transportation mishaps, expensive renovations to drill ships, Green Peace hounding their every move, and an exploration plan unnecessarily crimped by Federal regulations.

Enemies of the Sun
Paul Krugman, The New York Times

While it's true that fracking has led to a boom in U.S. gas and oil production, we're also living in an era of spectacular progress in wind and solar energy. Why has the right become so hostile to technologies that look more and more like the wave of the future?

When economics get lost in the smog

Michael A. Livermore and Richard L. Revesz, The Hill

This week, the U.S. Environmental Protection Agency (EPA) revised its air quality standard for smog (or ground-level ozone), meeting, by a matter of hours, a court-ordered deadline to do so. The EPA tightened the existing standard of 75 parts per billion (ppb), set by the George W. Bush administration, to 70 ppb, the least stringent of the revisions it was considering.

Bill Gates Making Progress On Next Generation Of Nuclear Power — In China
James Conca, Forbes

Bill Gates' nuclear power company, TerraPower, signed an agreement with the China National Nuclear Corporation (CNNC) allowing the two companies to collaborate on advanced nuclear technologies that address safety, environmental and cost issues. The MOU was signed by TerraPower CEO Lee McIntire and CNNC President Qian Zhimin, as Washington's Lieutenant Governor Brad Owen and Bill Gates looked on.

How Shale Reduced U.S. Energy Risks from Hurricanes
Geoffrey Styles, The Energy Collective

Just in time for the 10-year anniversary of Hurricane Katrina last month, the US Energy Information Administration (EIA) reported on the reduced vulnerability of US energy supplies to Atlantic hurricanes, as a result of the energy shifts of the last decade. As the Houston Chronicle noted, this illustrates another benefit of the revolution in shale oil and gas. However, with oil still below $50 per barrel, it is also worth considering how durable these particular effects might be if low oil prices were to persist much longer.

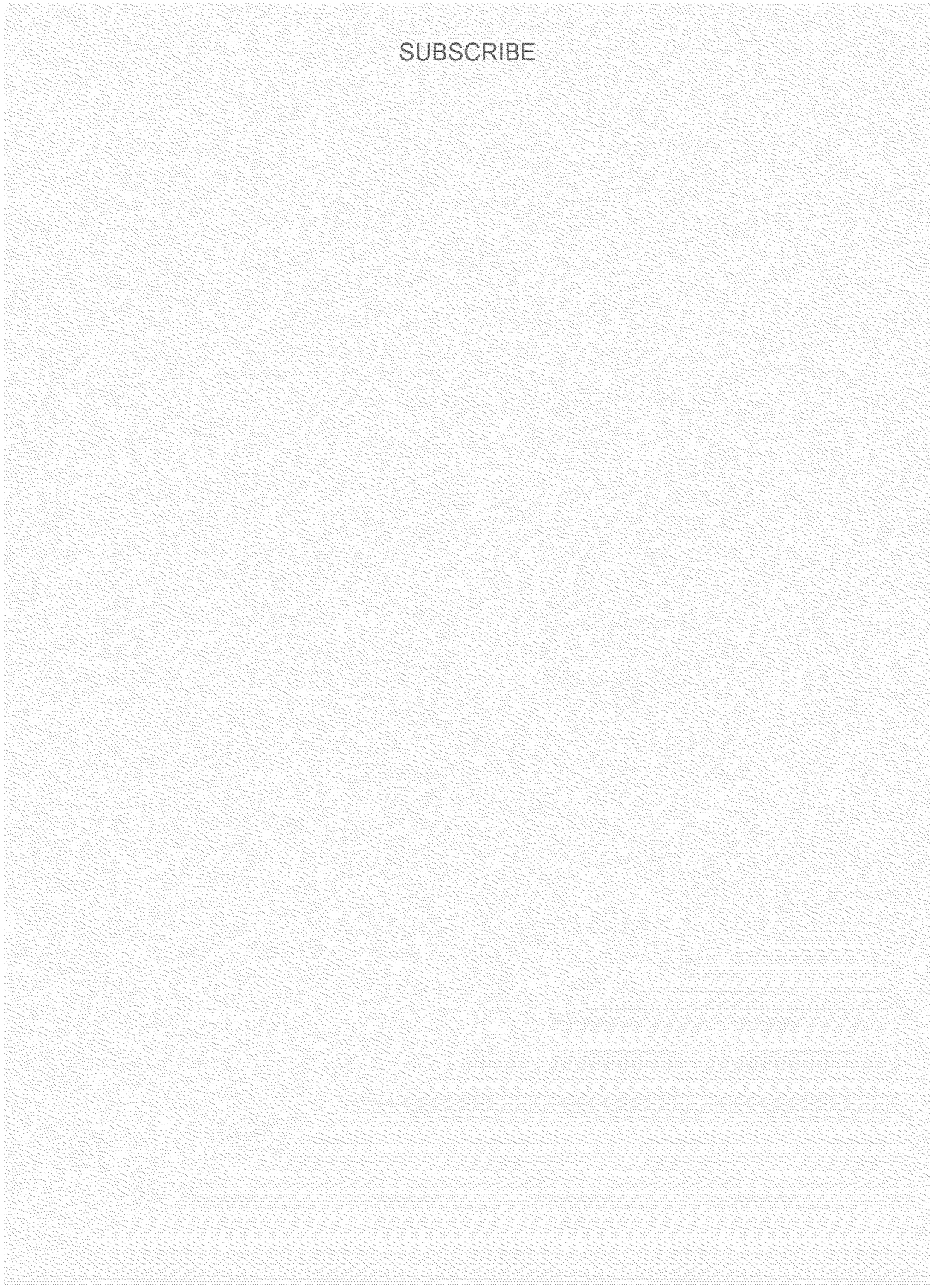
The time has come for offshore wind power in the United States
Jeremy Firestone et al., PNAS

Europe went from 622 megawatts of offshore wind capacity in 2004 to more than 8,000 in 2014 across 74 wind projects, with those under construction to increase capacity to almost 11,000 megawatts. United States offshore wind has so far remained a missed opportunity, given its huge resource size and proximity to population centers, the magnitude of the climate change problem, and the public's hunger for a transformative energy policy with offshore wind as part of the vanguard.

Research Reports, Issue Briefs & Case Studies

Is inexpensive natural gas hindering the grid energy storage industry?
Eric Hittinger and Roger Lueken, Science Direct

Grid energy storage is a maturing technology and forecasts of the industry's growth have been promising. However, recent years have realized little growth in actual deployments of grid-level storage and several high-profile storage companies and projects have failed.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The Morning Consult
Morning Consult, P.O. Box 27068
Washington District of Columbia 20038
United States

This email is intended for brooks.phillip@epa.gov.
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To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Automotive News
Sent: Mon 10/5/2015 12:50:52 PM
Subject: A.M. NEWSCAST: A threat to Volkswagen's existence? | Maserati ad whiz Chehab resigns | Strike averted at F-150 plant | Next steps for UAW, FCA | Ford's design plan

October 5, 2015

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To: Snyder, Jim[Snyder.Jim@epa.gov]
Cc: Giles, Michael (EEO)[michael.giles@vw.com]; Allen, Gregory (EEO)[Gregory.Allen@vw.com]
From: Rodgers, William (EEO)
Sent: Mon 10/5/2015 12:56:12 PM
Subject: EPA results for Charge depleting tests

Hi Jim,

As a follow up to your phone message and discussion you had with Mike Giles on Friday concerning charge depleting data, the EPA fuel economy label calculator requires electrical measurements and exhaust measurements for each of the cycles or bags. The problem we see is that the EPA electrical measurements were only taken for each of the 6 cycles, where the exhaust measurements were provided for 12 bags (2 bags for each cycle) creating an apples to oranges scenario. We are requesting that EPA provide us the exhaust bag data weighted into 6 cycles so we can use this in the EPA calculator. It would be very cumbersome and mistake prone for us to do manually from the pdf's.

Regards,

Bill Rodgers

EEO

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: McCabe, Janet
Sent: Mon 10/5/2015 2:01:45 PM
Subject: Re: Compliance efforts

Exactly

Sent from my iPhone

> On Oct 5, 2015, at 8:34 AM, Grundler, Christopher <grundler.christopher@epa.gov> wrote:
>
> Yes---
> We need to make sure she understands that PEMS, while awesome (we invented them) have their limitations. They are well suited for screening for defeat devices and gross emitters, and that is how we use them.
>
> There are 3 essential elements needed:
>
> 1. Dyno testing on our 5 rigorous test cycles (Europe has only one)
>
> 2. Dyno testing for emissions Off -cycle (this is ultimately how the VW defeat device was found---WVU only measures the very high emissions)
>
> 3. In use testing with PEMS
>
> you need to do all 3
>
> Christopher Grundler, Director
> Office of Transportation and Air Quality
> U.S. EPA
> 202-564-1682 (DC)
> 734-214-4207 (Ann Arbor)
>
>> On Oct 5, 2015, at 8:25 AM, McCabe, Janet <McCabe.Janet@epa.gov> wrote:
>>
>> Guys--can we get Gina a pager deacribing the various aspects of our compliance oversight testing? She's particularly intrigued by all the swirl around PEMS, and europe's increasing interest in it.
>>
>> Thanks
>>
>> Sent from my iPhone

To: McCabe, Janet[McCabe.Janet@epa.gov]
From: Grundler, Christopher
Sent: Mon 10/5/2015 2:05:44 PM
Subject: Re: Compliance efforts

Also the reporting on EU requiring compliance testing with PEMS premature. They are still talking about a pilot (monitoring only)phase beginning in 2016 or 17

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

> On Oct 5, 2015, at 9:01 AM, McCabe, Janet <McCabe.Janet@epa.gov> wrote:
>
> Exactly
>
> Sent from my iPhone
>
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>>
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>>>
>>> Thanks
>>>
>>> Sent from my iPhone

From: Stewart, Gwen
Required Attendees: Hengst, Benjamin; Sutton, Tia; Bunker, Byron; Cohen, Janet; Haman, Patricia; Levine, Carolyn; Brooks, Phillip; Belser, Evan; Werner, Jacqueline; Cook, Leila; Simon, Karl; Emmerson, Caroline; Orlin, David
Optional Attendees: Jones, Jacqueline; Dupree, Sheena; Shenkman, Ethan; Rackoff, Jonathan; Schmidt, Lorie; Folkemer, Nathaniel; Blubaugh, Jim
Location: RM. 6520 DC/RM. C-174 DOD AA - CONF. CALL - 866 299-3188, Access Code: Non-Responsive
Importance: Normal
Subject: VW HEC Hearing
Start Date/Time: Tue 10/6/2015 2:00:00 PM
End Date/Time: Tue 10/6/2015 3:00:00 PM

MEETING REQUEST:

OTAQ MEETING REQUEST FORM

Requesting Meeting/Conference Call with: **Christopher Grundler**
Send form to: Gwen Stewart - 202 564-1682

Date of this Request: 10/2/15

Point of Contact (Name/Number): Tia Sutton, (202) 564-8929

Title of Meeting: Prep and Mock Hearing for VW HEC Hearing

Purpose of Meeting: To prepare Chris and Phil Brooks (OECA) for the House Energy and Commerce Committee hearing on Thursday, October 8th.

Priority Status: Critical or time sensitive __X___ Less Immediate _____

Last possible date for meeting:
Chris has requested that this meeting be held on **Tuesday, Oct. 6th**.

If the meeting is critical, please explain why:

Chris and Phil will be testifying/serving as EPA witnesses at a Congressional hearing on Thursday; this meeting will be to prep them and go over materials.

Location of Meeting: Chris' conference rooms in DC and Ann Arbor

Length of Meeting: 60 min.

Key Participants: (List all who need to be notified of the meeting)

Office/Organization	Email Address	Number
Example--		
OTAQ	*doe.john@epa.gov*	*(734) 214-4XXX*
OTAQ		
Chris Grundler	Grundler.christopher@epa.gov	(202) 564-1682/(734) 214-4207
Ben Hengst	Hengst.benjamin@epa.gov	(202) 564-1495
Tia Sutton	Sutton.tia@epa.gov	(202) 564-1495
Byron Bunker	bunker.byron@epa.gov	(734) 214-4155
Janet Cohen	cohen.janet@epa.gov	(734) 214-4
OCIR:		
Pat Haman	haman.patricia@epa.gov	(202) 564-2806
Carolyn Levine	Levine.carolyn@epa.gov	(202) 564-1859
OECA:		
Phil Brooks	brooks.phillip@epa.gov	(202) 564-0015
Evan Belser	belser.evan@epa.gov	(202) 564-6850
Jacqueline Werner	werner.jacqueline@epa.gov	(202) 564-1036
CC -		
OTAQ:		
Lee Cook	cook.leila@epa.gov	(734) 214-4820
Karl Simon	simon.karl@epa.gov	(202) 564-9495
OCIR:		
Caroline Emmerson	Emmerson.Caroline@epa.gov	(202) 564-1716

OGC:

David Orlin	orlin.david@epa.gov	(202) 564-1222

NOTE: All briefing materials must be sent by 4:00 PM the day prior in whatever format you are most comfortable, PPT Slides are not required. If briefing materials are not submitted by 4 pm, the meeting will be rescheduled, unless approved by Chris. (Briefing Materials are to be sent to: OTAQMaterials@epa.gov).

From: Stewart, Gwen
Required Attendees: Hengst, Benjamin; Sutton, Tia; Bunker, Byron; Cohen, Janet; Haman, Patricia; Levine, Carolyn; Brooks, Phillip; Belser, Evan; Werner, Jacqueline; Cook, Leila; Simon, Karl; Emmerson, Caroline; Orlin, David
Optional Attendees: Jones, Jacqueline; Dupree, Sheena; Shenkman, Ethan; Rackoff, Jonathan; Schmidt, Lorie; Folkemer, Nathaniel; Blubaugh, Jim; Conger, Nick; Senn, John; Purchia, Liz; Allen, Laura; Birgfeld, Erin
Location: RM. 6520 DC/RM. C-174 DOD AA - By Telephone: 866 299-3188, Access Code: Non-Responsive
Importance: Normal
Subject: Prep Session #2 for VW HEC Hearing
Start Date/Time: Wed 10/7/2015 2:00:00 PM
End Date/Time: Wed 10/7/2015 3:00:00 PM

MEETING REQUEST:

OTAQ MEETING REQUEST FORM

Requesting Meeting/Conference Call with: **Christopher Grundler**
Send form to: Gwen Stewart - 202 564-1682

Date of this Request: 10/2/15

Point of Contact (Name/Number): Tia Sutton, (202) 564-8929

Title of Meeting: Prep Session #2 for VW HEC Hearing

Purpose of Meeting: To prepare Chris and Phil Brooks (OECA) for the House Energy and Commerce Committee hearing on Thursday, October 8th.

Priority Status: Critical or time sensitive __X___ Less Immediate _____

Last possible date for meeting:
This meeting needs to be held on **Wednesday, Oct. 7th**.

If the meeting is critical, please explain why:

Chris and Phil will be testifying/serving as EPA witnesses at a Congressional hearing on Thursday morning; this meeting will be to prep them and go over materials.

Location of Meeting: Chris' conference rooms in DC and Ann Arbor

Length of Meeting: 60 min.

Key Participants: (List all who need to be notified of the meeting)

Office/Organization	Email Address	Number
Example--		
OTAQ	*doe.john@epa.gov*	*(734) 214-4XXX*
OTAQ		
Chris Grundler	Grundler.christopher@epa.gov	(202) 564-1682/(734) 214-4207
Ben Hengst	Hengst.benjamin@epa.gov	(202) 564-1495
Tia Sutton	Sutton.tia@epa.gov	(202) 564-1495
Byron Bunker	bunker.byron@epa.gov	(734) 214-4155
Janet Cohen	cohen.janet@epa.gov	(734) 214-4
OCIR:		
Pat Haman	haman.patricia@epa.gov	(202) 564-2806
Carolyn Levine	Levine.carolyn@epa.gov	(202) 564-1859
OECA:		
Phil Brooks	brooks.phillip@epa.gov	(202) 564-0015
Evan Belser	belser.evan@epa.gov	(202) 564-6850
Jacqueline Werner	werner.jacqueline@epa.gov	(202) 564-1036
CC -		
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Lee Cook	cook.leila@epa.gov	(734) 214-4820
Karl Simon	simon.karl@epa.gov	(202) 564-9495
OCIR:		

Caroline Emmerson	Emmerson.Caroline@epa.gov	(202) 564-1716
OGC:		
David Orlin	orlin.david@epa.gov	(202) 564-1222

NOTE: All briefing materials must be sent by 4:00 PM the day prior in whatever format you are most comfortable, PPT Slides are not required. If briefing materials are not submitted by 4 pm, the meeting will be rescheduled, unless approved by Chris. (Briefing Materials are to be sent to: OTAQMaterials@epa.gov).

From: Belser, Evan
Location: RM. 6520 DC/RM. C-174 DOD AA - CONF. CALL - 866 299-3188, Non-Responsive
Non-Responsive
Importance: Normal
Subject: Accepted: VW HEC Hearing
Start Date/Time: Tue 10/6/2015 2:00:00 PM
End Date/Time: Tue 10/6/2015 3:00:00 PM

From: Belser, Evan
Location: RM. 6520 DC/RM. C-174 DOD AA - By Telephone: 866 299-3188, Non-Responsive
Non-Responsive
Importance: Normal
Subject: Declined: Prep Session #2 for VW HEC Hearing
Start Date/Time: Wed 10/7/2015 2:00:00 PM
End Date/Time: Wed 10/7/2015 3:00:00 PM

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Ex. 6
Sent: Mon 10/5/2015 2:33:12 PM
Subject: "Real World Impact"

Good Morning Mr Grundler,
The results of the testing done at WVU using on the road testing have been very interesting.
With the extra emissions posing real heath concerns, have you folks considered finding a way to reduce these emissions?
The "Real World Impact" is indeed an issue which needs addressed.
Would you be interested in helping to provide an answer to decrease the emissions which are being released?
Now that WVU has shown the World that Volkswagen is responsible for emitting 10 - 40 times the stated emissions for their vehicles, how great would it be for the EPA to reveal a method to help reduce the deadly emissions?
The EPA is well posed to make a great "Real World Impact" if they could show test results which reduce the emissions without a loss in performance or MPG.
We have been in touch with the EPA a few times in the past, but it seemed the timing was not right.
It would appear the timing is very right at this moment and we would like to work with you folks to provide a method to help reduce the emissions.
We have the technology now and we have proven that it works using outside testing.
Would you be interested in proceeding with an on road test to help reduce these emissions?

Thank you,
Ex. 6

From: Brooks, Phillip
Location: Non-Responsive
Non-Responsive
Importance: Normal
Subject: Accepted: Prep Session #2 for VW HEC Hearing
Start Date/Time: Wed 10/7/2015 2:00:00 PM
End Date/Time: Wed 10/7/2015 3:00:00 PM

From: Brooks, Phillip
Location: Non-Responsive
Non-Responsive
Importance: Normal
Subject: Accepted: VW HEC Hearing
Start Date/Time: Tue 10/6/2015 2:00:00 PM
End Date/Time: Tue 10/6/2015 3:00:00 PM

From: Bunker, Byron
Location: RM. 6520 DC/RM. C-174 DOD AA - By Telephone: Non-Responsive
Non-Responsive
Importance: Normal
Subject: Accepted: Prep Session #2 for VW HEC Hearing
Start Date/Time: Wed 10/7/2015 2:00:00 PM
End Date/Time: Wed 10/7/2015 3:00:00 PM

From: Bunker, Byron
Location: RM. 6520 DC/RM. C-174 DOD AA - CONF. CALL - Non-Responsive
Non-Responsive
Importance: Normal
Subject: Accepted: VW HEC Hearing
Start Date/Time: Tue 10/6/2015 2:00:00 PM
End Date/Time: Tue 10/6/2015 3:00:00 PM

From: Bunker, Byron
Location: Skype Meeting
Importance: Normal
Subject: Accepted: Conference Call
Start Date/Time: Mon 10/5/2015 5:00:00 PM
End Date/Time: Mon 10/5/2015 6:00:00 PM

To: Snyder, Jim[Snyder.Jim@epa.gov]
Cc: Giles, Michael (EEO)[michael.giles@vw.com]; Allen, Gregory (EEO)[Gregory.Allen@vw.com]
From: Rodgers, William (EEO)
Sent: Mon 10/5/2015 3:58:49 PM
Subject: VW Group - Decision Information Submitted

Hello Jim,

We have submitted a Decision Information file concerning Evap tests for the new 2017 Audi Q7 SUV with the 3.0L supercharged engine, VID: HAUT-Q7A. In addition, the manufacturer confirmatory FTP and Hwy tests for this vehicle were also uploaded to Verify.

Regards,

Bill Rodgers

EEO

Test 1

		Cycle 1	Cycle 2	Cycle 3	Cycle 4
EPA Protocol	Distance Driven				
EPA Protocol	CO2 total (gram)				
EPA Protocol	CO2 (g/mi)				
Calculated					
EPA Protocol	FE (mpg)				
Calculated	FE (mpg)				

Test 2

		Cycle 1	Cycle 2	Cycle 3	Cycle 4
EPA Protocol	Distance Driven	3.589	3.854	3.584	3.848
EPA Protocol	CO2 total (gram)	-	-	804.191	577.972
EPA Protocol	CO2 (g/mi)	-	-	224.361	150.198
VW Calculated		**-**	**-**	**224.384**	**150.201**
EPA Protocol	FE (mpg)	-	-	39.631	59.279
VW Calculated	**FE (mpg)**			**39.749**	**59.460**

Test 3

		Cycle 1	Cycle 2	Cycle 3	Cycle 4
EPA Protocol	Distance Driven	3.594	3.859	3.591	3.851
EPA Protocol	CO2 total (gram)	851.395	578.169	875.019	619.067
EPA Protocol	CO2 (g/mi)	236.915	149.833	243.690	160.752
VW Calculated		**236.893**	**149.824**	**243.670**	**160.755**
EPA Protocol	FE (mpg)	37.540	59.419	36.498	55.384
VW Calculated	**FE (mpg)**	**37.659**	**59.606**	**36.614**	**55.554**

To: Kaul, Meetu[Kaul.Meetu@epa.gov]
From: E&E Publishing
Sent: Mon 10/5/2015 5:31:04 PM
Subject: October 5 -- Greenwire is ready

Read today's Greenwire on the web

AN E&E PUBLISHING SERVICE

GREENWIRE — Mon., October 5, 2015

READ FULL EDITION

1.CAMPAIGN 2016:

Tortured N.Y. project shows Trump 'knows what buttons to push'

NEW YORK -- Before he became a global real estate mogul and a reality TV star, and long before he set his sights on the White House, Donald Trump tried to build the world's tallest skyscraper on the far west side of Manhattan.

TOP STORIES

2.GULF SPILL:
U.S., BP finalize $20B Deepwater Horizon settlement

3.SUPERFUND:
Cleanup settlement case dead ends at Supreme Court

4.ENDANGERED SPECIES:
FWS declines to list Sonoran Desert tortoise

POLITICS

5.CHEMICAL SECURITY:
EPA lags on safety update Obama ordered after Texas blast

6.CAMPAIGN 2016:
Clintons court coal miners with talk of safety, benefits

7.KEYSTONE XL:
Obama letter boosts hopes of pipeline foes

8.TRADE:
Trans-Pacific pact heads to Congress

NATURAL RESOURCES

9.OCEANS:
Chile to create largest marine park in the Americas

10.DROUGHT:
Farmland subsidence accelerates as wells work overtime

11.ENDANGERED SPECIES:
Almost one-third of cactuses face possible extinction

12.EXTREME WEATHER:
Heavy rains kill over 100 in Guatemala, China, France

13.PUBLIC LANDS:
Federal court indicts doctor for illegal artifact collecting

14.MINING:
Alaska fishing group signals support for Pebble mine

15.PUBLIC LANDS:
Activists embark on yearlong trip to protest Minn. mine

LAW

16.MINING:
SEC presses court to rehear conflict mineral case

17.COAL:

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Murray sues Obama admin over stream rule documents

18.OIL AND GAS:
Court upholds $236M Exxon groundwater contamination ruling

BUSINESS

19.OIL AND GAS:
SEC to propose new payment disclosure rule by year's end

20.UTILITIES:
D.C. mayor said to reach agreement on Exelon-Pepco merger

FEDERAL AGENCIES

21.DOE:
Marine vet, deputy IG named acting watchdog

AIR AND WATER

22.AIR POLLUTION:
EPA outlines steps for implementing ozone standard

23.AIR POLLUTION:
VW knowingly installed defeat devices -- aides

24.WATER POLLUTION:
'Unprecedented' Ohio River algae bloom baffles scientists

TRANSPORTATION

25.RAIL:
Amtrak train partially derails in Vt.

STATES

26.CALIFORNIA:
Gov. Brown signs bills to toughen waste oversight

27.CALIFORNIA:
Ivory loophole closes with Gov. Brown's signature

INTERNATIONAL

28.FRANCE:
Government mulls ending diesel tax break

29.IVORY COAST:
Nation evicts cocoa farmers from forests, parks

E&E INTERACTIVE

30.POWER PLAN HUB:
3 states kick off stakeholder planning meetings

E&ETV'S ONPOINT

31.CLIMATE:
C2ES report examines business resilience to impacts of climate change

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To: Grundler, Christopher[grundler.christopher@epa.gov]
From: E&E Publishing
Sent: Mon 10/5/2015 5:32:12 PM
Subject: October 5 -- Greenwire is ready

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To: Cohen, Janet[cohen.janet@epa.gov]; Sutton, Tia[sutton.tia@epa.gov]; Levine, Carolyn[Levine.Carolyn@epa.gov]; Belser, Evan[Belser.Evan@epa.gov]; Niebling, William[Niebling.William@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]
Cc: Grundler, Christopher[grundler.christopher@epa.gov]
From: Brooks, Phillip
Sent: Mon 10/5/2015 5:45:43 PM
Subject: RE: suggested time change- Briefing for House Energy and Commerce Committee staff re: VW (includes travel time for DC folks)

Ok with me

From: Cohen, Janet
Sent: Monday, October 05, 2015 1:36 PM
To: Sutton, Tia; Levine, Carolyn; Belser, Evan; Brooks, Phillip; Niebling, William; Bunker, Byron
Cc: Grundler, Christopher
Subject: RE: suggested time change- Briefing for House Energy and Commerce Committee staff re: VW (includes travel time for DC folks)

Works for me. Byron's schedule looks flexible then as well, according to his Outlook calendar.
– j. -

From: Sutton, Tia
Sent: Monday, October 05, 2015 1:34 PM
To: Levine, Carolyn; Belser, Evan; Brooks, Phillip; Niebling, William; Cohen, Janet; Bunker, Byron
Cc: Grundler, Christopher
Subject: RE: suggested time change- Briefing for House Energy and Commerce Committee staff re: VW (includes travel time for DC folks)

Works for me, so I will defer to others' schedules.

From: Levine, Carolyn
Sent: Monday, October 05, 2015 1:33 PM
To: Belser, Evan; Brooks, Phillip; Niebling, William; Sutton, Tia; Cohen, Janet; Bunker, Byron
Cc: Grundler, Christopher

Subject: suggested time change- Briefing for House Energy and Commerce Committee staff re: VW (includes travel time for DC folks)

Hi all,

Are you available if we move the briefing start time to 3:15 ET?

I may need to meet you up there as I have a meeting at DOJ with Cynthia. It is the Ford office building, right at Federal Center metro-though I think the front entrance (across from metro is closed), so have to walk around back, we can meet inside at security. I will add address to invite as soon as I get it.

Carolyn Levine

Office of Congressional and Intergovernmental Relations

U.S. EPA

(202) 564-1859

levine.carolyn@epa.gov

To: Grundler, Christopher[grundler.christopher@epa.gov]
Cc: Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Cohen, Janet[cohen.janet@epa.gov]
From: Birgfeld, Erin
Sent: Mon 10/5/2015 5:47:17 PM
Subject: FW: wapo

HI Chris,

Ex. 5

-Erin

From: Allen, Laura
Sent: Monday, October 05, 2015 12:32 PM
To: Birgfeld, Erin
Subject: wapo

http://www.washingtonpost.com/business/economy/the-epa-closed-the-lab-that-might-have-caught-vw-years-ago/2015/10/05/03487752-67b5-11e5-9223-70cb36460919_story.html

Laura Allen

Deputy Press Secretary
Office of the Administrator
U.S. Environmental Protection Agency

Email: Allen.Laura@epa.gov

Office: 202-564-1175

Mobile: 202-731-3005

Please consider the environment before printing this email.

1300 Pennsylvania Avenue NW
Washington, DC 20229

U.S. Customs and Border Protection

OCT - 1 2015

Volkswagen Group of America, Inc.
2200 Ferdinand Porsche Drive
Herndon, VA 20171

ATTN: Customs Compliance

Dear Sir or Madam:

This letter is to advise you that Volkswagen AG, Audi, AG, and Volkswagen Group of America, Inc. (collectively, VW) are under investigation for possible violations of 19 U.S.C. §§ 1592, 1595a, and other provisions of law. Specifically, on September 18, 2015, Customs and Border Protection (CBP) discovered that VW may have imported light duty diesel engine vehicles into the U.S. from various countries which did not comply with Environmental Protection Agency (EPA)-enforced laws, regulations, and import requirements. These cars are classified in Chapter 87 of the Harmonized Tariff Schedule of the United States and were imported, entered, or introduced at various ports nationwide between 2008 and 2015.

CBP requests that VW conduct a thorough review of *all* entries filed between 2008 and 2015 and identify instances in which vehicles were entered or introduced by means of a false statement(s) or omission(s) in violation of 19 U.S.C. § 1592 and imported contrary to law (EPA statutes) in violation of 19 U.S.C. 1595a. A response to this letter is requested prior to close of business November 16, 2015. Any requests for additional time should be accompanied by an executed statute of limitations waiver and a corporate resolution. Suggested language is attached for your convenience. If you have any questions, please contact Thomas Kendrick, Acting Director, Commercial Fraud Division, at 202-863-6057 or via email at thomas.kendrick@dhs.gov.

Sincerely,

for Brenda Smith
Assistant Commissioner
Officer of International Trade
Customs Border Protection

cc: Lars-Erik A. Hjelm, Akin Gump Strauss Hauer & Feld LLP
Environmental Protection Agency
Immigration and Customs Enforcement, Homeland Security Investigations
Office of Chief Counsel, CBP

From: Levine, Carolyn
Location: Non-Responsive
Importance: Normal
Subject: Briefing for House Energy and Commerce Committee staff re: VW (includes travel time for DC folks)
Start Date/Time: Mon 10/5/2015 7:00:00 PM
End Date/Time: Mon 10/5/2015 8:30:00 PM

Hq meet at 3pm Non-Responsive

3:15 meeting
Call in:

Non-Responsive

To: Brooks, Phillip[Brooks.Phillip@epa.gov]
Cc: Cohen, Janet[cohen.janet@epa.gov]; Sutton, Tia[sutton.tia@epa.gov]; Belser, Evan[Belser.Evan@epa.gov]; Niebling, William[Niebling.William@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]
From: Levine, Carolyn
Sent: Mon 10/5/2015 6:30:50 PM
Subject: 3:15 Briefing for House Energy and Commerce Committee staff re: VW (includes travel time for DC folks)

Tia, Phil and Evan- let's meet at 13th and PA (Btwn Reagan and Clinton bldgs) at 3pm to get taxi(s).

Call-in: 1-866-299-3188
Non-Responsive

Carolyn Levine
U.S. EPA
Office of Congressional Affairs
(202) 564-1859
levine.carolyn@epa.gov

On Oct 5, 2015, at 1:45 PM, Brooks, Phillip <Brooks.Phillip@epa.gov> wrote:

> Ok with me
>
> **From:** Cohen, Janet
> **Sent:** Monday, October 05, 2015 1:36 PM
> **To:** Sutton, Tia; Levine, Carolyn; Belser, Evan; Brooks, Phillip; Niebling, William; Bunker, Byron
> **Cc:** Grundler, Christopher
> **Subject:** RE: suggested time change- Briefing for House Energy and Commerce Committee staff re: VW (includes travel time for DC folks)
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Cc: Grundler, Christopher
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Carolyn Levine

Office of Congressional and Intergovernmental Relations

U.S. EPA

(202) 564-1859

levine.carolyn@epa.gov

To: NII, JEFFREY C.[Jeffrey.c.Nii@cbp.dhs.gov]
Cc: KENDRICK, THOMAS J[THOMAS.J.KENDRICK@CBP.DHS.GOV]; MALMO, JERRY A[JERRY.A.MALMO@CBP.DHS.GOV]; GROSS, KELLEE M[KELLEE.M.GROSS@CBP.DHS.GOV]; SCOPA, WILLIAM R[WILLIAM.R.SCOPA@CBP.DHS.GOV]; KESSLER, LESLEYANNE (OCC)[LESLEYANNE.KESSLER@CBP.DHS.GOV]; AFONSO, HERNANI[HERNANI.AFONSO@cbp.dhs.gov]; GLEASON, MILLIE M[MILLIE.M.GLEASON@CBP.DHS.GOV]; MCCRAY, GEORGE F[GEORGE.F.MCCRAY@CBP.DHS.GOV]; Belser, Evan[Belser.Evan@epa.gov]; Werner, Jacqueline[Werner.Jacqueline@epa.gov]
From: Kaul, Meetu
Sent: Mon 10/5/2015 7:00:50 PM
Subject: RE: EPA Air Enforcement Division - POC

Mr. Nii,

I've forwarded your request to my management here and we will be in touch. They are currently preparing for a Congressional hearing scheduled for Thursday so I think a coordination call prior to then may be difficult, but we will get back to you.

Thanks,

Meetu

Ms.Meetu Kaul, Attorney-Advisor

Air Enforcement Division
United States Environmental Protection Agency
Direct: 202-564-5472
Email: kaul.meetu@epa.gov

From: NII, JEFFREY C. [mailto:Jeffrey.c.Nii@cbp.dhs.gov]
Sent: Monday, October 05, 2015 2:03 PM
To: Kaul, Meetu
Cc: KENDRICK, THOMAS J; MALMO, JERRY A; GROSS, KELLEE M; SCOPA, WILLIAM R; KESSLER, LESLEYANNE (OCC); AFONSO, HERNANI; GLEASON, MILLIE M; MCCRAY, GEORGE F
Subject: RE: EPA Air Enforcement Division - POC

Meetu,

Greetings. I believe you've had some conversations with two of my colleagues, Jerry Malmo and TJ Kendrick. They asked me to help coordinate a conference call we'd like to have with EPA this week regarding Volkswagen (Our Partner Government Agency (PGA) Branch is within my Division). Tomorrow, Tuesday, between 1:00 to 4:00 or Thursday before 11:00 AM or the afternoon would be preferred (although we'll still have to heard some cats). My PGA program manager for EPA is Kellee Gross, and she is cc'd for further coordination.

In addition to the information discussed below (we're currently clearing the request to share with EPA through our Chief Counsel), we'd like to share the following:

On October 1, 2015, U.S. Customs and Border Protection (CBP) sent the attached letter to Volkswagen Group of America.

Ex. 7 **Ex. 7**

I left you a voicemail but can you can call me directly if you'd like to coordinate further in arranging the conference call. There are many offices on my side who have some involvement.

Thank you.

Jeffrey C. Nii

Director, Interagency Collaboration Division

Office of International Trade

U.S. Customs and Border Protection

1400 L. Street NW, 12th Floor

Washington, DC 20229

(202) 863-6011 DC | (202) 360-3695 cell

Jeffrey.c.nii@cbp.dhs.gov

From: MALMO, JERRY A
Sent: Friday, October 02, 2015 9:03 AM
To: NII, JEFFREY C.
Subject: EPA Air Enforcement Division - POC

Meetu Kaul's contact information

Ms.Meetu Kaul, Attorney-Advisor

Air Enforcement Division
United States Environmental Protection Agency
Direct: 202-564-5472
Email: kaul.meetu@epa.gov

From: Kaul, Meetu [mailto:Kaul.Meetu@epa.gov]
Sent: Thursday, October 01, 2015 4:52 PM
To: MALMO, JERRY A
Subject: RE: Notice of Violation Letter

Hi Jerry,

I left you a voicemail as well. I wanted to give you an update and get you connected with some folks in our Ann Arbor office regarding the 2016 model year vehicles.

Could you give me a call when you have a chance?

Thank you,

-Meetu

Ms.Meetu Kaul, Attorney-Advisor

Air Enforcement Division
United States Environmental Protection Agency
Direct: 202-564-5472
Email: kaul.meetu@epa.gov

From: MALMO, JERRY A [mailto:JERRY.A.MALMO@CBP.DHS.GOV]
Sent: Monday, September 28, 2015 3:09 PM
To: Kaul, Meetu
Subject: RE: Notice of Violation Letter

How is tomorrow morning – any time before 11.

From: Kaul, Meetu [mailto:Kaul.Meetu@epa.gov]
Sent: Monday, September 28, 2015 2:59 PM
To: MALMO, JERRY A
Subject: RE: Notice of Violation Letter

Thank you. I can try to set up a call for tomorrow that my management can also attend. Are there specific times that work for you?

Ms.Meetu Kaul, Attorney-Advisor

Air Enforcement Division
United States Environmental Protection Agency
Direct: 202-564-5472
Email: kaul.meetu@epa.gov

From: MALMO, JERRY A [mailto:JERRY.A.MALMO@CBP.DHS.GOV]
Sent: Monday, September 28, 2015 10:59 AM
To: Kaul, Meetu
Subject: Notice of Violation Letter

Ms. Kaul,

I called you earlier today and left you a voice message.

I see you were listed as the POC in the Notice of Violation Letter issued to Volkswagen on the defeat devices installed in their 2009 through 2015 diesel light duty vehicles.

Have you had any conversations with CBP regarding this issue? I know you must be very busy, but if you have a few minutes, I would like to talk to you about this.

Best Regards – Jerry

Jerry Malmo, Director

Trade Measures Division

Office of International Trade

U.S. Customs and Border Protection

(202) 863-6655 wrk (202) 306-7083 mbl

To: Grundler, Christopher[grundler.christopher@epa.gov]
Cc: Hengst, Benjamin[Hengst.Benjamin@epa.gov]
From: Birgfeld, Erin
Sent: Mon 10/5/2015 7:12:20 PM
Subject: Press tour at NVFEL Showcase - David H to give?

Hi Chris,

I'm working with Laura A et al. on the press aspects of the showcase.

I was going to recommend that David H. give the press tour of the lab like last year. He did a fantastic job and we can prep him as necessary for any VW related q's.

Does this make sense to you? I know you will be doing the VIP tour at the same time .

Thanks,

Erin

Erin Birgfeld

Communications Director

Office of Transportation and Air Quality

U.S. EPA

202-564-6741 (work)

202-255-4434 (cell)

To: Ex. 6
Cc: Snyder, Jim[Snyder.Jim@epa.gov]
From: Yang, Ching-Shih
Sent: Mon 10/5/2015 7:16:13 PM
Subject: RE: "Real World Impact"

Hi,

I see. Thank you for the clarification. The testing that you speak of appears to be the testing under the aftermarket retrofit device evaluation program. My colleague Jim Snyder is now responsible for that program. I have copied him on this email so that you can follow up with him about your interest in doing testing with us.

Regards, Ching-shih
Yang

From: Ex. 6
Sent: Monday, October 05, 2015 11:20 AM
To: Yang, Ching-Shih
Subject: Re: "Real World Impact"

Good Morning Mr Yang,

You and I have spoken a few years ago regarding our device which reduces emissions.

I did try to visit you once at your office, but could not get past security.

With the extra emissions which are being released by the Volkswagen diesels I wanted to reach out to the EPA and see if they would test our device which will reduce the emissions without loss of power or MPG.

A correction seems to be needed now.

It has been calculated that about 35 people may die this year because of the extra emissions of 10 to 40% coming from the 2 liter VW diesels.

In the past, the EPA has proven very difficult for us to work with regarding this device.

Right now today, we can reduce the emissions by at least 10%, and that is better than not doing anything.

All of us need to work towards something to help now and the EPA has a lot of power to make things happen.

Can you help me please?

Thank you,

Ex. 6

-----Original Message-----
From: Yang, Ching-Shih <Yang.Ching-Shih@epa.gov>
To: **Ex. 6**
Sent: Mon, Oct 5, 2015 10:23 am
Subject: RE: "Real World Impact"

Good Morning **Ex. 6**

I apologize that I do not fully understand what you are asking. Your final question was whether we're interested in an on-road test to help reduce emissions. I am not involved in doing vehicle tests in my position, but I use to be involved with the Aftermarket Retrofit Device Evaluation program. Are you asking in regards to this program, or if you have a question specifically related to our test procedures in light of the recent issues we've had with Volkswagen, I can direct you to the proper person who could answer your questions.

Thank you and have a nice day, Ching-shih Yang

From: **Ex. 6**
Sent: Monday, October 05, 2015 10:16 AM
To: Yang, Ching-Shih
Subject: "Real World Impact"

Good Morning Mr Yang,

The results of the testing done at WVU using on the road testing have been very interesting.

With the extra emissions posing real heath concerns, have you folks considered finding a way to reduce these emissions?

The "Real World Impact" is indeed an issue which needs addressed.

Would you be interested in helping to provide an answer to decrease the emissions which are being released?

Now that WVU has shown the World that Volkswagen is responsible for emitting 10 - 40 times the stated emissions for their vehicles, how great would it be for EPA to reveal a method to help reduce the deadly emissions?

The EPA is well posed to make a great "Real World Impact" if they could show test results which reduce the emissions without a loss in performance or MPG.

We have been in touch with the EPA a few times in the past, but it seemed the timing was not right.

It would appear the timing is very right at this moment and we would like to work with you folks to provide a method to help reduce the emissions.

We have the technology now and we have proven that it works using outside testing.

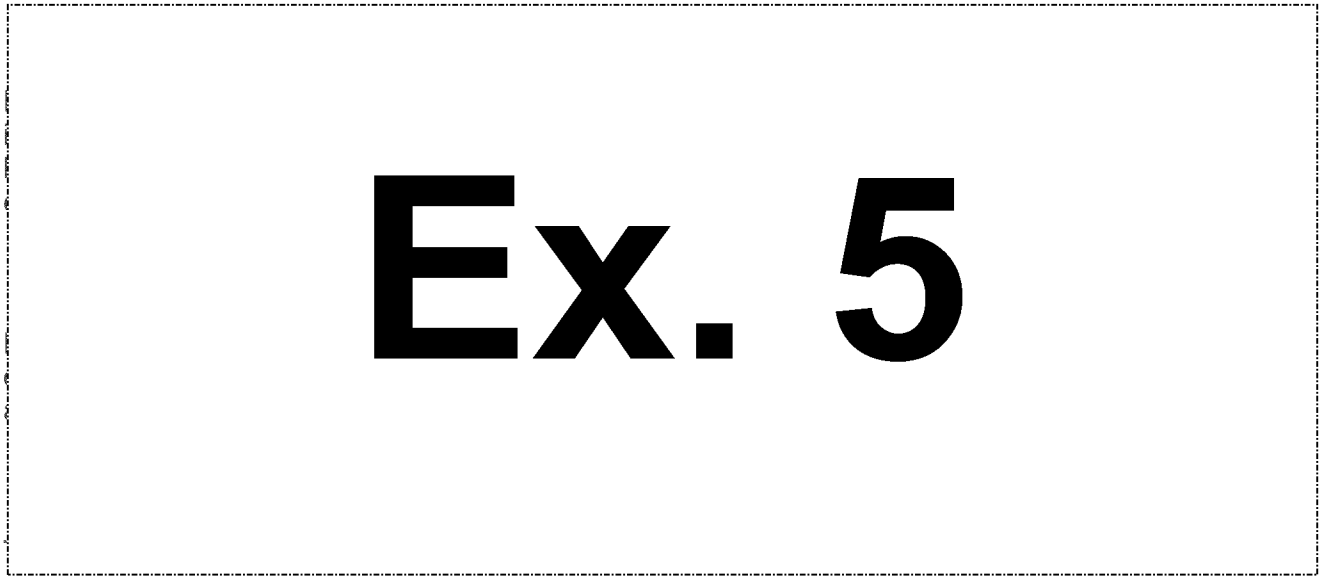
Would you be interested in proceeding with an on road test to help reduce these emissions?

Thank you,

Ex. 6

To: Greuel, Justin[Greuel.Justin@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]
Cc: Cohen, Janet[cohen.janet@epa.gov]; Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Sutton, Tia[sutton.tia@epa.gov]
From: Birgfeld, Erin
Sent: Mon 10/5/2015 8:37:10 PM
Subject: FW: DDL: maybe next week, not set; Reuters; re: some of the conditions that seem to pushed Volkswagen to 'defeat' emissions tests are at play with trains

Justin and Byron,



Erin

From: Valentine, Julia
Sent: Monday, October 05, 2015 4:17 PM
To: Birgfeld, Erin; Senn, John
Cc: Hengst, Benjamin; Millett, John; Allen, Laura; Conger, Nick
Subject: VW: DDL: maybe next week, not set; Reuters; re: some of the conditions that seem to pushed Volkswagen to 'defeat' emissions tests are at play with trains

Patrick Rucker

Reuters News Energy Reporter

Desk: 202 354 5858

Cell: 202 415 4075

There's an interesting diesel trains wrinkle in the 'defeat device' issue

In short, some of the conditions that seem to pushed Volkswagen to 'defeat' emissions tests are at play with trains

And it would be helpful to have an informal chat with someone there about train emissions and compliance to see if there might be something here

The emissions rules just got though for trains

NOx emissions must come down by 75 pct; hydrocarbon levels by 80 percent

That's a huge jump and train manufacturers are struggling to match that

Caterpillar – one of the two leading locomotive manufactures – could not meet those standards

They've been pushed out of the diesel locomotive sector and left the field to General Electric

Caterpillar now says they can have a 'conforming' engine on the market next year – a move that's surprised some in the industry

Judging by this org chat, I can imagine a few people here at Transportation and Air Quality might be able to help

But if you could help me with that informal chat, grateful

To: Snyder, Jim[Snyder.Jim@epa.gov]
Cc: Rodgers, William (EEO)[William.Rodgers@vw.com]; Allen, Gregory (EEO)[Gregory.Allen@vw.com]
From: Giles, Michael (EEO)
Sent: Mon 10/5/2015 8:41:00 PM
Subject: VW Group - e-tron cert request

Hi Jim,

I need to make a correction to the test group dataset for the e-tron (MY2016 GVGAV01.43B). However, I believe there is an active cert request; could you reject this one? Then I will re-submit after corrections.

Regards,

Mike

Michael Giles

Certification Engineer

Engineering & Environmental Office (EEO)

Volkswagen Group of America, Inc.

3800 Hamlin Road

Auburn Hills, MI 48326

Phone: 248 754 4229

Fax: 248 754 4207

mailto: Michael.Giles@VW.com

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Automotive News
Sent: Mon 10/5/2015 8:45:57 PM
Subject: DAILY: Trade deal cuts U.S. tariffs, sets new duty-free benchmark for local content | VW dangles $2,000 bonus to avert defections | UAW chief calls out agitators | Dealers grapple with S.C. floods

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Fiat Chrysler management shuffle boosts Kuniskis, Manley

October 5, 2015

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Pacific trade deal cuts U.S. tariffs on light vehicles, sets new duty-free benchmark for local content

Pacific trade ministers reached a deal on the most sweeping trade liberalization pact in a generation that will lower U.S. tariffs on light vehicles, revamp global auto production and open Japan's market to U.S.-built vehicles.

VW offers loyalty bonus to avert defections

Volkswagen of America is offering a $2,000 customer loyalty incentive this month to prevent a possible wave of owner defections in the wake of its admission of diesel emissions violations

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Fiat Chrysler management shuffle boosts Kuniskis, Manley

Fiat Chrysler has shuffled its North American upper management, giving more responsibility and brands to Dodge boss Tim Kuniskis and Jeep head Mike Manley. North American sales chief Reid Bigland also gets a larger role, taking over fleet sales.

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VW was told to halt sales of suspended cars, says more information coming, report says

VW's president Danny Weissenberger said the company is suspending sales of its diesel cars in the U.S. and is taking steps to ask regulators to lift the stop-sale order, according to Reuters today.

Continental defends software caught up in VW emissions crisis

Maserati's global marketing chief Chehab resigns

South Carolina dealers grapple with floods; BMW still producing

Fiat, Ford offer incentives to win VW owners in Italy

VW plans special board meeting Wednesday to elect Poetsch chairman

Tennessee reviews provisions to recoup investment from VW

Nissan's concept aims to engage 'share native' generation

Bridgewater Interiors names Ron Hall Jr. as CEO

Average fuel economy of new cars dips 3rd time in 4 months

Ford, UAW resolve dispute at F-150 plant, ending strike threat

VW's new chairman: Emissions crisis a threat to our 'existence'

EPA: Post-VW emissions scrutiny the new normal

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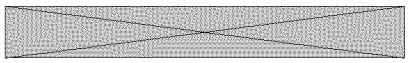

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by Auto/Mate

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by KeyBank

» Oct. 28 at 2pm ET - Targeted Digital Advertising
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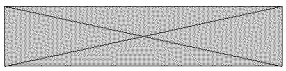

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To: Birgfeld, Erin[Birgfeld.Erin@epa.gov]
From: Grundler, Christopher
Sent: Mon 10/5/2015 9:11:56 PM
Subject: Re: wapo

Anyone talk to reporter?

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

On Oct 5, 2015, at 3:05 PM, Birgfeld, Erin <Birgfeld.Erin@epa.gov> wrote:

It's pretty bad. You should read it to be prepared….

"When this all came out in the news about VW, my first thought was, 'Wow, we could have been all over this,'" said John Lux, testing manager at the lab.

From: Grundler, Christopher
Sent: Monday, October 05, 2015 4:01 PM
To: Birgfeld, Erin
Subject: Re: wapo

Is the story as bad as the headline?

Christopher Grundler, Director

Office of Transportation and Air Quality

U.S. EPA

202-564-1682 (DC)

734-214-4207 (Ann Arbor)

On Oct 5, 2015, at 12:47 PM, Birgfeld, Erin <Birgfeld.Erin@epa.gov> wrote:

HI Chris,

The WaPo article that our friend Peter worked on is here. I am drafting a blog to underscore some of your messages on our testing regime that didn't come through here.

Laura Allen is hoping to post it tomorrow am. Look for a draft this evening.

Thank you!

-Erin

From: Allen, Laura
Sent: Monday, October 05, 2015 12:32 PM
To: Birgfeld, Erin
Subject: wapo

http://www.washingtonpost.com/business/economy/the-epa-closed-the-lab-that-might-have-caught-vw-years-ago/2015/10/05/03487752-67b5-11e5-9223-70cb36460919_story.html

Laura Allen

Deputy Press Secretary
Office of the Administrator
U.S. Environmental Protection Agency

Email: Allen.Laura@epa.gov

Office: 202-564-1175

Mobile: 202-731-3005

Please consider the environment before printing this email.

To: Grundler, Christopher[grundler.christopher@epa.gov]
Cc: Bunker, Byron[bunker.byron@epa.gov]; Cohen, Janet[cohen.janet@epa.gov]
From: Birgfeld, Erin
Sent: Mon 10/5/2015 9:20:25 PM
Subject: FW: Volkswagen Clips 10/5/2015

Hi Chris,

Ex. 5

-Erin

From: Allen, Laura
Sent: Monday, October 05, 2015 2:05 PM
To: Gong, Kristiene; Purchia, Liz; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: Volkswagen Clips 10/5/2015

WaPo story posted. Chris outlined a variety of points that are not included so Erin is putting together a blog to highlight those points.

Washington post

The EPA closed the lab that might have caught VW years ago

By Peter Whoriskey October 5 at 10:48 AM

More than 20 years ago, an engineer at the Environmental Protection Agency invented a device that allows technicians to measure the emissions of a car as it is out driving in the real world.

Had the device, then known as ROVER, been used by the EPA to screen cars, it would have detected Volkswagen's cheating long ago, former engineers for the EPA said.

But the Alexandria, Va. lab where the testing device was developed was closed by the EPA about 2001, and the contractors who worked there laid off. The pilot program that used the new devices to test cars from emissions compliance on the road did not continue, officials said.

"When this all came out in the news about VW, my first thought was, 'Wow, we could have been all over this,'" said John Lux, testing manager at the lab.

"It's a coulda, shoulda, woulda situation," said another engineer from the lab who requested anonymity because he still contracts with the government. The testing in Virginia "would have detected the Volkswagen issue immediately."

The news that Volkswagen cheated on car emissions tests for eight years has led to criticism that the pollution checks by the EPA have been too passive.

Agency officials have defended their efforts, and said that they will step up the scrutiny. They said the Virginia lab was closed because it was "outdated" and that its resources were better used at its larger testing facility in Ann Arbor.

But the closure of the Virginia Testing Laboratory suggests that they had the opportunity years ago to make emissions tests more comprehensive.

For years, the EPA has checked car emissions by running tests in a laboratory: the cars spinning their wheels on rollers, while scientists sample and analyze the exhaust.

But as Volkswagen engineers have illustrated, such tests can be cheated. In the Volkswagen case, the cars could detect when they were undergoing a lab test, and when they did, they reduced their emissions. Then, once out on the roads, those cars emitted as much as ten times the legal limts of the pollutants known as nitrogen oxides.

It wasn't until an outside group, the International Council on Clean Transportation, decided to test the cars out on the roads, that the Volkswagen deception was uncovered.

Now many environmental groups and others, are pushing for broad use of those road emissions tests invented in early 1995. The advocates of more road testing note that the Volkswagen deception has been underway since 2008 and was detected almost accidentally — and not by the EPA.

Moreover, they argue, emissions violations are not new — Volkswagen is not alone. Other vehicle and engine makers have been caught in similar violations, though their transgressions involved far fewer cars. Volkwagen's involved about 11 million world-wide.

Among those pushing the government to conduct more of the road test emissions is the environmental group Center for Biological Diversity, which filed a legal petition last week, demanding that the EPA conduct real world testing of all diesel cars going back to model year 2009.

"There's no good reason for EPA not to employ every method possible to detect fraud and protect public health and our climate," said Kristen Monsell, an attorney for the group. "The Volkswagen debacle ought to be a wake-up call for the agency to make that happen."

Current EPA officials disputed the idea that the real world emissions tests, known as ROVER, would have detected the Volkswagen emissions trouble.

"The problem with such hypotheticals is that no one can know what would have happened in those cases," the EPA said in a statement.

For example, EPA officials said, the same Volkswagen engine software that defeated the lab tests might have been configured to defeat the road tests, too.

But experts said that would be unlikely because a road test is unlikely to follow an easily detectable pattern. And without one, it may be close to impossible for a car to know it is being tested.

Indeed, several emissions experts, as well as the former chief of the EPA's emissions office, have said that the ROVER device would have detected the Volkswagen deception.

The idea for real-world testing arose out of an insight by Leo Breton, an engineer at the EPA during the '90s.

Breton's job was to oversee the lab testing of auto emissions carried out by a contractor at the Virginia Testing Laboratory. In the lab tests, cars are put on rollers, and test drivers accelerate and decelerate according to a set pattern, while the output is measured and analyzed.

"I kept wondering whether the emissions numbers being calculated during the lab tests had anything to do with reality," he said.

One of the reasons Breton was skeptical of the lab tests' accuracy is that he saw the test drivers become expert on the test course. That expertise meant that they would step on the accelerator less often than drivers in the real world, and that, in turn, meant that the test cars would show lower emissions.

The test driver also "doesn't have to worry about traffic, or weather, or potholes," Breton said,

and so drive very efficiently. “In the real world, a driver has to step on the gas a lot more.”

The practical challenge he faced was this: How to measure emissions while a car is out on the road? Breton rigged a test apparatus, using a borrowed gas analyzer, to record emissions in the real world. It was improvised because he had no budget. During tests, they stashed the equipment in the backseat, connected a hose to the tailpipe, and set out to measure the pollutants.

It turned out that his suspicions were well founded. What the real world tests showed is that there is a gap between lab tests and real world tests of about 10 to 20 percent, generally.

Gaps of that magnitude were deemed normal. But the equipment also turned up cases where the gaps were much, much larger, and in some of those cases, the road tests were used to show that manufacturers were failing emissions standards.

The first time his device was put to official work, the EPA determined that Cadillacs were emitting three times the permitted amount of carbon monoxide whenever the car’s air-conditioner was in use.

In 1997, it turned up problems with Ford Econoline vans and in 1998, similar problems turned up at seven manufacturers of heavy-duty engines.

The engineers then started a pilot program to test more cars with ROVER, but about 2001, EPA officials closed the Virginia Testing Laboratory.

Chris Grundler, the head of the emissions office at EPA, said the road tests were not regularly used to check diesel car compliance because, compared to trucks, they emit only a small fraction of the pollution.

That car testing “didn’t continue because it didn’t rise to the top of our priority scheme,” he said

Grundler said that he supports checking car emissions using both kinds of tests: those run in the lab , which are more accurate and predictable, as well as those done on the road, which offer the

advantage of testing in real world conditions.

"We're getting calls that the dynamometers [the lab tests] are obsolete — but that's just wrong," Grundler said. "The point is to do this work, you have to do both."

He noted that for years the EPA has been using the road tests to measure the emissions of heavy-duty engines.

Michael P. Walsh, former EPA official overseeing car pollution efforts during the '70s, and winner of MacArthur Foundation "genius" grant in 2005, said he supports efforts to broaden the use of road tests to detect emissions discrepancies.

"We know we've been burned before, and there may have been other cases that we missed," Walsh said. "The way I would look at it is that the first priority is to check the largest sources of pollution – that would be trucks. But you would also do random testing of other engines just so that the industry knows that EPA is looking."

Staff researcher Alice Crites contributed to this report.

From: Gong, Kristiene
Sent: Wednesday, September 30, 2015 3:37 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/30/2015

Reuters:

http://www.reuters.com/article/2015/09/30/column-frankel-idUSL1N1202EH20150930

COLUMN-Which court will hear Volkswagen class actions?: Frankel

(The opinions expressed here are those of Alison Frankel, a columnist for Reuters.)

By Alison Frankel

(Reuters) - Here's how fast class actions against Volkswagen are proliferating.

Last Tuesday, when the California firm Morris Polich & Purdy filed the initial motion to consolidate litigation by VW owners who claim they were tricked by the automaker's "clean diesel" claims, its brief cited "at least 20 actions" in seven jurisdictions. A week later, according to a brief by Lieff Cabraser Heimann & Bernstein and Seeger Weiss, the number was up to 175 suits.

As of Wednesday, VW and Audi owners whose vehicles have been tainted by the emissions scandal have filed class actions in at least 40 federal jurisdictions in 30 different states.

Obviously, those cases will be consolidated by the Judicial Panel on Multidistrict Litigation, which is scheduled to hear about the VW class actions at its Dec. 3 meeting in New Orleans. But where the consolidated litigation should take place is already being hotly debated by plaintiffs' firms.

Six jurisdictions have been floated so far by different lawyers for car owners. (VW has not yet signaled whether it agrees the cases should be consolidated and, if so, where.)

Three of the six suggestions have to be considered far-fetched. Birmingham, Alabama's best claim on the litigation, for instance, is its proximity to VW facilities in Georgia and Tennessee, according to a brief from Heninger Garrison Davis.

Cleveland, Ohio? The judges there are very good at handling MDLs but don't have very many of

them, says Spangenberg Shibley & Liber, which happens to be based in Cleveland.

According to Robert Hilliard of Hilliard Munoz & Gonzales - one of the plaintiffs' lawyers leading the litigation over GM's faulty ignition switch - the VW cases should go to Corpus Christi, Texas because - well, because Hilliard thinks very highly of the trial judges in his home court.

The more compelling candidates for the VW MDL are Los Angeles; Newark, New Jersey; and Alexandria, Virginia, all of which have also been proposed in filings with the MDL panel.

New Jersey, which is backed by Lieff Cabraser and Seeger Weiss, is Volkswagen's state of incorporation in the U.S. and is the home of the company's U.S. engineering and environmental office as well as other VW corporate operations.

New Jersey is also easily accessible to air travelers from Germany, where Lieff and Seeger Weiss assert the supposed emissions-evading scheme was devised and executed.

The "rocket docket" of Eastern Virginia was proposed by Burns Charest, which can't be accused of hometown chauvinism because it is based in Dallas.

Virginia is the headquarters for the U.S. operations of Volkswagen and Audi, making it "their nerve center and the center of their decision-making process," the Burns firm said. (Clearly, the plaintiffs will have to do some digging to figure out which continent was actually the site of VW's fateful emissions-rigging decisions.)

Burns Charest also points out that Alexandria is a mere 200 miles from Morgantown, West Virginia, where researchers from University of West Virginia first exposed VW's manipulation of the cars' emissions. (For however much that is worth.)

VW sold more "clean diesel" cars in California than any other U.S. state, and more class actions

by car owners have been filed there than anywhere else, according to a brief filed Wednesday at the JPML by Bernstein Litowitz Berger & Grossmann.

Federal judges in Los Angeles, in particular, have already handled sprawling products liability litigation against Kia and Hyundai, which were accused of misrepresenting their fuel efficiency, and against Toyota in the sudden acceleration litigation.

Moreover, according to Bernstein Litowitz and Morris Polich, which is also pushing for consolidation in Los Angeles, the California Air Resources Board helped expose the VW scandal. Its investigative records and important witnesses are already in the state, as is the largest VW testing and product development center outside of Germany.

The plaintiffs' firm Cotchett Pitre & McCarthy makes some of the same California-centric arguments in its brand new brief but argues for consolidation in federal court in San Francisco rather than Los Angeles.

Lawyers in the VW case have until Oct. 20 to file briefs backing one of these courts or proposing a different jurisdiction to oversee the litigation. VW's brief will be especially interesting.

This has the makings of a gigantic case.

Some of the consolidation motions assert that clean diesel cars are worthless because they can't pass some state emissions tests and dealers won't take them back. We are probably years from any judicial decision on that allegation - but VW had better be thinking now about which judge it wants to make that determination.

LA Times:

http://www.latimes.com/business/la-fi-hy-vw-and-audi-green-car-awards-20150930-story.html

VW and Audi give back Green Car of the Year awards Audi A3 TDI diesel

By CHARLES FLEMING

For the environmental black marks they've received, Volkswagen and Audi have been asked to give up the green.

The two car companies, embroiled in a widening scandal for their part in cheating on auto diesel emissions tests, have lost the prestigious Green Car of the Year Awards they won for their 2009 Jetta TDI and 2010 Audi A3 TDI.

The two "clean" diesel vehicles are included in a batch of 11 million cars worldwide that VW has admitted are fitted with a "defeat device" designed to trick emissions testing. Both vehicles are on the list of cars the Environmental Protection Agency has charged with emitting as much as 40 times the permitted levels of dangerous pollutants.

That batch of cars includes diesels fitted with 4-cylinder engines built by VW, among them 2009 to 2015 VW Jetta, Golf, Passat and Beetle cars, plus the Audi A3.

The awards were taken away by Green Car Journal, whose editor and publisher announced his decision Tuesday night.

“Rescinding the Green Car of the Year awards for the VW Jetta TDI and Audi A3 TDI is unfortunate but appropriate,” said Ron Cogan.

Attempting to make a virtue of a necessity, Audi of America President Scott Keogh said in a statement, "Audi has won hundreds of races and thousands of awards throughout its history. But we only want to win fair and square. Therefore, in light of recent developments, we believe the only right thing to do is to return this important recognition of environmental stewardship."

Volkswagen of America has also agreed to return its award.

The annual Green Car of the Year award is meant to encourage automakers to continue building vehicles that combine performance, efficiency and low emissions.

Winners for the last several years have been the 2015 BMW i3, 2014 Honda Accord and 2013 Ford Fusion -- the latter two for their entire family of gas, hybrid, and plug-in hybrid models.

From: Gong, Kristiene
Sent: Wednesday, September 30, 2015 10:20 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/30/2015

Reuters:

http://uk.reuters.com/article/2015/09/30/uk-volkswagen-emissions-idUKKCN0RU15F20150930

VW readies external inquiry into emissions scandal - source

BERLIN | BY ANDREAS CREMER

Senior Volkswagen officials will examine on Wednesday findings from an internal investigation into its rigging of vehicle emission tests and prepare for an external inquiry, a source familiar with the matter told Reuters.

The executive committee of the German carmaker's supervisory board will gather on Wednesday

evening at its Wolfsburg headquarters to assess the initial results of the internal inquiry into the biggest business-related scandal of its 78-year history, said the source, speaking on condition of anonymity.

A representative of U.S. law firm Jones Day, which has been appointed to lead the external investigation, will attend part of Wednesday's meeting, the source added.

Europe's largest carmaker has admitted cheating in diesel emissions tests in the United States. Germany's transport minister says it also manipulated tests in Europe, where Volkswagen sells about 40 percent of its vehicles.

It is under huge pressure to get to grips with a crisis that has wiped more than a third off its market value, sent shock waves through the global auto industry and could damage Germany's economy.

New Chief Executive Matthias Mueller, who took over from Martin Winterkorn last Friday, has promised to find those responsible and to create a new business culture.

"Those people who allowed this to happen, or who made the decision to install this software -- they acted criminally. They must take personal responsibility," supervisory board member Olaf Lies told the BBC.

Winterkorn, CEO for almost nine years, is being investigated by German prosecutors over allegations of fraud. The company suspended three top engineers on Monday and two sources familiar with the matter said on Wednesday that communications chief Stephan Gruehsem was expected to step down.

Investors view an external investigation as particularly important, given the close links of Mueller and chairman-designate Hans Dieter Poetsch to the Piech-Porsche clan that controls Volkswagen.

Shareholder advisory firm Hermes EOS said on Monday it had "real doubts" about Volkswagen's decision to appoint company insiders to top jobs to tackle the crisis.

MANAGEMENT FOCUS

Volkswagen said on Tuesday it would refit up to 11 million vehicles installed with the "cheat" software in one of the biggest such recalls by a single automaker. It has promised to submit details to regulators next month.

Johannes Kleis, communications chief for the European Consumer Organisation, told Reuters it was pressing Volkswagen to give customers information as quickly as possible about any implications for fuel consumption and emissions.

"Time is of the essence," he said.

But analysts say the refit may not be straightforward, and Volkswagen's Czech division Skoda has informed the government in Prague that it will need until the end of October to find a technical solution.

Around 1.2 million Skoda vehicles are affected.

Manipulating emissions results allowed Volkswagen to keep down engine costs in a "clean diesel" strategy that was popular in Europe and at the heart of a drive to improve U.S. results.

The source familiar with the matter told Reuters an engineer questioned in the company's internal probe had warned of illegal practices in emissions measurement as far back as 2011, but that no action was taken.

On top of its own inquiries, Volkswagen faces investigations by regulators and prosecutors across the world, plus potential lawsuits from customers, investors and environmentalists.

Some analysts are concerned management will be so preoccupied with the crisis that they will not have enough time to focus on rebuilding the brand and tackling long-standing areas of underperformance, such as the mass-market VW division, flagging sales in China and a struggling U.S. business.

In a sign of the potential impact of the scandal, a car valuation tracking guide on Wednesday said the value of used Volkswagen diesel cars sold in Britain trailed the wider market in September.

Industry publication Green Car Journal also said on Tuesday it was rescinding "Green Car of the Year" awards given to Volkswagen's 2009 VW Jetta TDI and 2010 Audi A3 TDI models.

However, Skoda said it had not seen any impact on sales or orders since the crisis erupted, and analysts said a halving in sales tax on small cars in China could provide a boost to Volkswagen.

At 1220 GMT, Volkswagen shares were up 1.9 percent at 96.95 euros. The stock has seen about 28 billion euros (£20 billion) wiped off its market value since the crisis began.

Volkswagen's troubles have been an embarrassment for Germany, which has for years held it up as a model of its engineering prowess and has lobbied against some tighter regulations on automakers. The German car industry employs more than 750,000 people and is a major source of export income.

German Finance Minister Wolfgang Schaeuble said on Wednesday the crisis did not pose a danger to the country's economy, Europe's largest, but added: "In the end, VW will not be the same company it once was. A lot will change from a structural perspective."

Car manufacturers fear the crisis could lead to more costly regulations and hit sales of diesel cars.

-

-

Reuters:

http://www.reuters.com/article/2015/09/30/volkswagen-emissions-technology-idUSL1N11Z2Z720150930

RPT-Illegal VW diesel emission systems may require two solutions

By Paul Lienert and Joseph White

(Reuters) - Volkswagen AG 's promise to fix pollution control systems on about 11 million diesel vehicles will involve changes to software, and possibly hardware, that could leave owners with cars that deliver diminished fuel economy and performance or require more maintenance, experts said Tuesday.

The German automaker's new chief executive, Matthias Mueller, said Tuesday VW customers would need to have those diesel cars "refitted." The company did not specify what the refitting might entail. Some analysts have said the job could cost more than $6.5 billion.

A former executive of Volkswagen's U.S. operation said Tuesday the company may be required to change only software, and not hardware, to bring older diesel models now deemed illegal into compliance with U.S. emissions standards.

Other experts and U.S. regulators said the German automaker likely will have to come up with two sets of solutions for two different emission-control systems installed on 482,000 U.S. diesel cars from model years 2009-2015.

VW has admitted using software that circumvented U.S. and California pollution rules by fully

activating the exhaust scrubbing systems only when the car was being put through precisely prescribed government emissions tests.

VW hasn't said why it used the illegal "defeat device" to deceive regulators. But the results, at least in the short term, were beneficial: VW was able to pass laboratory tests that showed its U.S. diesel cars met the relevant regulations, but then switched off the emission control devices while driving.

The benefits of switching the pollution control systems off were different depending on which system the vehicles used, experts said.

VW initially installed the illegal software, beginning in late 2008, on 2.0-liter four-cylinder turbo-diesel engines fitted with devices known as "lean NOx traps," designed to reduce nitrogen oxides in engine exhaust. Nitrogen oxide emissions have been linked to smog, acid rain and lung cancer.

EPA on September 25 said it would take longer to fix older VW diesels from model years 2009-2014 that used the lean NOx traps.

Any device used to control nitrogen oxide emissions typically "diminishes the performance and fuel economy" of diesel engines, according to automotive consultant Sandy Munro.

Older VW diesels could be made to function properly with a software fix, said Marc Trahan, who retired in late 2014 as executive vice president of group quality after a 35-year career with VW and its Audi subsidiary. They should not need to have newer hardware installed, which would take much longer, require extensive "re-engineering" and be cost-prohibitive, he said.

Beginning in 2012, Volkswagen offered the same 2.0 TDI engines with a more sophisticated and expensive emissions control system called Selective Catalytic Reduction. These systems, which debuted on VW's largest car, the Passat, injected a liquid urea solution into the exhaust to break down the nitrogen oxides.

These systems also had software that turned them off during normal driving, the company has admitted. The consequences of running the systems all the time will be different for consumers than the older, NOx traps.

Ideally, the urea solution used to control smog-forming gases is supposed to be replaced every 10,000 miles, typically by a dealer, but VW encountered potential problems.

On newer models with the SCR system, Trahan said there were concerns within the company about the urea consumption being so great that it would require separate "fill-ups" every 5,000 miles, rather than the desired 10,000-mile intervals that are typical between engine oil changes.

A software update on the newer diesel models equipped with SCR devices could lead to "reduced vehicle performance and fuel economy and increased urea use," said analyst Kevin Riddell of LMC Automotive. The new software "also will have an impact on resale value and potential marketability," he said.

Financial Times:

http://www.ft.com/intl/cms/s/0/1eeed486-669f-11e5-97d0-1456a776a4f5.html#axzz3n9smHpVZ

Volkswagen, its software and the psychology of cheating

Michael Skapinker

What is startling is that the VW affair does not appear to fit into any category of corporate scandal

Shortly after I joined the Financial Times in 1986, the Guinness affair exploded. The company

had offered financial inducements to associates to support its share price during the takeover of Distillers, another drinks company. The chief executive and two others went to jail.

I have followed many corporate scandals since: banks mis-selling financial products, drug companies hiding adverse research results and bribing doctors, dodgy accounting, Libor manipulation.

Even amid this list of shame, Volkswagen's use of sophisticated software to detect when its diesel cars were being tested, and to spew out illegal levels of nitrogen oxides when they were not, is striking in its apparent villainy.

Most corporate scandals follow one of three patterns. The first is that the law is unclear. Many have been testing its boundaries, and those who are finally blamed, fired or jailed either went too far or were selected by prosecutors or regulators to be made examples of.

The Guinness affair fell into this category. As Richard Lambert, later the FT's editor, wrote then, there were "grey areas between the boundaries of the law and accepted City practice" and the actions of those arrested "were not so different from those which had earned them plaudits and rich rewards in other times".

Some, but not all, accounting scandals fall into this category too. Accounting is not an exact science and clients may be desperate for a slight extension of what the auditor accepted last year. The stretching goes on until the company collapses and the auditors are, humiliatingly, fined.

The second category of scandal is where the miscreant company sells customers something that does not help them, or hurts them. The company doing the selling rationalises that it is really up to the customer to decide whether they want to buy it or not. Some of the financial service mis-selling fell into this category, although some involved outright deception.

The third category of scandal occurs because "everyone is doing it" and your company will suffer if you do not. This covers everything from possibly legal but reputation-damaging manoeuvres such as routing profits through low-tax jurisdictions to crass immorality such as

covering up adverse drugs trials and criminal activities such as Libor-rigging and bribe-paying.

If we do not do it, when everyone else does, the justification goes, we, our employees and our shareholders will all be worse off.

Assigning malpractices to these categories does not excuse or justify them in any way. But it helps to explain how they happen.

There are few outright crooks in business. Most people who end up doing wrong drift into it. They push the limits and then, when that year's sales target is a little out of reach, they push a little more.

Their misbehavior is adjacent to their previously acceptable behaviour and, when the regulator levies a huge fine, or the police arrive at the door, it takes some time, thinking back, to identify the moment when they crossed the line.

What is startling about the Volkswagen affair is that it does not appear to fit into any of these categories. There was no grey area. The law set an emissions limit, and the VW models, when they were on the road, exceeded them. The company covered this up with an algorithm that reduced emissions to legal limits during testing.

VW's behavior also did not fall into the category of letting the customers decide. The customers were as deceived as everyone else.

As to the third category, was everyone doing it? We will have to see what emerges. But while other manufacturers may have been gaming the emissions regime by, for example, recharging batteries before testing, so far no other company has been found to have used VW-type "defeat devices".

Devising a system to detect when a car is being tested surely required planning, expertise and a

specific decision. It must have required forethought. It is not something you can drift into through incrementally deteriorating behavior.

We will find out more about who at VW was responsible and why they behaved as they did through regulatory inquiries, class action suits, and — surely — criminal prosecutions.

All corporate misbehavior is reprehensible. But VW's has taken us into different territory.

From: Gong, Kristiene
Sent: Tuesday, September 29, 2015 3:06 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/29/2015

AP (via US News):

http://www.usnews.com/news/business/articles/2015/09/29/vw-scandal-18-million-commercial-vehicles-affected

VW Scandal Involves Numerous Brands

Volkswagen emissions scandal involves commercial vehicles, SEAT brand; technical fix due October.

Legal experts say the German automaker is likely to face significant legal problems, including potential criminal charges.

BERLIN (AP) — Volkswagen's commercial vehicles and cars from its Spanish unit SEAT are among the 11 million fitted with a diesel engine that can cheat on emissions tests, the company said Tuesday.

Volkswagen AG has admitted using a piece of engine software to cheat on diesel car emissions tests in the U.S., where authorities say there are 482,000 such cars. The company says that up to 11 million vehicles worldwide were fitted with the engine in question.

The company said it would present authorities with its "technical solutions and measures" to fix the problem in October. Not all of the 11 million vehicles, however, would have had the software activated, according to new CEO Matthias Mueller.

Details have emerged gradually of how many were made by which VW division. Guenther Scherelis, a spokesman for the commercial vehicles unit — which makes vans and pickups — on Tuesday confirmed that 1.8 million of its vehicles were affected. He didn't give further details.

Spanish subsidiary SEAT said it fitted 700,000 vehicles with the EA 189 diesel engines in which Volkswagen has said there are "discrepancies."

SEAT said the cars were sold worldwide and it was seeking to determine how many were sold in each market.

Also fitted with the suspect software were 5 million VW brand cars, 2.1 million Audis and 1.2 million Skodas.

SEAT and Volkswagen-Audi Spain on Tuesday ordered a suspension of sales of all SEAT, Volkswagen, Audi, Skoda and Volkswagen commercial vehicles with the EA 189 diesel engine. It said this decision would affect 3,320 vehicles currently in stock.

In a speech to VW managers Monday evening, newly appointed CEO Mueller said that the offending software was activated only in part of the cars fitted with the engine, so "we expect that the number of vehicles actually affected will be smaller," according to extracts released by the company.

He said customers will be informed in the coming days that their vehicles need work and authorities will be presented with "technical solutions" in October.

Mueller said that, alongside the company's internal probe, Volkswagen's supervisory board has commissioned an external investigation by U.S. law firm Jones Day, and "that will start very quickly."

"A long road and a lot of hard work lie ahead of us," he said.

The German government last week set up a commission of inquiry on the scandal. Transport Ministry spokesman Martin Susteck said that the panel is in contact with the U.S. Environmental Protection Agency.

In Brussels, European Union Industry Commissioner Elzbieta Bienkowska was scheduled to meet Tuesday with Volkswagen brand chief Herbert Diess.

"We expect Volkswagen to explain the situation," said EU spokesman Ricardo Cardoso. "The Commission wants facts and wants to get to the bottom of this.

The New York Times:

http://www.nytimes.com/2015/09/30/business/international/volkswagen-diesel-europe.html?_r=0

Despite Volkswagen Scandal, Europe's Diesel Habit Could Be Hard to Kick

By STANLEY REEDSEPT. 29, 2015

LONDON — A loyal Volkswagen owner for years, Jane Kelley was "shocked," she says, by recent revelations that the German company had cheated on emissions tests in the United States.

Snug in Ms. Kelley's garage in North London recently was a white 2013 Passat powered by a 2-liter diesel engine. The company says that as many as 11 million of its cars — Volkswagens, Audis, Skodas and SEATs with diesel engines — were equipped with software designed to fool emissions testers.

But as disturbed as she was to learn that Volkswagen had cheated, Ms. Kelley does not necessarily want anything done about it. "Are they going to take my car away and fiddle with the engine?" she worried, as she served tea in her sunlit dining room.

Like at least some other European diesel drivers, Ms. Kelley is in no hurry to abandon the car just because it may spew more noxious fumes than she originally thought. "I do feel that it is a very safe car," she said. She also admires the acceleration of the turbocharged diesel, which she credits with helping her recently escape a potential hazard. "There was a guy weaving, maybe drunk, so I just shot by,'' she recalled.

Ms. Kelley is one of millions of fans of diesel cars across Europe, where fuel prices and taxes make the cost of filling an automobile's tank much higher than in the United States. Drawn by diesels' superior fuel economy over gasoline engines and the lower price of diesel fuel, European consumers have long leaned toward diesel cars — a collective habit that might be difficult to break, despite the new scrutiny the Volkswagen scandal has given to diesel's dark side.

While diesels have struggled in the United States to overcome a reputation as smoke-belching clunkers — they represent about 3 percent of the American car market — they have rolled to dominance across the Atlantic. Diesels accounted for more than half the new cars sold in Western Europe last year, compared with 14 percent in 1990.

Europeans' embrace of diesels has encouraged manufacturers to improve the engines' performance, and it has motivated governments, especially those of Germany and France, to support their auto industries' diesel efforts. Although environmentalists have been sounding alarms for years, the forces propelling diesel were so strong that it might explain why drivers,

carmakers and regulators have been willing at times to overlook diesels' tendency to be bigger polluters than gasoline cars.

"Ban diesels? You can't be serious," Ségolène Royal, the French environment and energy minister, said recently, responding to a suggestion by a member of the Green party. "We can't treat problems of this gravity with ideological slogans, at the expense of French interests," Ms. Royal said, noting that more than half the cars on French roads were diesels.

In fact, the percentage in France is around 64 percent, even higher than in Germany, with French-made Renault, Peugeot and Citroën diesels among those ranks. There has been no indication that the French automakers cheated on emissions tests.

So far, Volkswagen has not said how it plans to deal with the deceptive software problem, although the German government has set an Oct. 7 deadline for the company to propose a solution. Unlike in the United States, where lawyers are already recruiting car owners in hopes of filing class-action lawsuits, there is no similar tradition in Europe that would encourage consumers to collectively demand financial redress.

Volkswagen said on Tuesday that it would prepare a plan by early October to improve the emissions of affected vehicles. Owners will be notified in the weeks and months after the plan has been approved by authorities, the company said.

"If there is a recall, I would be happy if my car is not included in it," said Tony Novak, a retired editor for the BBC who lives in Reading, England. In Britain, just over half of new cars sold are diesels.

"Diesels used to be terrible — they used to be dirty and slow," he said. "Now they are brilliant." Mr. Novak had owned diesel cars previously, but when he bought his 2014 Volkswagen Golf diesel, "I was really surprised by how good it was — you really notice the difference in acceleration."

That Volkswagen might have achieved that performance by cheating — it is still not clear

whether the company needed the deceptive software to pass Europe's emissions tests, which are much less strict than the United States' — is not what matters most to Mr. Novak. "I worry that if they tweak the computer, the performance will deteriorate," he said.

About five million of the affected cars are Golfs, Passats and other Volkswagen-brand cars. An additional two million are Audi brand cars, and the rest or Skoda and SEAT brand cars, or light commercial vehicles.

Matthias Müller, a company insider who was appointed chief executive of Volkswagen last week, told top managers late Monday that the deceptive software was activated in only a portion of the 11 million vehicles that have the so-called EA 189 diesel motors. But Volkswagen did not specify how many cars were designed to cheat on emissions tests.

Some industry experts say that the Volkswagen scandal could prove a turning point in the diesel love affair, if the new scrutiny of European emissions standards and testing makes it easier for the environmentalists to be heard.

The premise of the "clean diesel" notion that Volkswagen promoted was partly based on the fact that on a per-mile basis, diesel engines emit less carbon dioxide — a big contributor to climate change — than gasoline engines. But diesel exhausts, unless cleaned in ways that Volkswagen's software was designed to sidestep, produce larger quantities of other harmful gases — nitrogen dioxide and nitrogen monoxide — along with fine particles that contribute to stubbornly persistent air quality problems in European cities.

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WSJ:

http://www.wsj.com/articles/volkswagen-has-refit-plan-for-emissions-rigged-vehicles-says-ceo-1443525496

Volkswagen Has Refit Plan For Emissions-Rigged Vehicles, Says CEO

Technical solutions to be submitted to relevant authorities in October

By HENDRIK VARNHOLT

Updated Sept. 29, 2015 1:36 p.m. ET

FRANKFURT— Volkswagen AG has a plan to refit vehicles affected by software that can rig an exhaust-emission test, the company's new chief executive said, outlining what is expected to be a massive recall.

Matthias Müller told managers at Volkswagen headquarters in Wolfsburg that a project team put together "a comprehensive action plan" over the weekend and would inform customers shortly about refitting their vehicles.

On Tuesday, Volkswagen said it would submit its technical solutions to regulators and environmental authorities for approval in October, and set up websites to inform affected customers about their vehicles.

Europe's biggest car maker became engulfed in an emissions scandal after U.S. environment authorities said September 18 that it intentionally installed software in some diesel-powered cars to pass U.S. emissions tests. The company has since faced a management shake-up, a $25 billion drop in its market value and demands for clarification from authorities world-wide.

On Tuesday, the Volkswagen-brand car chief, Herbert Diess, was meeting with EU Industry Commissioner Elzbieta Bienkowska in Brussels to discuss the crisis, the EU Commission said

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Bloomberg (via Chicago Tribune) :

http://www.chicagotribune.com/news/sns-wp-blm-diesel-europe-913c7a16-66bd-11e5-bdb6-6861f4521205-20150929-story.html

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VW crisis signals shift for diesel-focused Europe oil market

Bill Lehane and Firat Kayakiran, Bloomberg

LONDON _ If European oil-market analysts have a single takeout from Volkswagen's emissions cheating, it's that the scandal is probably long-term bearish for the diesel market.

Europe's refineries have been shifting for decades toward greater output of diesel to mirror alterations to the continent's car fleet. As they have done so, imports have also surged, causing an ever-expanding glut to build up, while the fuel itself is under growing scrutiny for risks it may pose to public health.

"This will only be bearish for diesel prices," said Christopher Haines, a London-based senior oil and gas analyst at BMI Research, which is part of the Fitch Group. "Output levels are good and at the same time stocks are high. If consumption dips, prices will follow."

Europe has record amounts of gasoil -- a near identical fuel to diesel -- held at independent storage tanks in Belgium and the Netherlands, according to PJK International, a Dutch firm that's monitored regional supplies for decades. Debate about the fuel's risk to public health had been growing long before the VW scandal: the World Health Organization said in 2012 that diesel-exhaust emissions cause cancer.

Volkswagen AG's stock will be removed from the Dow Jones Sustainability indexes pending a review of its status after the carmaker's admission it cheated on emissions tests, S&P Dow Jones Indices LLC and RobecoSAM said in a statement Tuesday.

While Europe's oil refineries have been boosting the proportion of diesel they make, a shift back toward higher gasoline consumption could be beneficial to them, according to Petromatrix GmbH, a consultant based in Zug, Switzerland. When the region's plants were built, they were configured to make gasoline.

Europe imports diesel from Russia, the U.S. and also from newly built refineries in India and the

Middle East that more than cover a domestic shortfall in output. Shifting back toward gasoline would help to make European plants more self sufficient, according to Alessandra Agnello, an analyst at Petromatrix.

"In the medium term, this is a negative for diesel and a positive for gasoline," Andrew Echlin, an oil products analyst at consultant Energy Aspects Ltd., said. "It will greatly slow down any impetus towards dieselisation in the U.S., as well as encourage European regulators to take another look at diesel car regulations and testing, which were already planned for 2018."

Diesel cars' market share is already starting to dwindle in some European countries and drivers are becoming increasingly sensitive to pollution issues from the fuel, according to Petromatrix.

"Diesel consumption will fall as a consequence of the falling diesel car sales," said Angello. "The VW scandal will accelerate this trend, but it will take some time to see it."

Independently held supplies of gasoil are close to a record at 3.6 million metric tons in Europe's trading heartlands of Antwerp, Rotterdam and Amsterdam, according to data from PJK. Gasoil, once predominantly for heating, is now an almost identical fuel to diesel because of regulatory changes that lower its sulfur content.

About 41 percent of all European cars ran on diesel last year compared with 27 percent a decade earlier, according to data from the European Environment Agency. The proportion has grown every year for the past decade, a trend with which the region's refiners have been doing their best to keep pace.

About 40 percent of the region's refineries' output is now diesel compared with 36 percent a decade ago, according to industry data compiled by Energy Aspects. Gasoline output has dropped to about 20 percent from 23 percent over the same timespan, Energy Aspects estimates.

"The scandal over manipulated data in VW diesel vehicles will cast a long shadow over the diesel market," Commerzbank analysts including Eugen Weinberg said in a Sept. 24 note. "It could put the brakes on diesel cars and thus reduce consumption of diesel."

From: Gong, Kristiene
Sent: Tuesday, September 29, 2015 2:44 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/29/2015

The Washington Post:

http://www.washingtonpost.com/cars/breaking-volkswagen-will-recall-all-11-million-diesel-cars-with-emissions-cheating-software/2015/09/29/a732419a-66ca-11e5-bdb6-6861f4521205_story.html

BREAKING: Volkswagen Will Recall All 11 Million Diesel Cars With Emissions-Cheating Software

By Richard Read

This morning, Reuters reports that Volkswagen plans to issue a worldwide recall for all 11 million diesel vehicles equipped with software designed to cheat on emissions tests.

That in itself isn't too surprising. For a problem this big, a deception this egregious, VW would be expected to repair the affected vehicles.

No, what's surprising is that VW plans to begin the recall process "in the next few days".

THE BEGINNING OF THE END?

The announcement was made by Volkswagen's brand-new CEO, Matthias Muller, who took the

corner office last Friday after longtime occupant Martin Winterkorn, was forced out. Clearly, Muller is trying to fast-track VW's rebound from international laughingstock to "world's biggest automaker".

Unfortunately, the road to recovery is likely to be very, very bumpy.

For starters, there will be many, many investigations. Volkswagen installed its deceptive software on vehicles sold in the U.S., Germany, Australia, Sweden, and other countries, which translates into multiple probes, multiple testimonies, multiple legal fees, and in all likelihood, multiple fines.

In the process, the scope of the scandal may broaden. We've already learned that 2.1 million Audi vehicles are equipped with the emissions-test-cheating software, as are 1.2 million made by Skoda. What other revelations will there be -- especially in the wake of increased scrutiny from regulators around the globe?

And last but certainly not least, there's the problem of the repair itself, which could spawn an entirely new wave of headaches for VW.

As we discussed yesterday, there's no easy fix for the diesel emissions issue. Yes, VW and Audi can upgrade the software on their vehicles -- and that seems like what they're planning.

In doing so, however, the new software will likely engage all the vehicles' emissions controls, which will bring the cars in line with federal regulations, but also diminish fuel economy. And that presents a whole new set of problems in the form of class-action lawsuits from customers mad about their missing MPGs -- not to mention diminished resale value of their vehicles.

Volkswagen has set aside a massive chunk of change to resolve the "Dieselgate" issue -- somewhere between $6 billion and $7.5 billion. By the time that the company slogs through all these probes, fixes, fines, and lawsuits, though, we're not sure that'll be enough.

From: Gong, Kristiene
Sent: Tuesday, September 29, 2015 11:21 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/29/2015

Financial Times:

http://www.ft.com/intl/cms/s/0/028c2eaa-668c-11e5-a57f-21b88f7d973f.html#axzz3n8IULvXD

VW chief Matthias Müller pledges fix for emissions faults

Chris Bryant in Frankfurt

September 29, 2015 12:23 pm

The new Chief Executive of Volkswagen said on Friday his priority is to win back trust that has been lost in the company after a scandal over its rigging of diesel emissions tests. The former head of Volkswagen's Porsche sports-car division, succeeds former CEO Martin Winterkorn, who resigned on Wednesday.

Matthias Müller, the new chief executive of Volkswagen, has promised to present regulators by October with a technical fix to remove software in diesel vehicles that is at the heart the global emissions scandal.

Addressing top managers at VW's headquarters in Wolfsburg, he said on Monday evening the group faced the "biggest test in our history".

"Together I want to prove to the world that Volkswagen deserves the public's trust," said Mr Müller, who last Friday replaced Martin Winterkorn as chief executive of Europe's largest carmaker by sales.

On Tuesday, VW's shares were down 0.3 per cent at €98.97. The stock has fallen almost 40 per cent since September 18, when a US regulator revealed the German carmaker had installed software in diesel vehicles that served to understate emissions of harmful nitrogen oxides in emissions tests.

VW said last week that up to 11m vehicles contained software-based defeat devices that facilitated the cheating during laboratory tests. On Tuesday, the group's commercial vehicles division said 1.8m of its vehicles were among those affected.

VW owners will be told in the coming days if their vehicles require a refit. Once regulators approve the technical fix, customers will be invited to make an appointment with a mechanic.

Mr. Müller reiterated the software is only activated in a "portion" of the 11m vehicles. This might mean the fix is relatively straightforward for some cars.

VW is putting together an action plan to deal with the crisis, and has appointed Jones Day, a US law firm, to carry out an investigation into how the emissions cheating occurred.

"It's about winning back lost trust," said Mr Müller. "For that we need an unsparing and systematic enquiry ... We will learn from our mistakes."

In depth

Herbert Diess, head of the core VW brand, is expected to meet with Elzbieta Bienkowska, EU commissioner for industry and the internal market, on Tuesday to discuss the scandal.

Investors are concerned that VW faces billions of euros in fines, recall costs and lawsuits in the wake of the affair, as well as damage to its brand that could undermine demand for its vehicles.

The Dow Jones Sustainability Indices said it planned to remove VW from benchmark lists due to the emission tests manipulation.

German prosecutors have launched a preliminary investigation into whether Mr Winterkorn defrauded customers in relation to the scandal. Mr Winterkorn, who resigned last Wednesday, has denied prior knowledge of the cheating.

From: Gong, Kristiene
Sent: Tuesday, September 29, 2015 9:47 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne; Urrutia, Katiana
Subject: RE: Volkswagen Clips 9/29/2015

AP:

http://hosted.ap.org/dynamic/stories/V/VOLKSWAGEN?SITE=AP&SECTION=HOME&TEMPLATE=

-

VW: 1.8M COMMERCIAL VEHICLES, 700,000 SEAT CARS AFFECTED

BERLIN (AP) -- Volkswagen said Tuesday that 1.8 million commercial vehicles are among those affected by the emissions-rigging scandal, while Spanish unit SEAT said 700,000 of its cars were fitted with the diesel engine in question.

Volkswagen AG has admitted using a piece of engine software to cheat on diesel car emissions tests in the U.S. It said last week the engines concerned are in some 11 million vehicles worldwide, far more than the 482,000 originally identified by U.S. authorities.

Details have emerged gradually of how many were made by which VW division. Guenther Scherelis, a spokesman for the commercial vehicles unit - which makes vans and pickups - on Tuesday confirmed a report in the daily Hannoversche Allgemeine Zeitung that 1.8 million of its vehicles were affected. He didn't give further details.

Spanish subsidiary SEAT said it fitted 700,000 vehicles with the EA 189 diesel engines in which Volkswagen has said there are "discrepancies."

SEAT said the cars were sold worldwide and it was seeking to determine how many were sold in each market.

Also fitted with the suspect software were 5 million VW brand cars, 2.1 million Audis and 1.2 million Skodas.

SEAT and Volkswagen-Audi Spain on Tuesday ordered a suspension of sales of all SEAT, Volkswagen, Audi, Skoda and Volkswagen commercial vehicles with the EA 189 diesel engine. It said this decision would affect 3,320 vehicles currently in stock.

In Brussels, European Union Industry Commissioner Elzbieta Bienkowska was scheduled to meet Tuesday with Volkswagen brand chief Herbert Diess.

"We expect Volkswagen to explain the situation," said EU spokesman Ricardo Cardoso. "The Commission wants facts and wants to get to the bottom of this."

The German government last week set up a commission of inquiry on the scandal. Transport Ministry spokesman Martin Susteck said that the panel is in contact with the U.S. Environmental Protection Agency.

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Reuters:

http://www.reuters.com/article/2015/09/29/volkswagen-emissions-plan-idUSL5N11Z11920150929

UPDATE 1-Volkswagen to refit cars affected by emissions scandal

BERLIN, Sept 29 (Reuters) - Volkswagen signaled on Tuesday it would recall up to 11 million vehicles as it tries to address the scandal over its admission that it cheated U.S. diesel emissions tests.

New Chief Executive Matthias Mueller said the German carmaker had drawn up a "comprehensive" refit plan to be submitted to regulators aimed at ensuring its diesel models complied with emissions standards.

It will ask customers "in the next few days" to have diesel models equipped with manipulated software refitted and brief authorities on technical fixes in October, Matthias Mueller told a closed-door gathering of about 1,000 top managers at Volkswagen's Wolfsburg headquarters late on Monday.

The company is under huge pressure to tackle the biggest business-related crisis in its 78-year history. Germany's KBA regulator had set an Oct. 7 deadline for it to present a plan to bring diesel emissions into line with the law.

Volkswagen has said previously about 11 million vehicles were fitted with software capable of cheating emissions tests, including 5 million at its namesake brand, 2.1 million at luxury brand Audi, 1.2 million at Czech division Skoda and 1.8 million light commercial vehicles.

"We are facing a long trudge and a lot of hard work," Mueller, appointed CEO of Europe's biggest automaker last Friday, said in the speech text seen by Reuters. "We will only be able to make progress in steps and there will be setbacks."

Separately, Mueller said Volkswagen's troubled core VW division, struggling with high fixed costs and low profit margins, would in future be able to act as independently as premium flagship brands Audi and Porsche.

"The new company structure is a first step and the basis for a modernization of VW, for a new and better company," he said. (Reporting by Andreas Cremer; Editing by Ludwig Burger and Mark Potter)

BBC News:

http://www.bbc.com/news/business-34390369

Seat says 700,000 cars have 'cheat' emissions software VW crisis

Seat has said about 700,000 of its cars are fitted with the software that allowed parent company Volkswagen to cheat US emissions tests.

A spokesman said they are currently trying to work out how many were sold in each national market.

In Spain slightly over 3,000 new cars are affected but showrooms have been told to put them aside.

VW has said a total of 11m diesel engines are involved in the emission's scandal.

Broken down brand-by-brand they are:

- VW - 5m
- Audi - 2.1m
- Skoda - 1.2m
- Seat - 700,000
- Vans - 1.8m

Seat said it planned to contact owners so their cars can undergo tests.

It will also set up a search engine on its website to allow customers to find out if their vehicles are affected.

The Spanish carmaker said it had temporarily suspended the sale and delivery of all new vehicles with the EA 189 engines which contain the software.

Volkswagen scandal

11 million

Vehicles affected worldwide

- €6.5bn Set aside by VW
- $18bn Potential fines
- No. 1 Global carmaker in sales

Scandal spilling over

The scandal is continuing to hit VW's share price. On Tuesday it fell another 1.5% during morning trade in Frankfurt. The company has lost 35% of its market value since last Monday.

A survey of 62 institutional investors by the investment banking advisory firm Evercore, showed 66% of them would not invest in VW for 6 months or until it clarified what costs, fines, and legal proceedings it faced.

The effects are also spilling over into the local economy around VW's headquarters in Wolfsburg. The city is expecting a fall in business tax revenue from VW and the mayor has announced a budget freeze and hiring ban on public sector workers.

The scandal was revealed after the US Environmental Protection Agency found that some VW diesel cars were fitted with devices that could detect when the engine was being tested, and could change the car's performance to improve results.

The German company has apologised for breaching consumers' trust, and on Friday announced that Matthias Mueller was replacing Martin Winterkorn as chief executive. Mr Mueller promised a "relentless" investigation to uncover what went wrong.

He said the group was "facing the severest test in its history."

German prosecutors announced on Monday that it was conducting a criminal investigation of Volkswagen's former chief executive.

Bloomberg:

http://www.bloomberg.com/news/articles/2015-09-29/volkswagen-close-to-diesel-fix-as-sales-of-rigged-cars-halted

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Volkswagen Close to Diesel Fix as Sales of Rigged Cars Halted

Elisabeth Behrmann

September 29, 2015 — 8:06 AM EDT

A brand new Volkswagen Passat and a Golf 7 car are stored in a tower at the Volkswagen Autostadt complex near the Volkswagen factory in Wolfsburg, Germany.

Sales halted in Spain, Switzerland, Italy and the Netherlands

- Volkswagen to inform customers soon of plans for repairs

Volkswagen AG is close to announcing a fix to emissions systems that cheated on pollution tests, as sales of vehicles with the rigged diesel engines get halted in a growing number of European countries.

Cars with the affected diesel engines are being pulled from markets including Spain, Switzerland, Italy, the Netherlands and Belgium, while prosecutors in Sweden consider opening an investigation on potential corruption. For vehicles already sold, Volkswagen is looking to inform customers soon about the steps it will take to repair the vehicles.

"It's going to depress their market share for a while, maybe even up to one to two years," said Richard Gane, an automotive specialist at supply-chain consultancy Vendigital Ltd. "This is going to run and run."

Almost two weeks after it publicly admitted to cheating on diesel emissions tests in the U.S., Volkswagen has yet to provide a comprehensive breakdown of the car models and markets affected. Information has emerged piecemeal in the scandal over a type of diesel engine installed in as many as 11 million vehicles worldwide. The number includes about 5 million VW brand cars, 2.1 million Audi models, 1.2 million from the Skoda unit and 700,000 from the Spanish Seat nameplate.

German Deadline

To reach out to customers, Volkswagen is looking into setting up websites in various countries so drivers can check on actions locally. The company has already set up a site in the U.S., where the scandal started.

The German government has set an Oct. 7 deadline for Volkswagen to say how it'll bring some 2.8 million diesels in its home market up to standard, threatening to pull the cars off the road if the carmaker fails to do so.

As Volkswagen seeks to recover, the executive committee of its supervisory board, made up of union officials as well as shareholder representatives from the Porsche family and Lower Saxony, is meeting Wednesday to discuss the latest results from the investigation, a person familiar with the situation said.

Volkswagen Chief Executive Officer Matthias Mueller, who was appointed on Friday, said a project team devised a plan over the weekend and the company will start informing customers in the coming days that the emissions of their vehicles will need to be improved. The fix will be presented to regulators for approval in October.

'Long Road'

"We have a long road and a lot of work ahead of us," Mueller said in a speech to Volkswagen's management late Monday, confirming that the company hired law firmJones Day to assist with its internal investigation. "To this end, thoroughness is more important than speed."

Still, pressure is building on the company to come up with a solution. Swedish prosecutors at the National Anti-Corruption Unit are evaluating whether they have jurisdiction to start their own probe, said Alf Johansson, a chief prosecutor at the unit. In the Netherlands, the government is exploring regionwide recall of the vehicles.

"We would like you to consider the possibilities of a European recall," Dutch State Secretary Wilma Mansveld said in a Sept. 25 letter to the European Commission. "This has to ensure that all faulty software is removed from the market and replaced by proper software that allows proper emission reduction."

Bloomberg:

http://www.bloomberg.com/politics/articles/2015-09-29/california-teachers-pension-scolds-volkswagen-on-emissions-dupe

California Teachers' Pension Scolds Volkswagen on Emissions Dupe

Alison Vekshin Margaret CollinsTim Jones

September 29, 2015 — 5:00 AM EDT

California's $184 billion pension fund for school teachers chided Volkswagen AG for rigging some diesel engines to cheat on U.S. emission tests and said it is evaluating its exposure to losses from the scandal.

The California State Teachers' Retirement System, the second biggest U.S public pension, held 37,580 Volkswagen shares valued at $4.85 million as of Sept. 25 and 284,856 of the company's preferred shares worth $34.2 million.

The Wolfsburg, Germany-based company admitted Sept. 18 that it programmed some of its cars' diesel engines to meet emissions standards only when undergoing official tests while letting them exceed legal pollutant limits on the road. Volkswagen's market value has plunged 27 billion euros ($30.3 billion) since the announcement.

"As owners we actively monitor our holdings and expect our portfolio companies to govern themselves responsibly."

- Michael Sicilia, Calstrs spokesman

"Calstrs is clearly disappointed that a company in our portfolio has managed to simultaneously damage both its shareholder value and the environment that we're pledging to protect," said Michael Sicilia, a Calstrs spokesman. "As owners we actively monitor our holdings and expect our portfolio companies to govern themselves responsibly."

About 11 million vehicles around the world were fitted with the defeat devices. The company has set aside 6.5 billion euros to cover damages including fixes, potential regulatory fines and lawsuits.

Not only is California home to the two biggest public pension funds, it has more of the cars on its roads than any other state and has the toughest carbon emission standards in the U.S.

Following the admission that the company cheated in order to try and gain U.S. market share, Chief Executive Officer Martin Winterkorn stepped down and the U.S. Federal Bureau of Investigation has opened a criminal probe. U.S. states also are looking into the company's actions.

Volkswagen is facing more than 80 federal court lawsuits by consumers alleging the company committed fraud by cheating on emissions tests, inducing them to pay more for their vehicles. Those lawsuits were filed as class actions representing all consumers in the U.S. or in individual states who leased or bought the vehicles.

A Michigan pension fund for police and firefighters alleges in a lawsuit that holders of VW's American depositary receipts lost hundreds of millions of dollars.

The $286 billion California Public Employees' Retirement System said it has about $165 million invested in Volkswagen. The fund, the biggest in the U.S., is "examining the situation and

continue to monitor," said spokesman Joe DeAnda.

New York state's pension fund -- which was worth $184.5 billion as of March 31 -- has 22,927 ordinary shares of Volkswagen valued at about $5 million, according to Matt Sweeney, a spokesman for state Comptroller Thomas DiNapoli, the fund's sole trustee. It has another 159,979 shares of Volkswagen's non-voting preferred shares worth $33.3 million, Sweeney said by e-mail.

The $50 billion Alaska Permanent Fund Corporation held 15,009 shares of Volkswagen stock as of June 30, valued at $3.47 million. "It doesn't exactly move the needle, does it?" said Laura Achee, the fund's director of communications.

The Teacher Retirement System of Texas declined to comment on its holdings but said that any investment in Volkswagen would be a drop in the bucket of its $132 billion assets, according to communications director Howard Goldman. At the $26 billion Employees Retirement System of Texas, which provides retirement benefits for state employees, retirees and their dependents, VW holdings are similarly negligible.

"We have some in equities and in fixed income, but very small," said spokeswoman Mary Jane Wardlow in an e-mail.

Volkswagen shares are also held in the pension plans of private companies including General Motors Co. and International Business Machines Corp., according to their latest filings with the Labor Department.

GM doesn't comment on individual holdings in its pension plans, spokesman Pat Morrissey said in an e-mail. The company reported shares in Volkswagen valued at about $1 million in its latest filing with the Labor Department as of Sept. 30, 2014. That's a small portion of the plan's about $80 billion.

From: Gong, Kristiene
Sent: Monday, September 28, 2015 1:42 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/28/2015

CBS News:

http://www.cbsnews.com/news/volkswagen-faces-daunting-challenges-in-fixing-emissions-cheating/

VW faces daunting challenges in fixing emissions cheating

DETROIT - Volkswagen faces daunting challenges in fixing software that enables cheating on diesel engine emissions tests, a task that's becoming more urgent because of growing anger from customers.

The company has set aside $7.3 billion to pay for the scandal. But experts say it's likely to cost much more as VW tries to comply with U.S. clean air regulations while appeasing diesel owners who paid extra for the cars, thinking they could help the environment without sacrificing performance.

"We understand that owners of the cars affected by the emissions compliance issues are upset," VW said on a consumer website launched Sunday. The company asked for patience and said it would address the issue as fast as it can. A spokeswoman wouldn't comment further.

But experts said VW will have to strike a careful balance to appease government regulators, make customers happy and avoid emptying the company cash box. A cheap remedy of software fixes likely would hurt performance and gas mileage, further antagonizing customers. A more expensive fix that adds a treatment system wouldn't hurt performance, but it would cost thousands per car and by one analyst's estimate, could total more than $20 billion including vehicles in the U.S. and Europe.

That's in addition to a potential $18 billion fine in the U.S. and the cost of numerous class-action lawsuits alleging that VW's cheating reduced the value of its customers' cars.

The scandal broke on Sept. 18, when the U.S. Environmental Protection Agency and the California Air Resources Board accused VW of installing secret software on 2-liter four-cylinder diesel engines that turned on pollution controls for lab tests and shut them off during real-world driving. As a result, 482,000 Jettas, Beetles, Golfs and Passats from the 2009 to 2015 model years belched out 10 to 40 times as much ozone-causing nitrogen oxide as U.S. law allows.

A few days later, VW admitted the same "defeat device" that switched the pollution controls on and off was on 11 million cars worldwide. Germany says 2.8 million cars there are affected.

Software in the main engine control computer figured out when the cars were being tested on a treadmill-like device called a dynamometer that the EPA used for verification and turned the controls on.

With the pollution controls on, the cars are less efficient and won't accelerate as fast, the two main reasons why people bought the VW diesels, said Matt DeLorenzo, managing editor and a diesel expert for Kelley Blue Book. VW could change the software and leave the controls on to satisfy the EPA and California regulators. But that would anger customers and likely would force VW to compensate them for the reduced mileage, just as Hyundai did when it got caught with inflated fuel economy estimates, DeLorenzo said.

"If it's really sluggish and doesn't get out of its own way, that's a bigger issue (to customers) than fuel economy," DeLorenzo said. "People notice that big of a change in performance."

The other option is to add a diesel exhaust treatment system that's used by other manufacturers and even by VW on larger diesel engines. The treatment involves adding a tank of a chemical called urea, which enables the cars to separate nitrogen oxide into harmless nitrogen and oxygen. That would cost $2,000 or more per car, DeLorenzo said.

Engineers would have to find room for a tank to store the blue urea fluid, which has to be refilled about every 7,500 miles, DeLorenzo said. And VW probably would have to compensate customers for years of urea cost, which is about $13 for 2.5 gallons.

VW probably tried to avoid urea systems in the beginning because their cost would have driven Jetta and Golf prices above competitors, especially gas-electric hybrids, DeLorenzo said. Now, adding it after the fact will cost even more, he said.

The scandal has forced Volkswagen to tell U.S. dealers not to sell cars with the suspect diesel engines. VW said on Sunday that it's working to get government approval to sell 2016 models with updated engines "which we believe do not have any of the issues the government has identified in other vehicles."

The 2015 and 2016 models have a new version of the 2-liter diesel engine that probably runs cleaner and could need just a software change to comply, DeLorenzo said.

But on older models from 2009 to 2014, the fix may be more difficult. Mike Jackson, CEO of AutoNation, the largest dealership chain in the U.S., said he was told by VW that it will take hardware and software changes to fix the older models. The EPA says it may take VW a year to develop a fix.

Before the 2009 model year, U.S. diesel emissions standards weren't as strict, so those cars likely passed the tests without a defeat device, DeLorenzo said.

Whenever the fix comes, it's possible that owners might not get it done if it hurts their cars' mileage and performance, and the EPA can't force people to take their cars in for repairs. The agency only has authority over automakers, not car owners.

The EPA says some states require proof that emissions recalls have been fixed before license plates are renewed. And the possibility of failing emissions inspections in states that require them apparently won't be an issue because of the cheating software. "The defeat device was

specifically designed to ensure that vehicles would pass inspection," the agency says on its website.

In wake of the scandal, the automaker's stock dropped about 30 percent this past week alone, CBS News correspondent Kris Van Cleave reported.

Volkswagen introduced is new CEO on Friday. Matthias Mueller, the former head of Porsche, will try to restore VW's reputation.

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The Guardian:

http://www.theguardian.com/business/2015/sep/26/volkswagen-scandal-emissions-tests-john-german-research

Meet John German: the man who helped expose Volkswagen's emissions scandal

Automative engineer's research connected the dots to how the automaker manipulated diesel emissions tests – but that was never the intention

Rupert Neate in New York

John German has barely had time to catch his breath all week between appearances on TV news channel and radio phone-in shows. He's an unlikely media star, not a pop singer or reality TV contestant, but a grey-haired automotive engineer thrust into the global spotlight after he and his colleagues were credited with helping uncover one of the biggest ever corporate scandals.

"We really didn't expect to find anything," German said of his research that found Volkswagen had installed sophisticated software designed to cheat strict emission tests across the world. His simple test – checking the car's emissions on real roads rather than in lab test conditions – led to the resignation of VW's chief executive after the German company was forced to admit it installed "defeat devices" in 11m cars. The scandal has wiped more than €24bn ($26.8bn) off VW's market value.

Many questions remain but one thing is clear to German: "It was not an accident," he said. "A lot of work has gone into this."

When German finally found a moment of peace this week he called his wife in Ann Arbor, Michigan. "She said: 'You know you've made it now, you can retire and be very happy'," German told the Guardian as he prepared to board a plane back to Michigan after a week in the spotlight in Washington DC. "No, no, no, I can't afford to yet," German told his disappointed wife.

He may have helped uncover one of the world's biggest corporate scandals, but German earns a modest salary as US co-lead of the International Council on Clean Transportation (ICCT) a small nonprofit organisation dedicated to helping to reduce vehicle emissions and has an annual budget of just $12m.

"It has been totally overwhelming," German said of the global interest in his research this week. "I've been doing nothing else [but responding to the media and politicians] for 12 hours a day since Friday," when US regulators announced their findings against VW based on German's research] "We're a small organisation that primarily deals with information on diesel filters, so this is unprecedented and overwhelming.

"As an organisation that is trying to reduce emissions and improve efficiency it is always gratifying to see results from our work, but we never dreamed we would have this kind of impact."

German explained that the idea to carry out the test, which he described as "very ordinary", came from Peter Mock, a colleague in Europe, who noticed discrepancies in the emissions of the diesel VW Passat and VW Jetta. He said they decided to carry out on-the-road tests in the US as the emissions regulations are much stricter than in the EU. They expected the cars to pass and they could use this as proof to show Europeans that it was possible to run diesels with cleaner emissions.

German, who has a degree in physics from the University of Michigan and said he "got over halfway through an MBA before he came to his senses", sought out the assistance of the West Virginia University's Center for Alternative Fuels, Engines and Emissions. The WVU provided a portable emission measurement system that could be put in the car's boot (trunk) with an attached probe placed in the exhaust pipe.

Then German sourced a Passat, Jetta and a BMW X5 (which also showed emissions discrepancies in Europe) and "had a drive around". "The VWs were massively exceeding their official emissions readings in normal driving conditions, which was completely inexplicable and totally surprised us," German said.

Thinking it must be a technical error, the tests were expanded and the cars were driven more than 1,200 miles from San Diego to Seattle – almost the entire length of the west coast of the US.

The VWs nitrogen oxide emissions – which creates smog and has been linked to increased asthma attacks and other respiratory illnesses – still exceeded the US standards by up to 35 times. The BMW X5 was within the regulated range.

Arvind Thiruvengadam, a research assistant professor at WVU, who conducted the tests said: "We were doubting ourselves and our procedures and making sure to double check that we were not doing anything wrong. We did so much testing we couldn't possibly doing the same mistake again and again.

"We were like 'OK, we're going to write a lot of journal papers, and we'll be happy if three people read these journal papers,'" he told National Public Radio last week. "That's our happiness at that point."

German published the research in May 2014 and handed it over to the Environment Protection Agency (EPA). "There was an expectation that they would find out what was causing the higher-than-expected emissions," he said. "We did send a courtesy copy to VW to say 'vehicles B and C are your vehicles and you might like to know', we had no response."

There was no response from the EPA either, but keen-eyed German noticed an EPA press release in which VW agreed to recall almost 500,000 vehicles in December 2014 to reinstall software, which it said would solve the higher-than-expected emissions.

However, a couple of months later the California Air Resources Board (Carb) carried out spot checks and discovered that the "defeat device" software – used to dramatically reduces nitrogen oxide (NOx) emissions only when the cars are undergoing strict emission tests – was still present.

"That is actually the single most inexplicable thing about this whole business," German said. "VW had a chance to fix the problem, and they continued to try and cheat and do what they had done. That's just amazing."

"Only then did VW admit it had designed and installed a defeat device in these vehicles in the form of a sophisticated software algorithm that detected when a vehicle was undergoing emissions testing," the EPA said in a statement last week.

German said it was unclear how the defeat device software worked, but the software could work by detecting periods when the steering column wasn't turning but the wheels were which would indicate the car was on dynamo-meters for testing, or could also test for the precise uniform temperature that the tests are carried out at.

"The kind of software it takes to first detect when you're driving on the official test would be very hard to develop. And then you would need duplicate software to tell the car to have two different emission controls."

UK, France and Germany lobbied for flawed car emissions tests, documents reveal

He said it was impossible to know how far up the food chain at VW the fraudulent activity went, but said: "It would have had to be quite a few people involved. It certainly won't have just been one individual."

German said VW could have continued in the deceit for the foreseeable future if no one had thought to test the cars emissions on real roads. He said there is no way to know if other car companies may also have been using similar methods to trick official emission tests, but welcomed UK, German and US regulators moves to retest cars emissions on real roads.

German, who drives a 1997 Honda Accord station wagon that he says has pretty good emissions for a manual transmission, said he hopes his work will act as a wake-up call and scare the whole industry into making certain that their vehicles comply with all emissions regulations. "Companies should realise they might get away with stuff for a little while, but it will catch up with them."

He refused to enter into discussion about what sort of action should be taken against VW, which is facing a fine of up to $16bn in the US alone and a possible criminal investigation. "That's really up to others, I'm just an engineer from Michigan it's really beyond my field of reach."

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Consumerist:

http://consumerist.com/2015/09/28/report-volkswagen-knew-of-defeat-devices-eight-years-before-epa-action/

Report: Volkswagen Knew Of "Defeat Devices" Eight Years Before EPA Action

By Ashlee Kieler September 28, 2015

An internal review spurred by the emissions scandal that has engulfed Volkswagen over the past week found that the carmaker knew that so-called "defeat devices," used to trick emissions tests, were used in more than 11 million VW and 2.1 million Audi diesel vehicles for several years before the Environmental Protection Agency issued a violation notice to the manufacturer ordering it to recall some 500,000 million sedans.

The Associated Press, citing two German publications, reported Monday that VW's internal investigation has so far found at least two incidents in which VW was made aware that the use of

defeat devices were against the law.

The Frankfurter Allgemeine Sonntagszeitung, a German publication, reported on Sunday that VW's internal investigation shows one of the company's own technicians was aware of the software.

Back in 2011, an engineer reportedly expressed concern that using the device was illegal, but was ignored.

The same investigation turned up a letter, dated 2007, from parts supplier Bosch that warned the car company not to use the software during regular operations of vehicles.

According to Bild am Sonntag, sources uncovered the internal communications between Bosch and VW, with the parts supplier insisting that the software was for test purposes and that using it in regular operation would be against the law.

Bosch, one of the largest car parts suppliers in the world, admitted last week that it supplied many of the key components for the defeat devices as a way to evade emissions standards for certain pollutants with a range of serious health effects.

According to the EPA's order [PDF], the "sophisticated software algorithm" in the vehicles is programmed to detect when the car is undergoing official emissions testing, and to only turn on full emissions control systems during that testing.

However, the effectiveness of these vehicles' pollution emissions control devices is greatly reduced during all normal driving situations.

Volkswagen declined to address the new reports, saying it doesn't comment on "rumors and speculation."

"Volkswagen is working with all its strength to conduct a thorough and merciless investigation of this matter," a spokesperson tells the AP.

In addition to new revelations that VW was aware that the defeat devices were illegal, CNBC reports that the company's now former CEO Martin Winterkorn is under criminal investigation by German prosecutors related to fraud.

Winterkorn stepped down last week, noting that he took full responsibility for irregularities in nearly 11 million diesel vehicles found to contain "defeat devices," the former CEO is at the center of the latest investigation into the manufacturer.

Mothers Jones:

http://www.motherjones.com/kevin-drum/2015/09/vw-tries-blame-engine-emissions-fraud-low-level-engineers-and-technicians

VW Tries to Blame Engine Emissions Fraud on Low-Level "Engineers and Technicians"

—By Kevin Drum

I guess it was just a few bad apples. That's a relief:

Volkswagen has blamed its emissions scandal on a "small group" of people and has suspended a number of staff as Matthias Müller was unveiled as its new chief executive.

....Berthold Huber, the acting head of VW's supervisory board, called the crisis a "moral and policy disaster"...."The test manipulations are a moral and political disaster for Volkswagen. The unlawful behaviour of engineers and technicians involved in engine development shocked

Volkswagen just as much as it shocked the public."

This is ridiculous. What incentive do low-level engineers and technicians have to do this on their own? Hell, they couldn't even take on a project like this unless their managers OKed the time to do it, and their managers wouldn't do it unless they were being pressed by higher-ups. Anybody who's ever worked at a big corporation knows this perfectly well. And according to Bloomberg, that's exactly what happened:

Volkswagen AG executives in Germany controlled the key aspects of emissions tests whose results the carmaker now admits were faked, according to three people familiar with the company's U.S. operations.

....Their accounts show the chain of command and those involved in the deception stretched to Volkswagen headquarters.... Ulrich Hackenberg.... Wolfgang Hatz are among those who will leave the company in the wake of Winterkorn's resignation two days ago, two people familiar with the matter said. The two previously ran units at the heart of the affair — Hackenberg, a Winterkorn confidant, was responsible for VW brand development from 2007 to 2013, while Hatz ran the group's motor development from 2007 to 2011.

Will it go even higher? Stay tuned. However, I'll call BS on UBS, which apparently thinks this scandal "could signal the eventual end of the combustion engine." Please. There's no difficulty "amassing accurate data" on engine emissions, as one of their analysts suggests. VW amassed very precise data. They just chose to hide it by means of a calculated, premeditated, multi-year fraud. Anyone who hasn't done the same should be in fine shape.

From: Gong, Kristiene
Sent: Monday, September 28, 2015 10:03 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/28/2015

AP (via Boston Globe):

https://www.bostonglobe.com/business/2015/09/27/facing-tsunami-legal-trouble-emissions-scandal/vWsc8yAvQgqtzSxPtCT1sJ/story.html

Legal woes mounting for Volkswagen as criminal cases loom

Volkswagen admitted that 11 million of its diesel vehicles sold worldwide contained software specifically designed to help cheat emissions tests.

By Michael Biesecker and Eric Tucker ASSOCIATED PRESS SEPTEMBER 28, 2015

WASHINGTON — Who knew about the deception, when did they know it, and who directed it?

Those are among the questions that state and federal investigators want answered as they plunge into the emissions scandal at Volkswagen, which has cost the chief executive his job, caused stock prices to plummet, and could result in billions of dollars in fines.

Legal experts say the German automaker is likely to face significant legal problems, including potential criminal charges, arising from its admission that 11 million of its diesel vehicles sold worldwide contained software specifically designed to help cheat emissions tests.

The Environmental Protection Agency has accused VW of installing sophisticated stealth software that enabled ''clean diesel'' versions of its Passat, Jetta, Golf, and Beetle models to detect when they were being tested and emit less-polluting exhaust than in real-world driving conditions. The agency says the ''defeat devices'' allowed those models to belch up to 40 times the allowed amounts of harmful fumes in order to improve driving performance.

The Justice Department says it's ''working closely'' with EPA investigators.

''If there is sufficient evidence to show that Volkswagen intentionally programmed its vehicles to override the emission control devices, the company and any individuals involved could face criminal charges under the Clean Air Act, and for conspiracy, fraud, and false statements,'' said David M. Uhlmann, a former chief of the Justice Department's Environmental Crimes Section

who is now a law professor at the University of Michigan. He called criminal charges ''almost certain.''

But Uhlmann cautioned that hauling the executives involved into a US courtroom could be challenging, because much of the conduct at issue probably occurred overseas. While the United States has an extradition treaty with Germany, European regulators also are investigating and could claim first dibs on prosecuting company officials.

'[Volkswagen is] facing a tsunami of possible state and federal enforce-ment actions.'

William Carter, former federal prosecutor who specialized in environmental crimes

It's not the first time that Volkswagen has been accused of cheating on emissions testing by the EPA. In July 1973, the agency found that VW had installed temperature-sensitive devices that turned off emissions controls on about 25,000 Fastback, Squareback, and bus models. The company agreed to remove the devices and eventually settled with the Justice Department, paying a $120,000 penalty.

Chief executive Martin Winterkorn resigned on Wednesday, and Volkswagen announced it would set aside $7.3 billion to cover the cost of the scandal, but even that may not be enough.

The company has apologized, but has not yet detailed who was responsible for the defeat devices.

German media reported Sunday that Volkswagen had received warnings years ago about the use of illegal tricks to defeat emissions tests. Bild am Sonntag said VW's internal investigation has found a 2007 letter from parts supplier Bosch warning Volkswagen not to use the software during regular operation. Frankfurter Allgemeine Sonntagszeitung said a Volkswagen technician raised concerns about illegal practices in connection with emissions levels in 2011.

A Volkswagen spokesman declined to comment on the reports.

The Clean Air Act allows for fines of up to $37,500 for each of the 482,000 suspect VWs sold in the United States, potentially totaling more than $18 billion. Attorneys general for nearly 30 states and the District of Columbia have announced a coordinated investigation and said they are issuing subpoenas for company records.

There's also a high likelihood of class-action lawsuits by angry VW owners.

''They're facing a tsunami of possible state and federal enforcement actions, and a potential large number of violations — including administrative, civil, and criminal,'' said William Carter, a former federal prosecutor in Los Angeles who specialized in environmental crimes and served as general counsel of the California Environmental Protection Agency.

Investigators will almost certainly look for any false statements made to the EPA and for signs that VW has tried to conceal wrongdoing or obstruct regulators. Fraud charges could be considered if evidence emerges that company executives used the Internet or the mail system to carry out the deception. And money laundering allegations will be explored if investigators suspect that VW sent illicit proceeds overseas.

''If a software package such as this were intentionally designed to defeat the emissions testing, there may well be e-mail traffic, meetings, records that would establish that intent,'' said Gregory Linsin, a former environmental crimes prosecutor at the Justice Department.

But Linsin said he expected the Justice Department also to take into account the multiple investigations likely to take place worldwide, and to not punish the automaker in a way that jeopardizes its ability to stay in business.

The problems at VW come as the Justice Department faces growing pressure to prosecute individual executives and employees for corporate misdeeds. The last two major criminal investigations against auto companies — Toyota and General Motors — yielded massive fines over car safety problems but have resulted in no prosecutions of executives. Those outcomes dismayed consumer watchdog groups and grieving victims' relatives, who demanded better accountability for failure to disclose vehicle defects.

A memo this month by Deputy Attorney General Sally Yates sought to reaffirm the Justice Department's commitment to prosecuting employees and executives, directing among other policy mandates that corporations pushing for credit for cooperating with the government must first turn over evidence against individuals.

''Volkswagen has a fundamental choice to make,'' said Uhlmann, the former prosecutor. ''That is whether it intends to cooperate and seek leniency, or whether it wants to fight the charges. Every indication over the last several days from Volkswagen is that it intends to cooperate.''

Asked whether that meant he expected company executives to voluntarily come to the United States to stand trial, he laughed.

''Absolutely not,'' he said.

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AP (via Dallas Morning News):

http://www.dallasnews.com/business/headlines/20150927-sell-sue-or-stay-put-considerations-for-volkswagen-owners.ece

Sell, sue or stay put: considerations for Volkswagen owners

Tom Krisher and Dee-Ann Durbin

Updated: 27 September 2015 11:10 PM

DETROIT — If you're driving a diesel-powered four-cylinder Volkswagen, you're stuck with a fun-to-drive machine that's belching unhealthy pollutants from its tailpipe.

Until the company figures out how to fix its bogus emissions controls, there isn't much you can do about your dirty diesel.

Following disclosures that Volkswagen developed software for its 2-liter diesel engine that could better control pollutants during testing than in real-world driving, there's a lot up in the air for owners of Jettas, Golfs, Passats and Beetles and Audi's A3.

Here are some things to consider if you're thinking of suing, selling or are unsure of what to do next.

The problem

VW's software turned on pollution controls for government tests, which are done on a treadmill device called a dynamometer. When the software deduced that the cars were back on the street, the controls went off and the cars polluted too much. About 500,000 of the cars were sold in the U.S.

VW hasn't said how it will fix the problem.

Owners worry the repairs will cut fuel economy and performance — the reasons they bought the "clean" diesels in the first place.

"I really hope they fix this thing," said Zandy Hartig, an actress in Los Angeles who owns a diesel 2013 Jetta SportWagen. "I assume since they did it on purpose they can undo it."

The EPA has told VW to fix the cars so they comply with pollution regulations, but there's no word from the company on how or when that will be done. The EPA said it could take a year.

"We understand that owners of the cars affected by the emissions compliance issues are upset," VW said on a consumer website launched Sunday. The company asked for patience and said it would address the issue as fast as it can. A spokeswoman wouldn't comment further.

A recall fix may be coming soon for 2015 and 2016 models, neither of which can be sold until repairs are made. Mike Jackson, CEO of AutoNation, the country's largest auto dealership chain, said that he was told by VW officials that a software change will bring the last two model years into compliance.

But it's a mystery how the company will fix models from 2009 through 2014, including whether software and equipment changes will be needed, he said.

Did my car lose value?

Worried about their cars losing value, some owners might rush to put the car up for sale.

Eric Ibara, senior analyst for Kelley Blue Book, is encouraging owners to hang on to their VWs, at least until the company comes up with a fix.

Ibara said the impact on VW's resale values may not be known for two or three weeks. The price that dealers agree to pay for vehicles being auctioned this week will be the first indication.

VW diesels traditionally have higher resale values than gasoline counterparts, but the scandal might erode that premium, Ibara said, especially if the fix cuts mileage or impacts their sporty performance.

If repairs are made, history shows there might not be a lasting impact. General Motors' residual values weren't affected by ignition switch recalls, and Toyota's car values returned to normal within a year of an unintended acceleration crisis.

Some owners are hoping for rebates, while a consumer group called on VW to buy back the diesels.

Legal action?

Joining a lawsuit against VW is one option for owners, although it is likely to take years to get any relief.

Several U.S. lawsuits have been filed, some alleging the cars' values will fall because of the scheme.

Consumers could have some success in the courtroom. In 2012, for example, Toyota agreed to pay more than $1 billion to resolve hundreds of lawsuits filed by owners who said their vehicles lost value after the company's unintended acceleration problems.

Also, politicians are calling on the Federal Trade Commission to investigate, because VW often advertised the cleanliness of the vehicles. The FTC, which monitors advertising claims, can seek remedies for all of the car owners.

Don Marron, 58, a banker from Allentown, Pa., wants Volkswagen to take back his 2012 SportWagen and apply the credit toward a new car. He'd also consider a repair that didn't compromise performance or fuel economy.

"I'm going to wait and see what they do, but I'm not going to do nothing," he said. "It's just dumb that they did this. How could they think that it wasn't going to be discovered? What arrogance, what bad judgment."

WSJ:

http://www.wsj.com/articles/auto-parts-makers-hit-by-vw-scandal-1443395198

Auto-Parts Makers Hit by VW Scandal

Suppliers move to defend diesel technology, fearing shift toward alternatives

By JEFF BENNETT

Updated Sept. 27, 2015 7:50 p.m. ET

Auto-parts makers with big exposure to the diesel-car market are racing to salvage the technology's reputation in the wake of the Volkswagen AG emissions-cheating scandal.

Shares of the parts makers, which include Tenneco Inc., BorgWarner Inc., Delphi Automotive PLC and Continental AG, were pummeled last week following the Environmental Protection Agency's disclosure that VW cheated for years on emissions tests of its diesel-powered cars.

The parts industry's focus has shifted to defending the viability of diesel technology amid concerns that betrayed consumers or auto makers, which face tighter government scrutiny of diesel, will turn their attention to hybrids and electric-powered vehicles.

"You can't have an event like this without questions being raised, but that doesn't mean the technology doesn't work," said Terrence Hahn, chief executive of Honeywell International Inc.'s $3.8 billion Transportation Systems unit.

"We have seen proven results around clean-diesel technology, and we don't want what one auto maker has done to tarnish the industry or the technology," Mr. Hahn said.

Wall Street wasn't convinced, however. Shares of Honeywell, a major supplier of the turbochargers often used to make diesel-powered cars peppier, fell 10 cents Friday to $93.52, down about 5% from their close on Sept. 18. That was the day the EPA accused VW of installing illegal software that sharply reduces nitrogen-oxide emissions, but only when the cars are undergoing strict emission tests.

VW later acknowledged its use of the software and issued an apology.

The company promised to find a remedy to repair the 482,000 VW diesel cars in the U.S. as soon as possible. On Sunday, it launched the website vwdieselinfo.com to tell VW diesel owners about the company's plans to fix their vehicles.

Shares of Tenneco, which makes emissions systems and gets 8% of its revenue from VW, sank almost 8% last week, while those of BorgWarner, which generates 17% of its revenue from the auto maker, fell 6%, finishing the week at $40.

BorgWarner recently opened plants in Portugal and South Korea, partly to produce more components used in starting diesel engines.

Continental, a German supplier of engine components, also was under pressure. Its stock lost nearly 6% of its market value last week.

Closely held Robert Bosch GmbH, the German giant that supplied the components now at the center of the emissions probe, has said VW was responsible for how the parts were installed.

On Friday, the EPA indicated it would step up scrutiny of diesel vehicles by overhauling the way it oversees the industry's compliance with emissions standards.

The regulator sent a letter to auto makers saying that it will conduct tests of 2015 and 2016 vehicles under normal driving conditions, rather than accepting lab results, as it has done in the

past.

In the U.S., diesel engines are largely confined to heavier trucks, with diesel-powered cars representing just a small part of the passenger-car market. But diesel is dominant in Europe, accounting for more than 50% of the passenger-car market in 2015, according to Barclays.

Before the scandal broke, J.D. Power & Associates expected diesel to expand to 7% of the U.S. light-vehicle market by 2017 from 3% this year.

Barclays analyst Brian Johnson suggests those growth expectations need to change, both in the U.S. and Europe. And that will squeeze some parts makers.

"Whatever the specifics that emerge from a VW investigation, we believe strongly that the VW scandal will heighten the pressure on diesel in Europe," he said in a research note last week.

"The end result of the VW issues will be to accelerate a move away from diesel in the European mass market, pressuring suppliers leveraged to diesel," Mr. Johnson said.

Mike Jackson, chief executive of AutoNation Inc., the largest U.S. auto retailer, said it would tough to rebuild trust with potential diesel buyers in the U.S. "It is another black eye for diesel engines overall," he said.

Mr. Johnson of Barclays added that auto makers might need to accelerate development efforts of electric vehicles, hybrid and more-efficient gasoline engines.

That could help parts makers, since many of the same companies will have to supply those component. But their investments in diesel-powered cars could be lost if the industry shifts to those alternatives.

Telegraph (UK):

http://www.telegraph.co.uk/finance/newsbysector/industry/11895848/BREAKING-2.1-million-Audi-cars-fitted-with-VW-emissions-cheat-devices.html

VW scandal: German prosecutors probe Winterkorn as Volkswagen emissions-rigging crisis spreads to 2.1 million Audi cars and Skoda models

By Julia Bradshaw10:31AM BST 28 Sep 2015

Prosecutors in Germany have opened a criminal investigation into former Volkswagen chief executive Martin Winterkorn in the wake of the emissions-rigging scandal.

The probe is understood to concentrate on accusations of fraud after it was revealed that VW had fitted 'defeat' devices in millions of its diesel cars worldwide to cheat government emissions tests.

The investigation aims to establish who was responsible, according to the statement from prosecutors in Braunschweig, Germany, and will look at Mr Winterkorn's role in the worst crisis to hit VW in its 78-year history.

The prosecutors have also received a number of criminal complaints, including one from Volkswagen itself.

Winterkorn quit saying he was "not aware of any wrongdoing on my part"

Under the German system, anyone can file a criminal complaint with prosecutors, who then must examine the complaint and decide whether there is enough evidence to open a formal investigation and for charges to be brought.

It is essentially the equivalent of a police investigation in the UK.

Prosecutors say it is too early to determine if and when they may try and interview Mr Winterkorn himself.

"This is a very broad case and in other such investigations it has taken many months, sometimes years," a spokesman said.

Mr Winterkorn stepped down as CEO last week and was replaced by former Porsche boss Matthias Mueller after the emissions-rigging scandal wiped billions of pounds off the value of VW and tarnished its previously solid reputation for reliability and quality.

Mr Winterkorn has denied knowing about the pollution-cheating software, and issued a statement at the time of his resignation saying: "I am doing this in the interests of the company even though I am not aware of any wrongdoing on my part."

Dr Hans-Christoph Hirt, a director at fund manager Hermes, criticised VW's choice of corporate insiders to take charge of the company, saying the move "raises some real doubts whether the key shareholders have recognised the need for fundamental reform and a real new beginning".

He said: "Following intensive engagement with Volkswagen on corporate governance issues between 2006 and 2009, we have repeatedly raised concerns about aspects of Volkswagen's corporate governance.

"We plan to attend the Extraordinary General Meeting of Volkswagen on November 9 and on behalf of a group of investors will explain our concerns and suggest changes to the company's corporate governance and culture to other shareholders and the management and supervisory boards."

The news came as Audi announced that the device used in parent company Volkswagen's cars to manipulate emissions tests was also fitted in 2.1 million of its own luxury cars.

Of the 2.1 million autos, some 1.42 million diesel-powered Audi vehicles are registered in Western Europe, with 577,000 in Germany.

There are almost 13,000 cars containing the cheat software in the United States, a spokesman for Ingolstadt-based Audi said today.

The engine in question was built into 1.6-litre and 2-litre turbo diesel models in the A1, A3, A4, A6, TT, Q3 and Q5 ranges.

The cars involved have engines in the "euro 5" emissions category. Those with the newer "euro 6" engines aren't affected by the emissions scandal.

"We're working at full speed to find a technical solution," said Juergen de Graeve, a spokesman for Audi.

"Once we have that solution, we'll write to customers and we'll upgrade the cars so that they're within emissions regulations."

Skoda, which is also part of the VW family, has said that 1.2 million of its cars worldwide contain the software cheat, according to reports.

Volkswagen shares have fallen by more than 7pc so far today.

It has also emerged that VW has suspended the R&D chiefs of its core VW brand, luxury division Audi and sports-car maker Porsche, sources familiar with the matter told reporters.

The carmaker's supervisory board last Friday agreed to put a number of employees on leave until the details of affair were cleared up.

VW sparked global outrage last week when it admitted that 11 million of its diesel cars are fitted with special gadgets that activate pollution controls during tests but secretly turn them off when the car is on the road.

The deception has wiped billions off the value of the car giant and is set to land the German auto maker with substantial penalties and recall costs as governments and regulators around the world launch investigations - some of the criminal - into the scandal.

The nations carrying out probes include the UK, South Korea, India, Brazil, Australia, France, Italy, South Africa and Norway - whose economic crime unit has opened an investigation.

The US Justice Department has also launched a criminal probe.

Executives at VW have been accused of masterminding the emissions scandal from the company's headquarters in Wolfsburg.

The chain of command of those involved in the rigging deception stretched all the way back from the US to VW's home patch, it has been claimed, with executives in Germany controlling the key aspects of tests which the firm now admits were manipulated.

It was said that the cars that missed US emissions targets were reported to managers in Wolfsburg.

Testers at a California site evaluated vehicles and results were sent back to Germany before

being passed to the US Environmental Protection Agency.

If any car failed to meet emissions targets, a team of engineers from Volkswagen headquarters or Audi's base in Ingolstadt was flown in.

UK Prime Minister David Cameron has condemned Volkswagen over its rigging of emissions tests.

"If companies are breaking the rules and fiddling their figures, that is unacceptable," Mr Cameron said as he flew to New York for a visit to the United Nations. "Emissions standards matter and they have to be properly policed and delivered."

Any move to restrict sales would be "all a matter for the Transport Department," he said.

German authorities have also demanded the carmaker present a timetable for fixing affected vehicles.

The regulators have asked VW to come up with a plan by October 7 to show when its cars will meet emissions requirements.

The German government has also insisted that it did not know about the rigged diesel emissions tests at VW before the story broke.

"The transport minister found out about the allegations of manipulation the weekend before last," a spokesman said.

"We had no previous knowledge that this system was being used."

Volkswagen has set aside €6.5bn to cover damages including fixes for the vehicles, potential regulatory fines and lawsuits, but the cost of the fallout is expected to be much larger.

The FBI in Detroit is reportedly handling a US criminal investigation of the German company, while 27 state attorney generals have unleashed a joint investigation into the blighted car maker.

Thse 27 states are reportedly going to send subpoenas to the company - these are essentially writs compelling testimony or evidence to be produced or face a penalty.

Private law firms are also lining up to take on VW, with a class action suit already being filed by a Seattle law firm.

The automobile giant already faces at least 60 lawsuits filed in federal courts in the US by consumers alleging the company committed fraud by cheating on emissions tests, which means their cars might not be as efficient as they believed them to be.

Dutch investor group VEB, which represents shareholders, has issued a liability claim against Volkswagen for the losses incurred by investors in the wake of the emissions fraud.

The group said: "The liability in question concerns the incorrect, incomplete and misleading information provided by Volkswagen…this manipulation kept the Volkswagen share price artificially high.

"In doing so Volkswagen acted unlawfully; not only towards car owners but also its own shareholders."

Meanwhile, European environmental organisation, Transport & Environment, has said it has found some new models of Mercedes, Volkswagens, BMWs and other new cars consume much more petrol than lab tests claim, according to reports from PA.

The organisation said it had found no proof the cars are equipped with the same sort of "defeat devices" installed on diesel-powered Volkswagens, but called on European Union governments to broaden their probes into the scandal to cover petrol cars as well.

Both the EU and US have announced plans to crack down on the way car emissions are measured.

Currently, manufacturers test emissions in near-perfect lab settings, using smooth tyres unsuitable for roads, engine lubricants so expensive they're beyond the reach of most consumers and even clip off wing mirrors to achieve required emission results.

US regulators and the European Commission have both said they will introduce rules forcing manufacturers to test car emissions under real world road conditions.

The EU is expected to introduce new legislation in early 2106, although French ministers on Thursday called for this to be brought forward to before the end of the year.

New VW boss Matthias Mueller has pledged to win back the trust of customers.

"My most urgent task is to win back trust for the Volkswagen Group by leaving no stone unturned and with maximum transparency, as well as drawing the right conclusions from the current situation," he said on Friday.

Despite the turmoil at VW, the European Central Bank has not suspended the purchase of assets backed by VW loans, under its quantitative easing programme.

Contrary to reports over the weekend, the latest list of eligible collateral purchased by the ECB still includes securities issued by the carmaker.

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Dispatch Times:

http://www.dispatchtimes.com/what-to-do-if-you-have-volkswagen-affected-by-the-emissions-scan/106617/

What to do if you have Volkswagen affected by the emissions scan

BY NEWSMEDIAON SEPTEMBER 28, 2015

Regulators will add more spot-checks to cars already on the road as part of a toughening of USA environmental oversight following Volkswagen's admission that it fitted as many as 11 million diesel cars worldwide with software that rigged pollution tests.

The software tells a auto when it is under an official test, triggering emissions control systems that do not seem to be operating under normal driving conditions.

Volkswagen appointed Matthias Mueller as its new chief executive officer, to help the German automaker recover from a scandal over its rigging of USA vehicle emissions tests.

"We are not going to tell them what these tests are; they do not need to know", said Christopher Grundler, director of the EPA's Office of Transportation and Air Quality.

EPA officials insisted on a call with reporters Friday that the previous testing procedures were sophisticated and sufficient to accurately detect the emissions from the diesel cars as long as a manufacturer is not deliberating trying to cheat the process.

The EPA move comes amid a widening scandal over Volkswagen's diesel vehicles, as the automaker has admitted it installed a cheat device to remove nitrous oxide from exhaust emissions during lab testing. Volkswagen CEO Martin Winterkorn issued an apology, stating that he was "deeply sorry that we have broken the trust of our customers and the public".

The EPA's findings regarding the scandal saw that 482,000 cars in the U.S. were involved including the brands made by VW such as the Audi A3 and the VW models Jetta, Beetle, Golf and Passat.

The US Department of Justice (DoJ) has said that the United States would be taking part in an investigation by the Environmental Protection Agency (EPA) into the vehicle company.

Why did successive governments not discourage the proliferation of diesel vehicles which now account for about half of new cars in Britain?

The Air Resources Board sent a letter to all vehicle manufacturers Friday notifying them of the change that will be effective immediately.

Private owners of the 2009-15 VW and Audi models equipped with the violating 2.0-liter diesel may continue driving the cars, and do not have to do anything until Volkswagen of America and the EPA agree on a timeline for a recall.

From: Gong, Kristiene
Sent: Friday, September 25, 2015 3:03 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/25/2015

The Atlantic:

http://www.theatlantic.com/business/archive/2015/09/volkswagen-scandal-cheating-emission-virginia-epa/407425/

The Academic Paper That Broke the Volkswagen Scandal

Last year, a group of researchers at West Virginia University uncovered one of the biggest frauds in automotive history while working under a small $50,000 grant.

BOURREE LAM 1:23 PM ET

Every day since the story first broke a week ago, the ripples of Volkswagen's scandal have extended further and further. Initially, the Environmental Protection Agency ordered Volkswagen to recall nearly half a million vehicles after discovering illegal devices intended to cheat emissions testing. Then, Volkswagen announced the number of vehicles affected is closer to 11 million worldwide—and that the company has set side $7.2 billion to fix the problem. Volkswagen's CEO at the time, Martin Winterkorn, soon resigned.

The company's board is expected to pick Matthias Mueller, the chief executive of Porsche, to take over. There are reportedly nearly 30 class-action lawsuits pending from car owners in all 50 states, plus 5 provinces in Canada. All these furious drivers bought their cars believing that they were highly fuel-efficient—which appears to not be the case, affecting their resale values significantly.

But how did this whole thing begin? At a small lab in West Virgina, it turns out. In 2012, a group of researchers at West Virginia University won a $50,000 grant from the International Council on Clean Transportation to do performance testing on clean diesel cars. Arvind Thiruvengadam, a research assistant professor in mechanical and aerospace engineering, told NPR this week that the team was merely excited do the research—which involved driving the clean diesel cars outside the lab—and write a journal paper based on the data. They never expected that they would discover one of the biggest frauds in automotive history.

When Thiruvengadam and his colleagues tested Volkswagen's clean diesel cars, they found discrepancies up to 35 times the expected emissions levels. The researchers suspected cheating, but couldn't be sure. David Carder, another researcher on the West Virginia University team, told Reuters that the fallout at hand is surprising because this data was made public over a year and a half ago.

The stakes were upped when the Volkswagen cars in question were tested by the California Air Resources Board (CARB) in an investigation starting May of last year, and the CARB and EPA started discussions with Volkswagen on why there were such discrepancies. Volkswagen insisted

to EPA officials that the discrepancies were due to a technical issue rather than deliberate cheating. Only when the EPA threatened not to approve Volkswagen's 2016 clean diesel cars for sale in the U.S. did the company finally fess up.

Volkswagen will survive this scandal (even though its stock has plunged 30 percent, wiping out a quarter of its market value), but now the future of diesel cars are at stake and it's expected that the consumers who wanted clean diesel cars for their greenness will likely switch to hybrids, while those who care for performance might try to dodge the recall. Either way, Volkswagen will be held responsible for clean diesel's coming existential crisis.

From: Gong, Kristiene
Sent: Friday, September 25, 2015 2:42 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/25/2015

International Business Times:

http://www.ibtimes.com/does-epas-response-volkswagens-emissions-cheating-go-far-enough-2114563

Does EPA's Response To Volkswagen's Emissions Cheating Go Far Enough?

By Cole Stangler

Auto regulators are now on the offensive after being deceived by Volkswagen for years. They unveiled a response Friday to the company's stunning admission that it systematically cheated on emissions tests from 2009 to 2015. In a letter to automakers, the U.S. Environmental Protection Agency said it will bolster testing procedures to detect so-called defeat devices like the ones Volkswagen used to shut down pollution control systems outside of testing conditions.

Jesse Prentice-Dunn, a policy analyst at the Sierra Club, applauds the move. But he says "long-term" fixes are still needed. "The testing regime needs to be revamped."

Critics have long said as much. Under the current testing system, automakers in the United States conduct their own examinations and report the data to federal officials. The EPA, meanwhile, conducts spot checks, but its resources are stretched thin.

Dan Becker is the director of the safe climate campaign at the Center for Auto Safety. For companies to respect emissions standards, he says, officials need to remove the tests from private hands and transfer them to labs with federal supervision. "Right now, you've got the foxes in control of the chicken coop, and that's never going to be a good show."

In an ideal world, Becker says, automakers would simply follow the law. But in the last few decades, companies have shown a remarkable penchant for gaming the standards, and the current structure of the testing system makes it exceedingly easy to do so.

"If these companies were being honest, we wouldn't need an elaborate system to make sure they don't cheat," Becker said. "But they've proven that they do cheat." Not just Volkswagen -- but "virtually every major automaker," he asserted.

A History of Gaming The System

It started in the 1970s, just after the EPA was created and began to regulate auto emissions under the Clean Air Act. Volkswagen, in fact, was among the first to equip its cars with defeat devices to override emissions control systems. In 1973, it confessed to installing them on 25,000 cars. The following year, Chrysler was forced to recall more than 800,000 cars after it was found to have installed a similar device in radiators.

The 1990s saw a couple of major scandals. In 1995, General Motors settled with the Justice Department and the EPA for $45 million, acknowledging it installed a computer chip in 500,000 Cadillacs that tripled the amount of carbon monoxide output when the cars' heating and cooling systems were running. Three years later, Caterpillar, Mack Trucks and Volvo Trucks reached a similar settlement, worth $1 billion, for equipping trucks with defeat devices.

Kia and Hyundai followed suit more recently. Last November, the South Korean corporations copped to overstating fuel economy standards on 1.2 million cars from 2010 and 2012, settling with the Justice Department and the EPA for $300 million.

A representative for the Alliance of Automobile Manufacturers, a trade group that represents automakers operating in the United States, declined to comment.

What Is To Be Done?

The Sierra Club's Prentice-Dunn says one path to reform could simply be to increase the number of spot checks. Indeed, Christopher Grundler, director of the EPA's Office of Transportation and Air Quality, recently told the Associated Press that the agency may soon do this.

Grundler was less forthcoming about the EPA's plans to enhance detection of defeat devices -- the subject of Friday's letter to automakers. On a call with reporters, he wouldn't say what changes the agency is enacting to audit lab results submitted by car companies.

"They don't need to know," he said, of the automakers. "They only need to know that we will be keeping their cars a little bit longer, and we're going to driving them more."

Becker says more oversight is a good step, but regulators need to go further by eliminating their reliance on companies' test data altogether.

"This is an industry that has proven it's not trustworthy," said Becker. "The EPA shouldn't trust them when they say, 'our vehicles meet your standards, everything's just peachy keen.' The government needs to set up a better testing system and not rely on the auto companies' assertions."

He's not sure exactly how that would look -- whether it would be in-house or conducted at independent labs with federal supervision -- either way, he says, it would need to be firmly outside the control of companies. Taxpayers, in theory, could cover a portion of the cost, but companies should be forced to foot most of the bill.

Congressional Republicans, who have made frequent targets of the EPA, would likely oppose such a plan. Since 2010, the agency has seen its budget decline by a fifth, or about $2 billion. Earlier this month, 20 Republican members of Congress filed articles of impeachment against Gina McCarthy, head of the agency.

Luke Tonachel, director of clean vehicles and fuels at the Natural Resources Defense Council, says all this makes it harder for the agency to do its job. "If the EPA's resources are constantly under attack, it's only gonna be harder for them go out and catch the cheaters."

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Fortune:

http://fortune.com/2015/09/25/gm-volkswagen-emissions/

Former GM Vice Chair: "I almost feel sorry" for Volkswagen

by Chris Matthews

Bob Lutz says the competition wondered how VW could get low emissions cheaply

For six years, Volkswagen has been installing software in its cars to help them cheat on EPA emissions test. As former GM Vice Chair Bob Lutz told CNBC Friday, the rest of the industry was wondering just how the company was able to get clean emissions so cheaply.

Lutz said that he consistently pressed his engineers to figure out what his competitor was doing, ""They said, 'We can't answer that question," according to Lutz. "Honda asked the same

question. They couldn't figure it out either because with near identical engines and hardware from the same suppliers, they could not get themselves to pass."

Lutz also predicted that to fix the problem will be, "incredibly expensive" after factoring in government fines and consumer lawsuits for complaints like loss of value. He even went so far to say that he "almost" feels sorry for his former competitor.

From: Gong, Kristiene
Sent: Friday, September 25, 2015 2:11 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/25/2015

International Business Times:

http://www.ibtimes.com/volkswagen-whistleblower-we-gave-epa-diesel-emissions-data-2014-2114511

Volkswagen Whistleblower: "We Gave EPA The Diesel Emissions Data In 2014"

By Mike Brown

The Volkswagen scandal has shaken the automotive world. It all started with two men: Peter Mock and John German. The pair worked with West Virginia University to try to show that clean emissions tech doesn't necessarily effect automotive performance. Instead, they discovered that the chosen cars were pumping 40 times more emissions into the air than they were supposed to. They submitted their findings to the California Air Resources Board and the federal Environmental Protection Agency.

This week, German, senior fellow at the International Council on Clean Transportation, suddenly became one of the key figures in a story about how the global car manufacturer had cheated on

EPA emissions tests. The shocking revelations have had widespread impact on the industry and started an international conversation on emissions testing. They also cost Volkswagen CEO Martin Winterkorn his job. Here, German speaks to International Business Times about how Volkswagen got away with it, the wider implications, and what happens next.

International Business Times: Now, as I understand it, Volkswagen was using a "defeat device" to measure the conditions of the car, but this wasn't actually a device. It was a piece of software, correct? What was that software measuring for?

John German: We don't know. You are correct it is software, it has to do with the computer looking for the conditions under which test procedure was conducted, and if it detects the conditions, the emission controls behave the way they were designed. But if it does not detect those conditions, it switches to a different control where it reduces the effect of the system. The specifics as to how they reduce effectiveness, though, we don't know. There's quite a number of ways they could detect how they could see that the car was being tested.

IBT: Who could have known about this?

German: One aspect that's really interesting is that we turned data and report over to CARB and the EPA back in May 2014 and they discussed the problems with Volkswagen. Then in December 2014, Volkswagen issued a field fix, and they reflashed the computers in the cars to install the field fix. A few months later they assessed, and found the defeat device was still in the field fix. That is incomprehensible to me, so the interpretation is that this was only a relatively small part of the company.

IBT: Is this something that's ever happened before?

German: There have been a number of other defeat device cases. The best-known case was in the late 1990s with heavy-duty engine manufacturers, ones for really big freight trucks. They did something similar; they were concerned with driving long distances. So they looked for a steady state highway speed for more than x mins, after which they would change calibrations, pushing the NOx up.

IBT: But I'm assuming before they didn't have as advanced computers and electronics. How did they control it before?

German: The systems were simpler. Before NOx after treatment, it was all in calibration. One example of this was what's known as exhaust gas recirculation. That was the first step of control. You could put in one of those to reduce NOx, but it would also increase fuel consumption, so you could switch it off.

IBT: When will we find out what Volkswagen was doing? Are we talking more in months or years?

German: We will only find out if CARB or EPA reveal it. It might be part of the settlement with Volkswagen, as part of the legal agreement. There is a good chance that the EPA will release the info, but we're probably talking more in months. At this stage, though, it's definitely in Volkswagen's interest to get it fixed and behind them as fast as possible.

IBT: Could we conduct tests to find out for ourselves how Volkswagen were doing this?

German: Maybe. It would be difficult. The kind of time and expertise it takes to reverse-engineer calibrations ... these computers are really powerful and complex, and it would take a large amount of time and expertise.

IBT: But we know the car was looking for certain conditions. What are these conditions they could have been measuring for?

German: There are several factors. On an official test the non-drive wheels don't spin, the front wheels do not turn. The test is run at a consistent ambient temperature. It's always run with a cold engine, and the test has a defined speed trace, i.e. the speed for each second. Volkswagen could have looked for any of those.

IBT: Thank you for your time, this has been very interesting. Is there anything else you wanted to say about this that you don't think we covered?

German: The main point is that governments need to do a better job of oversight and enforcement. Worldwide, in China, India, Brazil ... the primary lesson is that there needs to be better oversight and more data.

CBC News (Canada):

http://www.cbc.ca/news/business/volkswagen-emissions-testing-1.3243656

EPA works with Canadian regulators to retest VW vehicles

U.S. regulators warn they will revamp testing protocols after learning of VW cheat device

The U.S. Environmental Protection Agency is looking to revamp the way it tests emissions for all automobiles in the wake of the scandal over Volkswagen's manipulation of emissions data.

The EPA will also be working closely with Environment Canada, which has an "excellent laboratory," to co-ordinate widespread testing around the Volkswagen emissions, EPA officials said in a conference call on Friday.

Affected vehicles have yet to be recalled, but the EPA said it is looking for "recall solutions." Part of the problem is that there is no fix that won't negatively impact vehicle performance.

An estimated half million vehicles in the U.S. are affected, with Environment Canada estimating 100,000 VW diesels are in service in Canada.

The EPA said it is sending a letter to automakers outlining plans for more extensive testing of all vehicle models.

That echoes an initiative by European regulators, who plan to move in 2017 to a system of road testing for vehicle emissions standards.

Light commercial trucks

The EPA move comes amid a widening scandal over Volkswagen's diesel vehicles, as the automaker has admitted it installed a cheat device to remove nitrous oxide from exhaust emissions during lab testing.

On Friday, Germany's transport minister said that light commercial trucks made by Volkswagen appeared to have the same software geared toward cheating on U.S. emissions tests.

Transport Minister Alexander Dobrindt told lawmakers Friday that 2.8 million vehicles in Germany may be affected.

Meanwhile, Daimler AG, the maker of Mercedes cars, is rejecting claims by a German environmental group that it appears to have been involved in manipulation of emissions data.

The Deutsche Umwelthilfe group said Friday it had information that almost all German manufacturers of diesel cars exceed emissions limits and speculated that the cars were declared road-worthy by regulators because of cheat devices.

"We sharply deny the allegation that we manipulated our cars during emissions tests. We never did and do not now use a defeat device," Daimler said in a statement.

Questions over emissions testing

Volkswagen cars as far back as 2009 are equipped with the defeat software that is geared toward passing emissions standards.

The revelation has put the EPA, and testing agencies around the world, on the alert.

Chris Grundler, head of the EPA's office of transportation and air quality, was clearly on the defensive, saying the EPA had left it to European regulators to do more extensive tests of diesel as the fuel is in wider use there.

It wasn't the EPA that uncovered the high nitrous oxide emissions from VW diesel cars, but the International Council on Clean Transportation (ICCT), a nonprofit research organization based in Virginia.

"Do I wish we had uncovered it sooner? Absolutely," he said.

VW was able to fool the EPA because the agency only tested the cars on treadmill-like devices called dynamometers and didn't use portable test equipment on real roads. The software in the cars' engine-control computers checked the speed, steering wheel position, air pressure and other factors to determine when dynamometer tests were under way. It then turned on pollution controls that reduced the output of nitrogen oxide, an ingredient in harmful ozone, the EPA has said.

The agency does have on-road testing equipment, but it is used to monitor automaker gas mileage estimates and heavy-duty diesel trucks, which create more emissions.

"It's not a question of equipment or technology or capability. It's a question of where we deploy those resources," Grundler said.

Any new testing will include investigations that will uncover any software designed to fool emissions testers, Grundler said.

More extensive road testing is also on the way, he warned automakers, though he did not specify exactly which tests the EPA plans.

The scandal has also exposed holes in the European testing system, where tests are done in laboratory conditions on special pre-production models provided by the manufacturers. Norway, France and Italy announced moves today to investigate VWs sold in their countries.

Europe's tests have not been upgraded since 1996 and critics say its testing is less rigorous than North American testing.

The EU has proposed real-world testing from 2017, with new proposals to close loopholes and design testing to more closely resemble real-world road conditions.

ICCT testing of diesel cars hints at trouble for many automakers around diesel emissions, with poor results for Volvo, Renault and Hyundai as well as Volkswagen.

From: Gong, Kristiene
Sent: Friday, September 25, 2015 1:26 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/25/2015

Detroit Free Press:

http://www.freep.com/story/money/cars/2015/09/25/epa-expands-emissions-tests-wake-vw-

scandal/72794218/

EPA expands emissions tests in wake of VW scandal

By Greg Gardner

The EPA also will test diesel vehicles produced by other automakers.

The U.S. Environmental Protection Agency will introduce new tests to detect devices like the one Volkswagen used to cheat on its emission test to comply with the Clean Air Act, agency officials said today.

The German automaker said Matthias Mueller, currently the head of its Porsche unit, will become CEO, replacing Martin Winterkorn who resigned earlier this week because of the emissions cheating scandal.

The EPA apply the new regimen to diesel vehicles produced by other automakers. The agency is also asking owners to allow EPA researchers to test their diesel vehicles to learn more about how the German automaker disguised their violations, that could lead to a fine of up to $18 billion in the U.S. alone. More broadly Volkswagen has said 11 million vehicles worldwide used some type of software to game various countries' environmental standards.

"We're going to adapt new practices and more demanding tests to improve our enforcement," said Chris Grundler, director the EPA's office of transportation & air quality. "We are not going to tell manufacturers what these new tests are. They don't need to know."

In the U.S., the EPA found that 482,000 Volkswagen cars sold between the 2009 and 2015 model year used a defeat device when testing the vehicles.

They include:

Jetta (model years 2009-15)

Beetle (model years 2009-15)

Audi A3 (model years 2009-15)

Golf (model years 2009-15)

Passat (model years 2014-15)

Without the defeat devices, which were deactivated after Volkswagen met the emission requirements, the VW and Audi vehicles were emitting nitrogen oxides (NOx), a greenhouse gas, at levels up to 40 times the permissible standard.

Grundler and Janet McCabe, EPA acting assistant administrator for the office of air and radiation, asserted that neither their agency nor the California Air Resources Board, which can also penalize Volkswagen and Audi, don't allow any manufacturer to "self-certify," or conduct their tests without regulatory involvement.

EPA and CARB uncovered the defeat device software after independent analysis by researchers at West Virginia University, working with the International Council on Clean Transportation, a nongovernmental organization.

Grundler said EPA has the money and staff to expand its emission testing.

"We have the equipment. We have the people. We have 23 of these measurement systems and they are not cheap," he said.

Washington Post:

http://www.washingtonpost.com/business/economy/epa-to-begin-more-rigorous-testing-of-all-

diesel-cars-after-vw-scandal/2015/09/25/f20fa39a-6393-11e5-8e9e-dce8a2a2a679_story.html

EPA to begin more rigorous testing of all diesel cars after VW scandal

By Thad Moore

Federal regulators are launching more aggressive testing of diesel-engine cars across all manufacturers in the wake of the Volkwagen emissions-cheating scandal, the Environmental Protection Agency said Friday.

The EPA also says it will add additional tests designed to ferret out "defeat devices" like the software VW used to circumvent emissions tests.

The agency had been focused its diesel testing on big-rig trucks because they are more common than diesel cars and account for more pollution in the U.S., said Christopher Grundler, director of the EPA's Office of Transportation and Air Quality.

The EPA will begin testing cars Friday, Grundler said, and it will seek out test vehicles from rental car fleets and consumers. The agency doesn't know how long the testing would take, but Grundler said it is working with regulators in California and Canada to speed the process.

VW acknowledged that 11 million of its vehicles worldwide, including nearly 500,000 in the United States, were involved in a deception that allowed the vehicles to pass emissions tests while emitting nitrogen oxide at up to 40 times the federal standard. Its' CEO, Martin Winterkorn, stepped down this week and the company is under criminal investigation and faces billions in fines. VW also set aside more than $7 billion to fix the problems with its cars and begin to repair its reputation with customers.

Neither the EPA nor Volkswagen have said how long it will take to fix the nearly half-million cars in the U.S. with defeat devices. But it expects cars in the 2015 model year will be patched "relatively quickly," Grundler said.

Older versions of the Passat should be fixed soon after that, but other models will take longer because designing a solution "will require additional engineering development that will take longer," Grundler said.

US News & World Report:

http://www.usnews.com/news/articles/2015/09/25/epa-beefing-up-emissions-tests-in-wake-vw-audi-cheating-scandal

EPA Beefing Up Emissions Tests in Wake of VW Scandal

The agency also says it plans to test gasoline and diesel vehicles that are on the road today.

By Alan Neuhauser

One week after Volkswagen copped to cheating on federal emissions tests of popular VW and Audi "clean-diesel" cars, the Environmental Protection Agency sent a letter to vehicle manufacturers Friday announcing it was toughening its emissions tests. The agency also will be launching audits of every current make and model of light-duty diesel passenger vehicle, reflecting concern that cheating might be widespread.

The expanded checks will include on-road testing to better emulate real-world driving conditions. Some critics had previously alleged that the tests were outdated and easily outsmarted. The new audits will also include gasoline vehicles, an EPA official said

In this photo taken Feb. 14, 2013, a Volkswagen logo is seen on the grill of a Volkswagen on display in Pittsburgh. The Environmental Protection Agency (EPA) says nearly 500,000 Volkswagen and Audi diesel cars built in the past seven year are intentionally violating clean air standards by using software that evades EPA emissions standards.

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Volkswagen Sees Billions Erased From Market Value After Rigging Claims

The agency also confirmed that affected VW and Audi vehicles – diesel Passats, Jettas, Beetles, Golfs, and A3s, together numbering around 500,000 cars in the U.S. – would be recalled as the German auto group devises solutions to make the cars compliant with U.S. air standards.

"These violations are very serious," Janet McCabe, acting assistant administrator for the EPA's Office of Air and Radiation, said during a call with reporters. "VW was concealing the acts from EPA, from the state of California, and from consumers."

The California Air Resources Board tests vehicle emissions and was among the groups that uncovered the cheating regimen.

Volkswagen Group CEO Martin Winterkorn resigned Wednesday amid the continuing fallout from the scandal, stating he was "shocked by the events of the past few days" and "stunned that misconduct on such a scale was possible in the Volkswagen Group."

VW and Audi may ultimately face a penalty of up to $18 billion, or $37,500 per vehicle in violation. By comparison, Hyundai and Kia were penalized $300 million last year for overstating vehicles' fuel economy and greenhouse gas emissions.

The Justice Department has also reportedly opened a criminal investigation of Volkswagen AG.

EPA officials intimated that they expected VW and Audi penalties – as well as the expanded audits – to reflect the flagrancy of the violations. The cars, from model years 2009 through 2015, contained "defeat devices" buried in the software governing their engine controls. These lines of code automatically reduced emissions of nitrous oxide, or NOx, during tests, then switched off the restrictions during normal driving.

The cars were found to emit as much as 40 times the legal limit of NOx, the EPA said, which causes smog and a range of health problems. With 11 million of the vehicles on the road worldwide, one "back-of-the-napkin" calculation by Vox's Brad Plumer found they churned out as much as 20 times the NOx of a typical power plant, contributing to anywhere from dozens to hundreds of premature deaths.

"The facts before us show us that this firm sadly developed a very sophisticated scheme to defeat this test using software very deep in the engine control," Christopher Grundler, director of the EPA's Office of Transportation and Air Quality, said during Friday's call.

The EPA is partnering with the California Air Resources Board and bringing about Environment Canada – that nation's version of the EPA – to carry out its audits of gas and diesel vehicles. The agency said it would test cars from private owners who volunteer, as well as vehicles from rental companies. Officials declined to speculate how long the testing would take or how much it would cost the agency, but did acknowledge that expected recalls of VW and Audi vehicles would take longer for older models.

"We expect the first generation of vehicles, all pre-2015 vehicles except for the Passat, will require additional engineering … that will take longer," Grundler said.

VW's four-cylinder diesel vehicles for 2016 also have not yet received required emissions certification from the EPA because officials aren't yet certain the vehicles will perform as required.

The EPA's testing procedures date to 1975 and were most recently updated in the "early 2000s," Grundler said, when they were expanded to reflect aggressive driving, high-speed driving, and driving in hot and cold weather.

In light of the VW and Audi practices, he added, "we are going to be adopting some new approaches and new tests as a continuous improvement of our oversight."

CNBC:

http://www.cnbc.com/2015/09/25/epa-expect-range-of-penalties-for-vw-amid-scandal.html

EPA: Expect range of penalties for VW amid scandal

Fred Imbert

The Environmental Protection Agency said Friday it will be cracking down on Volkswagen after the German automaker admitted it added software on its vehicles to deceive emissions tests.

The EPA said it will hit the company with a range of penalties as a result of the investigation, but added that it has not issued a recall since the discovery.

"We are upping our game," Chris Grundler, head of transportation and air quality at the Environmental Protection Agency, told reporters in a teleconference.

The automaker, one of the largest car companies in the world, could face fines of $37,500 per vehicle in the U.S., the EPA said last week. With around 482,000 of its diesel vehicles sold in the U.S. since 2008, this could mean a penalty of up to $18 billion.

Rain clouds are seen over a Volkswagen symbol at the main entrance gate at Volkswagen production plant on September 23, 2015 in Wolfsburg, Germany. Volkswagen CEO Martin Winterkorn and other members of the supervisory board are believed to be meeting inside the headquarters to discuss the Volkswagen Diesel emission scandal, which affects 11 million vehicles worldwide.

Europe's carmakers caught up in VW storm

The agency also said it has already begun new testing of all diesel-powered vehicles, and is

planning even more new tests.

The EPA said it will improve its ability to detect so-called defeat devices or software that can reduce emissions during testing. But it will not tell automakers specifically how it is improving the testing.

"They don't need to know," Grundler said.

It added that the vehicles are safe to drive. Nevertheless, it also said these events make it clear it needs to improve its oversight over automakers and that Canada's Department of the Environment would be an active partner in testing vehicles more quickly.

Volkswagen German-listed shares have fallen nearly 30 percent in the last week, according to FactSet.

From: Gong, Kristiene
Sent: Friday, September 25, 2015 1:07 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/25/2015

LA Times:

http://www.latimes.com/business/la-fi-hy-epa-auto-testing-20150925-story.html

VW cheating scandal prompts EPA to widen testing of diesel cars

By JERRY HIRSCH

Working with regulators in California and Canada, the Environmental Protection Agency launched a new testing program Friday to look at the emissions from every make and model of diesel passenger cars on U.S. roads.

The increased oversight is a response to the discovery earlier this month that Volkswagen was using sophisticated software to cheat on pollution tests on 482,000 diesel vehicles sold in the U.S.

The automaker, which faces a federal criminal investigation and other regulator sanctions, admitted cheating and said the software could be on as many as 11 million vehicles worldwide.

"Clearly this is a concern for air quality and public health," said Janet McCabe, acting assistant administrator of the EPA office of air and radiation. "The Volkswagen violations before us now show that we must continue to improve our oversight."

Both the California Air Resources Board and the Environment Canada will join in the testing.

"This will allow us to move more quickly to test more models," said Christopher Grundler, director of the EPA's office of transportation and air quality.

The agency sent a letter Friday to all automakers explaining that their vehicles will undergo extra scrutiny.

The EPA said it now will test or require testing on any vehicle in a setting that emulates normal driving specifically for investigating the presence of a so-called defeat device, the industry term for systems that hide a vehicle's true emissions.

This will be in addition to the five standard emissions tests all new vehicles undergo and may require additional time, the agency said.

The agency and its partners also will use portable devices to measure the real life emissions of vehicles as they are driven on open roads, Grundler said.

Environmental groups welcome testing expansion and said it will deter other automakers from evading emissions regulations.

"EPA is on the job," said Luke Tonachel, director of clean vehicles and fuels project at the Natural Resources Defense Council. "This expansion of testing will is another signal that cheating will not be tolerated."

There is no evidence at this point to suggest that any other companies are cheating.

After tips from researchers in Europe and the University of West Virginia, California and federal regulators discovered that VW had buried an algorithm in 100 million lines of computer code in its vehicle electronics that allows the cars to emit up to 40 times the legally allowed amount of nitrogen oxide.

The cars met environmental regulations when tested on a dynamometer -- a kind of treadmill for vehicles -- in a laboratory. But they spewed pollution when driven on roads.

VW's software senses the testing environment by analyzing a variety of data -- steering position, speed, duration of engine operation, barometric pressure and changes in the car's performance.

The affected cars are the 2009 to 2015 Volkswagen Jetta TDI, 2009 to 2014 Volkswagen Jetta SportWagen TDI, 2012 to 2015 Volkswagen Beetle TDI, 2013 to 2015 Volkswagen Beetle Convertible TDI, 2010 to 2015 Audi A3 TDI, 2010 to 2015 Volkswagen Golf TDI, 2012 to 2015 Volkswagen Passat TDI, 2015 Volkswagen Golf SportWagen TDI.

Additionally, Volkswagen suspended new and used sales of the all 2.0-liter TDI four-cylinder diesel engines, including 2015 Beetle, Jetta, Golf, Passat TDI, as well as the Audi A3 TDI. Sales of VW's 2016, 4-cylinder diesel models are held up as they await EPA certification.

Grundler said the EPA is working with Volkswagen to evaluate potential remedies for the diesel vehicles' emission systems. The 2015 models will be the first fixed, followed by the 2012-15 Passats.

Because the range of cars affected include three generations of diesel engines, the remedies for the other vehicles could take much longer to develop.

Other automakers said they are ready for more rigorous testing of their diesel vehicles.

"We are prepared for testing," said Annalisa Bluhm, a GM spokeswoman. "We are not changing our diesel strategy as a result of what is going on with Volkswagen."

The automaker sells diesel pickup trucks and a diesel version of the Cruze sedan.

Bluhm said GM is "committed to the robust emissions compliance of all our vehicles" and expects its employees to know the regulations and "act legally and ethically."

Only about 3% of all autos and light truck sales involve diesel power trains.

According to the Diesel Technology Forum, there are 39 diesel-powered passenger vehicles being sold in the U.S. Those are made by Audi, BMW, Chevrolet, Jaguar, Jeep, Land Rover, Mercedes-Benz, Porsche, Ram and Volkswagen.

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That number will grow, the forum said, by 15 more vehicles within the next year. Among the new entries will be light trucks from GMC, Chevrolet and Nissan.

Meanwhile, other German automakers issued statements saying that they have not gamed emission testing for their diesel offerings.

BMW said it observes "the legal requirements in each country.... Our exhaust treatment systems are active whether rolling on the test bench or driving on the road."

Mercedes-Benz said that it has never used defeat devices to evade testing, in response to allegations by a German environmental group that other automakers' diesels also exceed smog-forming nitrogen oxide emissions. The company said it sticks to all laws and rules and isn't aware of any measurements showing that its vehicles fail to keep to legal requirements.

Mercedes said it supports efforts to develop new testing methods to measure emissions based on real driving conditions.

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The VW cheating scandal prompted the resignation of the automaker's chief executive, Martin Winterkorn. The company is expected to name a new CEO later Friday or in the coming days.

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Financial Times:

http://www.ft.com/intl/cms/s/0/8c6d5aec-6392-11e5-a28b-50226830d644.html#axzz3mgG3bZd2

EPA warns other carmakers it will test for defeat devices

Chris Bryant in Frankfurt and Barney Jopson in Washington

The US environmental regulator put all vehicle manufacturers "on notice" on Friday that it will intensify its emissions testing on diesel-powered vehicles to discover whether "defeat devices" were being used more widely.

Janet McCabe, acting assistant administrator of the Environmental Protection Agency, told reporters: "We are stepping up our testing activities in response to VW's alleged violation."

The new testing regime will start immediately and Christopher Grundler, director of the EPA's office of transportation and air quality, said that for manufacturers it meant "we'll be keeping their vehicles a little bit longer and driving them more".

The EPA's announcement came as Volkswagen's board gathered to appoint a new chief executive to lead the carmaker, with Matthias Müller, head of Porsche, widely viewed as the favourite candidate.

The supervisory board meeting at VW's Wolfsburg headquarters follows Martin Winterkorn's resignation after eight years at the helm of the group.

Mr Müller is close to the Porsche and Piech families, who together control a majority of VW's voting shares, knows Volkswagen inside out and has a reputation for speaking his mind. The company declined to comment.

The board is also expected to decide on Friday which managers must leave the company over the scandal, with attention focusing on high-level engineers and designers.

VW has been reeling since the EPA revealed last Friday that the group had rigged its diesel cars to pass emissions tests, potentially laying itself open to criminal charges and substantial fines.

The EPA said that VW had installed defeat device software that turned off emissions controls during regular driving and turned them on during an emissions test. The software meant cars emitted up to 40 times the amount of nitrogen oxides that US environmental standards allow.

The EPA said 482,000 vehicles sold in the US since 2008 were affected, but VW later raised that figure to 11m worldwide. It said it would take a €6.5bn charge to cover the costs of the crisis.

A senior official at the EPA told the Financial Times that Volkswagen had orchestrated an unprecedented effort to beat the EPA's rigorous testing regime. "The level of deceit the company went through to game the system was enormous," the official said.

The EPA operated a cutting-edge testing regime to police compliance with clean air regulations, the official said, and it took an "elaborate, aggressive, ongoing, co-ordinated effort" to beat it. "We've seen uses of defeat devices, but nothing to this scale," the official added.

Forbes:

http://www.forbes.com/sites/neilwinton/2015/09/25/vw-struggles-to-agree-new-ceo-but-heres-some-advice-for-the-eventual-incumbent/

VW Struggles To Agree New CEO, But Here's Some Advice For The Eventual Incumbent

Neil Winton ,CONTRIBUTOR

A meeting in Wolfsburg, Germany, of Volkswagen executives to appoint a new CEO was dragging on into the evening, suggesting a lack of agreement on who should replace Martin Winterkon.

Winterkorn resigned this week in the wake of the scandal in which VW duped the EPA with false diesel data. VW's shares dived on stock markets, and the company's 20-member

supervisory board is apparently torn between appointing the media favourite Porsche CEO Matthias Mueller or VW brand chief Herbert Diess to replace Winterkorn.

Max Warburton, analyst with Bernstein Research, said Diess was his first choice.

"He's the best candidate if VW wants to show everyone – internally and externally – that the regime has changed," Warburton said.

Diess was recently hired from BMW so is not tainted by any of the VW scandals.VWLogo.jpg

"Diess would also be the best choice for shareholders who would like other changes after the EPA scandal has been dealt with. Our second vote goes to Hans Dieter Poetsch. He would be a good option in the short-term as VW needs an eloquent, unflappable face to put in front of U.S. Congress and media," Warburton said.

Poetsch, currently VW's finance chief, was nominated earlier this month as the replacement for Ferdinand Piech as Chairman of the board. Poetsch faces a shareholder vote in November to confirm his appointment.

Whoever gets the new CEO job should do the following, Warburton said.

Offer to buy back and scrap every 2.0 diesel sold in the U.S. – all 482,000 of them – cost $6 billion.

Announce that VW will henceforth abandon all efforts to sell diesel engines in the U.S., but will embrace gasoline and plug-in hybrids.

Send the new CEO to the U.S. Monday to meet government officials, the EPA and media.

Announce the immediate suspension of the 100 engineers most closely linked with the engine and software development.

Announce the cessation of all motorsport activities immediately, turning all the funding over the electric, plug-in hybrid and environmental research in a new research facility located in the U.S. employing U.S engineers.

CNN:

http://money.cnn.com/2015/09/25/news/companies/volkswagen-epa-emission-scandal/index.html?section=money_latest

EPA to automakers: We'll test everyone for VW problems

By Chris Isidore and Ahiza Garcia @CNNMoney

Federal regulators are putting U.S. automakers on notice.

The EPA said Friday it will test emissions at every automaker to make sure no other company is trying to dodge pollution regulations like Volkswagen did.

The agency will send a letter to all manufacturers to notify them that it's stepping up its emissions policing.

The EPA said it will test every model of diesel car, SUV and pickup that's now on the road in the U.S. The testing won't include large vehicles such as semi-tractors and buses, which also use diesel.

It added that the new testing procedures will be more vigorous to prevent automakers from cheating, and will more closely approximate the emissions from a vehicle in real-world driving conditions.

Last week, the EPA found that Volkswagen had falsified pollution tests on 482,000 VW and Audi diesel cars in the U.S.

Those models include the VW Jetta, the Passat from 2014-2015, the Beetle and the Golf from 2009 through 2015, and the Audi A3, model years 2009-2015. Audi is owned by Volkswagen (VLKAY) Group.

Volkswagen manipulated software so its cars would seem cleaner when they were being tested. But when they were on the road, the cars pumped out nearly 40 times the legal level of nitrogen oxide. Volkswagen has since admitted it cheated.

EPA officials insisted on a call with reporters Friday that the previous testing procedures were sophisticated and sufficient to accurately detect the emissions from the diesel cars as long as a manufacturer is not deliberating trying to cheat the process.

Since the EPA plans to test older cars that are no longer available from the manufacturers, the agency said it will borrow cars from individuals as well as businesses, such are rental car companies, which own the vehicles it wants to test.

Volkswagen's directors are meeting Friday to name a new CEO after Martin Winterkorn stepped down earlier this week.

Winterkorn said he was unaware of the emissions cheating and apologized for the possible data manipulation in roughly 11 million cars worldwide.

VW has had to set aside €6.5 billion ($7.3 billion) to deal with the issue, but the final total could far exceed that. The automaker is also facing criminal probes from U.S. state attorneys generals and possibly the federal government. The EPA could impose a civil penalty of $37,500 per violation, which would come to $18 billion.

Volkswagen's share price has plunged 50% in the wake of the scandal.

Newsweek:

http://www.newsweek.com/epa-volkswagen-emissions-defeat-device-retest-announcement-376641

EPA to Begin Retesting All Light Diesel Cars on the Road for Defeat Devices

BY ZOË SCHLANGER

The search for more "defeat devices" installed in cars and meant to cheat emissions tests has begun. The U.S. Environmental Protection Agency announced on Friday it would begin systematically re-testing all models of light diesel vehicles currently on the road in the U.S. The goal is to weed out any other potential defeat devices following the discovery that Volkswagen designed and installed software in their cars that for years tricked the EPA's testing system.

"Today we are putting vehicle manufacturers on notice" that there will be additional testing to look for defeat devices, Christopher Grundler, director of EPA's Office of Transportation & Air Quality, said on a call with reporters Friday. "We aren't going to tell them what these tests are, they don't need to know. They only need to know we will be keeping their cars a little bit longer, and driving them a little bit more."

EPA maintains that it has the necessary expertise and equipment to detect defeat devices. However, the regulator did not catch Volkswagen's alleged fraud on the U.S. portion of the 11 million cars globally that contained the defeat device. The cars range from model years 2009 to 2015. According to EPA, the cars 'knew' when they were being tested for emissions, and were

able to temporarily present much lower emissions than they did while on the road.

"As you know, the company, very deeply, within 100 million lines of software code, had a very specific algorithm to defeat the test," Grundler said. "They developed a very sophisticated scheme to defeat the test. It was a deliberate attempt to have two calibrations on the vehicle."

Each VW car was able to emit up to 40 times the allowed amount of NOx. EPA still has not calculated the additional amount of NOx the cars contributed to the atmosphere, but Janet McCabe, EPA's acting assistant director, said the agency "need[s] to address this." One estimate puts the number at between 250,000 to 1 million extra metric tons of NOx pollution per year, according to The Guardian.

NOx emissions have been found to contribute to respiratory illness and heart disease as well as early death.

Buzzfeed News:

http://www.buzzfeed.com/danvergano/volkswagen-deception-spurs-epa-to-start-defeat-device-tests#.huywrmMbNN

Volkswagen Deception Spurs EPA To Start "Defeat Device" Tests Of All Cars

The Environmental Protection Agency will start auditing all cars for "defeat devices" designed to cheat on emissions tests. The decision was spurred by Volkswagen diesel cars violating clean air laws in this fashion.

Dan Vergano

The U.S. Environmental Protection Agency told all major auto companies on Friday that it would now audit cars for emissions test "defeat devices," following revelations that Volkswagen diesel cars cheated on pollution standards.

The environmental agency announced last week that software in Volkswagen diesel cars – perhaps 11 million vehicles worldwide – was designed to turn off exhaust cleaning controls in engines except when the vehicle underwent emissions tests. With the controls off, the vehicle's exhaust contained up to 40 times more pollutants than allowed by law.

"Today we are putting vehicle makers on notice," EPA's Christopher Grundler said during a news conference. Unlike past emissions test, the details of how the agency, along with Canada's environmental agency, will test vehicles for emissions cheating would not be provided to car makers, he said. That will prevent them from writing software allowing cars to recognize when they are being tested and turn on emissions controls.

In the past, the agency had focused on heavy diesel trucks for such tests because of their significant emissions and history of defeat devices, Grundler said. But now all cars will face added inspection for emissions cheating.

Volkswagen's chief, Martin Winterkorn, resigned in light of the revelations on Wednesday. And claims that BMW cars might have similar emissions questions affected the company's stock on Thursday, leading to a 9.7% drop.

The nonprofit International Council on Clean Transportation (ICCT), which had helped alert EPA to the Volkswagen emissions cheating, said in a statement last week that "defeat devices" are a worldwide problem in cars. European studies, "repeatedly found large and growing gaps between real world emissions and the regulatory certification levels."

"This is a global problem that will require a coordinated global solution," said ICCT's Drew Kodjak.

From: Gong, Kristiene
Sent: Friday, September 25, 2015 11:46 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne

Subject: RE: Volkswagen Clips 9/25/2015

The New York Times:

http://www.nytimes.com/2015/09/26/business/epa-to-bolster-testing-because-of-volkswagen-scandal.html?_r=0

E.P.A. to Bolster Testing Because of Volkswagen Scandal

By THE NEW YORK TIMES SEPT. 25, 2015

Government regulators said Friday that they planned to step up the testing requirements of cars in the wake of the Volkswagen scandal.

The Environmental Protection Agency, which disclosed last week that it had learned that Volkswagen diesel cars had equipment to evade smog-testing standards, said it had sent a letter to manufacturers of gasoline and diesel cars saying that regulators would be looking for so-called defeat devices in all vehicles.

The agency said Volkswagen had used a device programmed to fool emissions testers into thinking that the car was emitting much less pollution than it was during regular driving.

"Manufacturers should expect that this additional testing may add time to the confirmatory test process," the E.P.A. wrote in its brief letter. The agency said that the new procedures would start immediately and that the California Environmental Protection Agency and Canada's environmental regulators were involved with the stricter requirements.

"We are not going to tell them what these tests are, and they don't need to know," Chris Grundler, director of the agency's office of transportation and air quality, said during a conference call with reporters.

Bloomberg:

http://www.bloomberg.com/news/articles/2015-09-25/u-s-epa-said-to-alter-diesel-emissions-tests-due-to-vw-cheating

U.S. EPA Toughens Emissions Oversight After VW Cheating

Jeff Plungis

September 25, 2015 — 8:42 AM EDT Updated on September 25, 2015 — 10:41 AM EDT

U.S. environmental regulators will add more spot-checks to cars already on the road following Volkswagen AG's admission that it fitted as many as 11 million diesel cars worldwide with software that rigged pollution tests.

"We are upping our game," said Christopher Grundler, director of the Environmental Protection Agency's Office of Transportation and Air Quality.

The U.S. Justice Department is conducting a criminal investigation of Volkswagen, and the company said it's cooperating with regulators. The admission has marred the reputation of the world's largest automaker and sent its shares to the lowest levels in years. Volkswagen's board is expected to name a successor Friday to former Chief Executive Officer Martin Winterkorn, who resigned this week.

The EPA is sending a letter Friday to automakers informing them that emissions monitoring is being enhanced. Grundler wouldn't say what changes the agency will make to the testing.

"They don't need to know," Grundler, speaking to reporters on a conference call, said of the automakers. "They need to know that we will be keeping their cars a little bit longer."

Grundler earlier told the Associated Press that the agency may add on-road testing. It already has on-road testing ability but it's only been used to check carmaker gas mileage estimates and diesel trucks, two situations in which they had uncovered emissions cheating in the past.

Past Cheating

The scandal now engulfing VW, which has admitted to outfitting cars with software designed to give false readings on emission tests, is unique both for the number of vehicles involved, and the digital complexity. But it's not the first emissions-cheating case, even for the Wolfsburg, Germany-based company.

In 1973, the EPA accused the automaker of installing defeat devices in cars it wanted to sell in the 1974 model year. VW then admitted it had sold 1973 model year cars with the devices, which consisted of temperature-sensing switches that cut out pollution controls at low temperatures.

General Motors Co. agreed in 1995 to pay $45 million after being accused of circumventing pollution controls on 470,000 Cadillac luxury sedans. The cars' 4.9-liter V-8 engines were tuned to turn off pollution controls when the air conditioning ran, the EPA said at the time.

The current VW case resembles a 1998 case involving seven manufacturers of heavy-duty truck engines: Caterpillar Inc., Cummins Inc., Detroit Diesel Corp., Mack Trucks Inc., Navistar International Transportation Corp., Renault Vehicules Industriels, S.A. and Volvo Truck Corp.

The companies agreed to spend more than $1 billion, including $83.4 million in penalties, to settle the case -- the biggest civil fine to that point for violating an environmental law.

The Hill:

http://thehill.com/policy/energy-environment/254935-epa-steps-up-emissions-testing-after-volkswagen-scandal

EPA steps up emissions testing after Volkswagen scandal

By Timothy Cama - 09/25/15 11:22 AM EDT

The Environmental Protection Agency (EPA) is stepping up its emissions testing for diesel cars in an attempt to root out companies that cheat the tests.

The agency, working with officials in California's air pollution agency and Canada, plans to test every model of diesel car on the road to see if other automakers programmed their cars to skirt the tests like Volkswagen Group did.

"We're putting vehicle manufacturers on notice that our testing is now going to include additional evaluation and tests designed to look for potential defeat devices," Chris Grundler, director of the EPA's transportation office, told reporters Friday.

"We aren't going to tell them what these tests are. They don't need to know," he said. "They only need to know we will be keeping their vehicles a little bit longer and we're going to be driving them a little bit more."

The new procedure comes a week after the EPA announced that Volkswagen had programmed many of its diesel cars sold since 2009 to figure out when they were undergoing EPA tests and change their pollution output to comply with the tests.

In real-world driving, the cars emit up to 40 times more nitrogen oxides than allowed under the Clean Air Act.

Officials with the different agencies hope that their tests can find any emissions problems that were not revealed in the testing that all new cars undergo, which is very standardized and does not usually involve on-road driving.

"We must continue to improve and adapt our oversight, and we will," said Janet McCabe, acting head of the EPA's air pollution office.

The emissions issue, to which Volkswagen has admitted, has quickly evolved into an international scandal, with government officials in Europe, Germany, the United Kingdom, France and elsewhere taking action.

Domestically, the Justice Department is conducting a criminal investigation, and a House committee will soon hold a hearing on the scandal.

Volkswagen's chief executive officer resigned this week, and the head of its United States operations is expected to resign as well.

The EPA initially identified less than 500,000 cars with Volkswagen and Audi branding affected. But the company later said the problem extended to 11 million cars worldwide, although the issue only applies to United States emissions standards.

The EPA has 23 devices for testing on-road driving emissions, but Grundler said those have usually been dedicated to heavy-duty truck use.

Grundler and McCabe repeatedly declined to outline the new test procedures, saying they do not want automakers to try to defeat them.

"The smart engineers at EPA, California Air Resources Board and Environment Canada have come up with clever ways to do this," Grundler said.

The announcement does not change the standard testing that applies to new vehicles. Instead, the EPA is using its authority to test cars currently in operation, including those from rental car fleets and individual consumers.

The new tests started Friday, Grundler said, declining to say how long it would take to test all diesel car models.

From: Gong, Kristiene
Sent: Friday, September 25, 2015 10:58 AM

To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/25/2015

AP (via Washington Times):

http://www.washingtontimes.com/news/2015/sep/25/epa-change-diesel-tests-thwart-volkswagen-cheating/?utm_source=RSS_Feed&utm_medium=RSS

EPA to change diesel tests to thwart Volkswagen-like cheating

By Tom Krisher and Matthew Daly - Associated Press - Friday, September 25, 2015

DETROIT (AP) — The U.S. Environmental Protection Agency plans sweeping changes to the way it tests for diesel emissions after getting duped by clandestine software in Volkswagen cars for seven years.

Chris Grundler, head of the EPA's office of transportation and air quality, indicated the agency would add on-road testing to its regimen. VW's sophisticated software allowed its cars to pass tests in the lab and then spew pollution into the atmosphere while on the highway.

The revelations meant unwanted scrutiny for the EPA. Its testing procedures have been criticized for being predictable and outdated, making it relatively easy for VW to cheat. What's more, the EPA did not initially uncover the problem; researchers at West Virginia University did, using on-road testing.

Grundler says the changes are designed to detect software and other methods automakers might use to rig a test.

The EPA and the California Air Resources Board have engineers who are "developing clever ways in which these things can be detected," Grundler says.

He also notes that testing of diesel engines, which make up only 1 percent of the vehicles on U.S. roads, wasn't the top priority for the EPA. The agency did have on-road testing equipment — but it was assigned to monitor automaker gas mileage estimates and heavy-duty diesel trucks, where cheating had been uncovered in the past.

Grundler, who has been with the EPA for more than three decades, says the lack of on-road testing for diesels "might change in the future." An announcement of the changes could come on Friday.

VW has admitted to installing software on Volkswagen and Audi cars with four-cylinder diesel engines that switches on pollution controls when they are being tested. When the software, called a "defeat device," determines that the cars are back on real roads, the controls are turned off. The EPA says about 500,000 U.S. cars including the Jetta, Golf, Beetle, Passat and Audi A3 have the cheating software, and VW says a total of 11 million cars have it worldwide.

VW was able to fool the EPA because the agency only tested the cars on treadmill-like devices called dynamometers and didn't use portable test equipment on real roads. The software in the cars' engine-control computers checked the speed, steering wheel position, air pressure and other factors to determine when dynamometer tests were under way. It then turned on pollution controls that reduced the output of nitrogen oxide, an ingredient in harmful ozone, the EPA has said.

VW started the scheme with the 2009 model year, and may not have been caught without testing performed at West Virginia University on behalf of the International Council on Clean Transportation, a nonprofit group that advises governments on regulations. EPA and California regulators confronted VW with those findings to VW in May 2014. The automaker eventually did a recall late last year, without much improvement, the EPA says.

Only when the EPA and CARB refused to approve VW's 2016 diesel models for sale did the company admit what it had done.

The EPA announced the violations a week ago and said VW could face billions in fines. The agency said the cars are safe to drive but VW will have to pay to recall and fix them. The agency also is going to test diesels from other manufacturers to make sure they don't have similar devices.

Sen. Bill Nelson of Florida is frustrated that regulatory agencies such as the EPA are failing to protect the public. "Seven years is way too long a time that the EPA has been asleep at the switch," he says.

He says the VW case has similarities to those involving General Motors ' defective ignition switches and Takata Corp.'s exploding air bag inflators, where it also took years before those problems were disclosed to consumers.

"When there is this kind of deception, we've got to get these agencies to be able to cut through it and catch it," Nelson says.

It's not the first time the EPA has had to change testing to make sure automakers are playing by the rules. Earlier this year the agency updated gas mileage tests after some automakers were caught with inflated window sticker estimates.

Grundler disputes the notion that EPA would never have caught VW without the outside help. European regulators were looking into VW's on-road diesel emissions as far back as 2012, and since diesels make up half the cars there, the EPA decided to let Europe take the lead, he says.

"I don't think it's fair to say that this would never have been uncovered," he says. "Do I wish we had uncovered it sooner? Absolutely."

USA Today:

http://www.usatoday.com/story/money/cars/2015/09/25/epa-volkswagen-emissions-testing/72793818/

EPA to road-test cars after Volkswagen emissions scandal

Nathan Bomey, USA TODAY 10:40 a.m. EDT September 25, 2015

The change comes after Volkswagen fooled regulators into believing that its 4-cylinder diesel cars were compliant with emissions rules.

The Environmental Protection Agency told automakers on Friday that it will begin road tests of all new and used vehicle models to examine emissions claims following the exposure of Volkswagen's regulation cheating scandal.

The agency sent a letter to manufacturers notifying them that it will no longer rely exclusively on laboratory testing to validate emissions performance.

EPA also plans to begin testing all diesel models already on the road in the U.S. to check for similar violations.

"EPA may test or require testing on any vehicle at a designated location, using driving cycles and conditions that may reasonably be expected to be encountered in normal operation and use, for the purposes of investigating a potential defeat device," EPA told automakers in the letter.

The agency warned that the new process could mean it will take longer for automakers to secure certification required to sell new vehicles in the U.S.

"We aren't going to tell them what these tests are," said Christopher Grundler, director of the EPA Office of Transportation and Air Quality, in a conference call with reporters. "They don't need to know."

The change comes after Volkswagen fooled regulators into believing that its 4-cylinder diesel cars were compliant with emissions rules by installing sophisticated software to manipulate lab

tests.

In reality, 11 million Volkswagen cars worldwide are emitting nitrogen oxides — which can exacerbate respiratory conditions such as asthma — at rates of up to 40 times acceptable U.S. standards.

The scandal has severely damaged Volkswagen's reputation, led to the resignation of the automaker's CEO and called into question the future of diesel cars. Several criminal investigations and numerous lawsuits have also followed.

The automaker set aside more than $7 billion to pay for fixes and fines. The episode is expected to trigger a massive recall.

Fortune:

http://fortune.com/2015/09/25/volkswagen-golf-emissions-epa/

The Volkswagen scandal has sparked a huge change in car emissions testing

by Benjamin Snyder @WriterSnyder SEPTEMBER 25, 2015, 10:39 AM EDT

Critics have wanted this move for years.

The U.S. Environmental Protection Agency will being testing vehicles' ability to meet emissions standards under real-world driving situations, it announced Friday. The agency formerly conducted random testing of vehicles in a way that critics have argued failed to simulate actual driving.

The change comes less than a week after German automaker Volkswagen admitted that 11 million of its diesel vehicles worldwide were loaded with software designed to trick the emissions testing process. About half a million of those vehicles were sold in the U.S.

EPA may test or require testing on any vehicle at a designated location, using driving cycles and conditions that may reasonably be expected to be encountered in normal operation and use, for the purposes of investigating a potential defeat device," reads a letter the EPA sent to automakers Friday, using an industry term for the illicit software found on Volkswagen's cars.

EPA officials said on a call with reporters Friday that the agency is "actively" testing diesel cars to ensure they meet emissions standards following the Volkswagen's revelations. Environmental agencies in the State of California and Canada are spearheading efforts to ensure there's a "broader and more robust presence" of testing, officials added.

The EPA also said it's working with Volkswagen to determine how to modify the affected vehicles already sold in the American market.

Volkswagen's stock price has tanked amid the scandal, which forced Volkswagen AG CEO Martin Winterkorn to resign Wednesday.

From: Gong, Kristiene
Sent: Friday, September 25, 2015 10:47 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/25/2015

WSJ:

http://www.wsj.com/articles/epa-to-overhaul-air-emissions-testing-in-wake-of-volkswagen-cheating-revelation-1443187913

EPA to Overhaul Air-Emissions Testing in Wake of Volkswagen Cheating Revelation

By AMY HARDER

Sept. 25, 2015 9:31 a.m. ET

WASHINGTON—The U.S. Environmental Protection Agency is overhauling the way it polices auto-maker compliance with air-emissions standards after Volkswagen cheated on its testing for seven years, an agency official said Friday.

The EPA is sending a letter to auto manufacturers to explain that it may test or require testing of vehicles in an environment that would resemble normal driving conditions, the official said.

The EPA's current protocol doesn't test under real-word driving conditions, and requires auto makers instead to submit design certificates for compliance. The EPA has conducted random testing, but those are done in a controlled environment. Volkswagen had installed software designed to evade those tests.

Since at least 2008, Volkswagen has been using software, dubbed defeat devices, in several light-duty diesel models around the world—nearly a half-million cars in the U.S. and as many as 11 million world-wide—that disabled air-emissions controls under normal driving conditions.

The EPA's announcement Friday caps a tumultuous week for Volkswagen, whose CEO resigned following the revelations, and for the U.S. government, which scrambled to respond to the German auto maker's cheating.

The Justice Department is pursuing a criminal investigation.

"We have to be concerned about whether or not there are other defeat devices out there that we have not been able to detect," EPA Administrator Gina McCarthy said at an event hosted by The Wall Street Journal this week. "This was particularly difficult for us to detect. We got there."

It wasn't immediately clear Friday how comprehensive the new testing in normal driving conditions would be. Some experts have been calling on the agency to conduct such testing.

"The most important change that could take place is if EPA started incorporating real-world testing throughout their compliance process," said Drew Kodjak, executive director of the International Council on Clean Transportation, a nonprofit research organization. The organization, alongside West Virginia University researchers, uncovered the testing anomalies in two Volkswagen model cars in 2014.

"The agency certainly has the authority to do this type of thing, but typically doesn't do them because, frankly, they're quite expensive," Mr. Kodjak said on Thursday.

In 2014, Mr. Kodjak's group and the university researchers conducted emissions testing, including under normal-driving conditions, that found two Volkswagen cars—a 2012 Jetta and 2013 Passat—had significantly higher nitrogen oxide emissions during normal driving conditions than what was certified with the EPA. Another car the researchers tested, a diesel-powered BMW, didn't have higher nitrogen oxide emissions.

Fortune:

http://fortune.com/2015/09/25/volkswagen-scandal-epa/

EPA to change diesel tests to prevent VW-like cheating

by Chris Matthews @crobmatthews SEPTEMBER 25, 2015, 7:50 AM EDT

Diesel 'wasn't the top priority for the EPA.'

The U.S. Environmental Protection Agency is planning wholesale reform of its procedure for testing diesel engines, following revelations that Volkswagen VLKPY -5.72% installed software in its cars that allowed it to fool regulators into thinking the vehicles were cleaner than they actually were, according to the Associated Press.

Chris Grundler, head of the EPA's office of transportation and air quality, told the news service that his agency would begin testing cars on the road in addition to the tests performed with cars on treadmills.

Grundler told the AP that cars with diesel engines, which make up only 1% of the vehicles on U.S. roads, "wasn't the top priority for the EPA."

"The agency did have on-road testing equipment — but it was assigned to monitor automaker gas mileage estimates and heavy-duty diesel trucks, where cheating had been uncovered in the past," the report said.

The EPA's testing procedures have been criticized for being predictable and outdated, the AP said, potentially making it easier forVW to cheat. And it was researchers at West Virginia University—not the EPA—that uncovered the problem using on-road testing, the AP added. An announcement of the changes could come on Friday.

Financial Times:

http://www.ft.com/intl/cms/s/0/d4feb2e2-628e-11e5-9846-de406ccb37f2.html#axzz3mgG3bZd2

Volkswagen board gathers to appoint replacement for Winterkorn

Chris Bryant in Frankfurt and Barney Jopson in Washington

Volkswagen's board are gathering to appoint a new chief executive to lead the troubled carmaker

out of the worst scandal in its history, with Matthias Müller, head of Porsche, as the favourite candidate.

The supervisory board meeting at VW's Wolfsburg headquarters — which may take several hours — follows Martin Winterkorn's resignation after eight years at the helm of the group.

People close to VW indicated that Mr Müller is the frontrunner in the succession race.

He is close to the Porsche and Piech families, who together control a majority of VW's voting shares, knows Volkswagen inside out and has a reputation for speaking his mind. The company declined to comment.

The board is also expected to decide on Friday which managers must leave the company over the scandal, with attention focusing on high-level engineers and designers.

VW has been reeling since the US Environmental Protection Agency revealed last Friday that the group had rigged its diesel cars to pass emissions tests, potentially laying itself open to criminal charges and substantial fines.

The EPA said that VW had installed "defeat device" software that activated technology designed to reduce emissions from the vehicles only when it detected that they were being tested. The emissions then returned to much higher levels during regular driving.

The EPA said 482,000 vehicles sold in the US since 2008 were affected, but VW later raised that figure to 11m worldwide. It said it would take a €6.5bn charge to cover the costs of the crisis.

A senior official at the EPA told the Financial Times that Volkswagen had orchestrated an unprecedented effort to beat the EPA's rigorous testing regime. "The level of deceit the company went through to game the system was enormous," the official said.

The EPA operated a cutting-edge testing regime to police compliance with clean air regulations, the official said, and it took an "elaborate, aggressive, ongoing, co-ordinated effort" to beat it.

"We've seen uses of defeat devices, but nothing to this scale," the official said.

From: Gong, Kristiene
Sent: Thursday, September 24, 2015 5:36 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/24/2015

Reuters:

http://www.reuters.com/article/2015/09/24/usa-volkswagen-deception-idUSL1N11U1OB20150924

INSIGHT-After year of stonewalling, VW stunned US regulators with confession

WASHINGTON/DETROIT SEPT 24 | BY TIMOTHY GARDNER, PAUL LIENERT AND DAVID MORGAN

The confession of cheating that's embroiled Volkswagen AG in one of the biggest scandals in auto industry history came on a cool California morning, on the sidelines of an academic conference focused on green transportation.

After more than a year of stonewalling investigators, Volkswagen stunned two senior officials with the U.S. Environmental Protective Agency and California's environmental watchdog by admitting the automaker hacked its own cars to deceive U.S. regulators about how much their diesel engines pollute.

That disclosure on Aug. 21, confirmed by two people with knowledge of the exchange, shows Volkswagen buckled to pressure from environmental regulators almost a month earlier than the scandal was made public. The admission to regulators came after a year during which VW officials insisted to regulators that tests on its diesel cars showing a spike in pollution levels on

the road were in error.

U.S. officials exposed the deception on Sept. 18, triggering Volkswagen's admission that it had installed software in its cars to detect when they were being tested and alter settings to conceal the true emissions of 11 million cars sold worldwide. The delay between VW's confession and the U.S. exposure of the scandal occurred as regulators prepared their response to the disclosure.

As a result, Volkswagen, the world's largest automaker by sales, faces EPA fines that could reach $18 billion, class action and other lawsuits that could add billions of dollars more in liability and a U.S. criminal investigation. VW's leadership is in turmoil after chairman Martin Winterkorn was forced to resign and sources said other executives including the head of U.S operations were soon to follow.

Now, the story of how investigators unraveled systemic cheating in the face of consistent denials from the company may have implications for the sanctions VW will face and for an auto industry certain to face more scrutiny about its environmental claims. The company's lack of cooperation could figure into punitive action by the government.

At first, regulators were surprised that Volkswagen would make its confession at the conference, held in Pacific Grove, California. Minutes before Christopher Grundler, director of the EPA's transportation and air quality office, was to deliver a 9 a.m. speech to the conference, a Volkswagen representative told him about the deception. At the same meeting, representatives of the California Air Resources Board, a state agency that had been pushing VW hard, were also given a verbal notice of the deception, people with knowledge of the events said.

Volkswagen declined to comment on the sequence of events described to Reuters. It isn't clear who the VW representative was who delivered the news of the deception to Grundler and the CARB. Stuart Johnson, head of VW's engineering and environmental office in the United States, was registered to attend the Aug. 21 conference, which was organized by the University of California, Davis. Johnson, who still works for VW in Auburn Hills, Michigan, did not respond immediately to a request for comment.

Norbert Krause, who was head of VW's U.S. environmental office until 2009 and who retired from VW in 2011, said nobody at Volkswagen of America was involved in the process of

engineering the diesel cars.

"I don't know anything about the modification of the software," Krause said when reached by telephone in Germany. "The software was okay when we certified the vehicle and we made our durability runs. Everything was fine."

DECEPTION ACKNOWLEDGED

A formal acknowledgement of the deception came on Sept. 3, when the EPA and California officials held a conference call with Volkswagen executives in Germany and the U.S. During the call, the automaker went over written details provided to the participants explaining how software used in its diesel cars was able to manipulate emissions tests in the United States.

That admission came after the EPA threatened to withhold approval for the company's 2016 Volkswagen and Audi diesel models, according to a letter sent by the EPA to Johnson and VW's attorney. The letter detailed some of the timetable of the EPA's actions.

So ended 15 months of back-and-forth between Volkswagen and U.S. and California regulators who had come to suspect that the diesel engines were producing higher nitrogen oxide emissions during normal driving conditions than what was certified by the EPA and California, people involved said. Nitrogen oxide emissions have been linked to smog and acid rain.

Volkswagen had heavily marketed what it called "clean diesel" engines starting in 2008 with the 2009-model Jetta TDI. It appeared to have found a sweet spot between high-performance and fuel-efficiency with a zippy, fun-to-drive car that topped 40 miles per gallon in highway driving. Named "Green Car of the Year" at the Los Angeles auto show in 2008, the Jetta TDI was seen as a breakthrough in a country where diesel passenger cars occupy a tiny niche compared with Europe, where they are about half of the market.

GRANDFATHER'S DIESEL

"It's not your grandfather's diesel," Krause said in a September 2008 presentation to U.S. regulators, according to a video of the remarks.

Krause and other VW officials promised a diesel that would meet pollution laws in all states, including California where diesel engines had long been associated with smog and cancer-causing soot.

By that point, VW and other automakers had lobbied for almost a decade for regulators to give diesel another chance. In 2000, VW and other companies with an interest in promoting diesel, including Mazda, formed the Diesel Technology Forum to lobby for increased use in the United States as a way to reduce reliance on imported oil. In 2005, an energy bill signed by President George W. Bush offered tax credits for diesel buyers. That gave the first wave of diesel Jetta buyers an income tax credit of $1,300 each.

In 2009, after the new Jetta went on sale, VW dealers initially sold out, including in California where regulations had effectively shut the market to diesels earlier in the decade.

Around the same time, in Europe, regulators were skeptical. A European Commission study concluded in 2013 that European car makers were exploiting test loopholes. Separate findings by the EC's Joint Research Centre showed a discrepancy between test results and real world performance in European diesel engines.

California began its inquiry after EC regulators sought to obtain American data on the on-road emissions performance of diesel engines, said Stanley Young, CARB's communications director. The Europeans had a working theory that diesels should run more cleanly in the United States, where regulations are stricter, than in Europe.

To produce that data, they commissioned the U.S.-based nonprofit International Council on Clean Transportation in February 2013, which hired researchers at a West Virginia University lab.

The WVU researchers placed emission-monitoring equipment on a rented 2012 Jetta and a 2013 Passat. Over seven weeks in spring 2013, they drove the cars around Los Angeles and up the West Coast to Seattle, comparing them to a BMW X5 sport-utility with a diesel engine, said Daniel Carder, who led the WVU team. While the BMW's emission results came in under what the vehicles produced in laboratory tests, those of the Jetta were 15 to 35 times higher than the legal limit and the Passat 10 to 20 times higher.

Soon after, the same rental cars tested by WVU were monitored in CARB's El Monte, California, test facility east of Los Angeles. There were no irregular emissions.

Over the next 12 months, the West Virginia University researchers analyzed the data. They presented their findings at a March 31, 2014, conference in San Diego partly sponsored by California regulators and the EPA.

EXECUTIVES ON ALERT

"That data put our executives on alert that there was clearly a problem for the U.S. and California," said Young, the CARB official.

At meetings between California officials and Volkswagen that began in the summer of 2014, engineers from the German carmaker tried to "discredit the findings" by challenging the data and methodology of the study, Young said. "They were recalcitrant," he said. "It was a range of issues. Every time it was something different."

Among other things, VW said that "our calibration was off" and that the discrepancies had to do with "the conditions under which the test was done," Young said.

On Dec. 2, Volkswagen shared the results of its own tests, blaming its increased emissions on "various technical issues and unexpected in-use conditions," according to the EPA. Then Volkswagen agreed to recall vehicles to fix their engine-control software.

Engineers at CARB kept testing and found the proposed software fix did not significantly reduce emissions. A break came when they looked at diagnostic data stored in the cars' own computer system.

"We discovered some very strange anomalies," Young said. "For instance, the car was running more cleanly when it was cold than when it was warm, which is the opposite of what every other car does - because once you warm a car up that's when it begins to deliver its best pollution controls. This was not the case. So clearly something else was going on. Over time we assembled enough proof and questions that they could no longer provide any reasonable explanation for what was going on."

On July 8, CARB shared its results with VW, but there was no change in Volkswagen's position. Some officials privately questioned whether Volkswagen was deliberately violating the federal Clean Air Act by installing defeat devices -- software programmed to switch engines to a cleaner mode during official emissions testing, according to a person involved in the process.

During normal driving, the software then shuts off, enabling cars to emit as much as 40 times the legal limit of pollutants.

In early August, Oliver Schmidt, who followed Krause and preceded Johnson in VW's U.S. engineering and environmental office, attended a conference in Traverse City, Michigan and told regulators Volkswagen stood by its conclusions that the problem was technical, said people involved said. Schmidt declined to speak to Reuters.

"I'm just amazed," said Alan Lloyd, who headed CARB from 1999 to 2004 and helped open California's market to diesels. "Why someone would think they could cheat in this way and get away with it is beyond me."

AP (via ABC News):

http://abcnews.go.com/Business/wireStory/volkswagen-scandal-tarnish-made-germany-image-

34017356

Will Volkswagen Scandal Tarnish 'Made in Germany' Image?

By DAVID RISING, ASSOCIATED PRESS

BERLIN — Sep 24, 2015, 4:54 PM ET

The "Made in Germany" label has stood for precision and reliability for decades, but since Volkswagen admitted to cheating on U.S. car emissions tests, many are questioning whether the automaker's problems could taint the rest of the country.

It's the second serious blow to a major German company's reputation in six months, following the tragic crash of a Germanwings jet that killed 150 people. Parent company Lufthansa has faced questions over why it failed to identify the psychological issues suffered by the pilot who intentionally flew the plane into a French mountain.

Will such crises tarnish the hard-won, valuable reputations for quality of other German brands, such as BMW, Daimler or Bosch?

Experts say VW's problems could hurt the economy in the short term due to the company's sheer size, but that long-term damage to the country is unlikely.

That doesn't mean others won't try to capitalize. Companies will try to grab market share. And across Europe, people in countries that have been lectured by Germany for years about the virtues of financial honesty could be feeling smug.

"Not only does this make Germany look bad, I think that Germany has been very good at moralizing to the rest of Europe about the financial crisis and other things," said Michael Hewson, chief market analyst for CMC Markets in London.

"Germans have a word for it — 'schadenfreude' — and Germany's getting a big dose of it now," he said, referring to the German word for taking pleasure at the misfortune of others.

Indeed, Internet memes of VWs covered in clouds of smog were already making the rounds, and media commentators were quick to pounce on the issue.

"In Europe, there is a strong dose of schadenfreude ... after the Germans, and primarily Chancellor Angela Merkel, have for years been giving lectures others," wrote Thilo Schaefer for Spain's La Marea news magazine.

Still, in Lufthansa's case, the airline has not appeared to suffer any serious damage following the March crash.

Volkswagen's case could prove more costly for the company, though by how much is still unclear. CEO Martin Winterkorn resigned Wednesday and the company is expected to name a replacement Friday.

The EPA accused VW of installing the so-called "defeat device" in 482,000 cars sold in the U.S. VW later acknowledged that similar software exists in 11 million diesel cars worldwide and set aside 6.5 billion euros ($7.3 billion) to cover the costs of the scandal.

It still faces possible criminal investigations and maybe as much as $18 billion in U.S. fines. The final cost could also depend on a host of class action lawsuits being filed by consumers who feel duped.

This is by no means the first time in recent years that a major German company's reputation for probity has taken a huge knock — though perhaps the first time that the damage has stemmed directly from a product that was popular with consumers.

Volkswagen itself was at the center of an unappetizing scandal less than a decade ago — before Winterkorn took over — that resulted in criminal convictions for the company's then-personnel chief and employee council chief, among others. That case centered on allegations that VW's influential employee representatives received illegal privileges, including lavish foreign trips involving prostitutes paid for by the company. The probe started after Volkswagen alerted prosecutors to possible wrongdoing.

Industrial conglomerate Siemens AG acknowledged dubious payments of up to 1.3 billion euros in a bribery case that came to light in 2007 and prompted the departure of the company's then-CEO and board chairman.

The company's biggest bank, Deutsche Bank, has also struggled to put behind it lawsuits and legal issues that in some cases date back years.

In April, Deutsche Bank agreed to pay $2.5 billion to authorities in the U.S. and Britain to settle allegations its traders rigged important market interest-rate benchmarks used to determine rates on a variety of debt.

Hartmut Dziemballa, who conducts image research for Germany's GfK institute with a focus on the automotive and airline sectors, said past scandals have not had lingering effects and that he didn't expect the Volkswagen scandal would significantly affect other German manufacturers — even car companies.

"The quality and the German engineering is still there, and people know that," he said.

Still, if a scandal with any brand has the potential to smear the whole "Made in Germany" label, it's Volkswagen, which is deeply interconnected with the country's people and politics.

Germany is the world's third largest exporter, vehicles are its largest export, and Volkswagen is its largest automaker. It employs over half a million people globally.

It's the largest single employer in its home state of Lower Saxony, which owns 20 percent of the company and whose governor and economy minister sit on its board of directors. VW's former personnel director Peter Hartz was also an adviser of former Chancellor Gerhard Schroeder, and today's welfare system is still called "Hartz IV" after his reforms.

Carsten Brzeski, an analyst with ING in Frankfurt, said while "the reputational damage is currently impossible to assess," because of its size even if the main impact of the scandal is limited to Volkswagen it could have serious economic effects on the German economy overall.

"While the German economy defied Greece, the euro crisis and the Chinese slowdown, it could now be facing the biggest downside risk in a long while," he said in a research note.

Analysts say there is the possibility that the fallout from the scandal might affect other car companies, whether through the need for tougher regulation or a shift away from the diesel engines at the center of the U.S. scandal.

Vice Chancellor Sigmar Gabriel told reporters at the auto show in Frankfurt after the news broke that the VW scandal would mean nothing to the "Made in Germany" label — before adding "I hope."

From: Gong, Kristiene
Sent: Thursday, September 24, 2015 4:18 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/24/2015

AP (via Lansing State Journal):

http://www.lansingstatejournal.com/story/news/local/2015/09/24/dealers-owners-frustrated-vw-scandal/72750326/

Dealers, owners frustrated over VW scandal

Associated Press 3:21 p.m. EDT September 24, 2015

LOS ANGELES — Bob Rand bought his Volkswagen Passat last year for its clean emissions and high gas mileage. He liked the car so much he convinced his son and a friend to buy one, too.

Now, as Volkswagen comes clean about rigging diesel emissions to pass U.S. tests, Rand is desperately trying to sell the fully loaded model with white leather seats for $10,000 below what he paid. His sole bite has been from a man who offered $7,500 on speculation that he could resell it in Mexico.

"Volkswagen was somebody that you could rely on for cutting-edge products and quality and all those things and now you find out that they're not above lying just flat out," said Rand, who plans to join a class-action lawsuit against VW. "That's probably about as bad a thing as a company can do is lie to your face when you're buying a $35,000 car."

Rand's anger at the world's top-selling car company was echoed Wednesday by private dealers, auto wholesalers and owners across the U.S. as fallout from the smog test trickery mounted.

The EPA first disclosed Friday that stealth software makes VW's 2009-2015 model cars powered by 2.0-liter diesel engines run cleaner during emissions tests than in actual driving. On Wednesday, Volkswagen CEO Martin Winterkorn resigned and took responsibility for the "irregularities" found by U.S. inspectors — a scandal that has wiped out billions in the company's market value and raised the possibility of criminal investigations and billions more in fines.

The revelations left dealers sitting on hundreds of diesel cars they could not sell. Many also dealt with a flood of angry calls, emails and tweets from Volkswagen owners who felt betrayed because they believed they had bought a car that polluted less without sacrificing the good gas mileage and performance that comes with a diesel engine.

"I think their feet should be held to the fire. I think apologies don't mean anything when something is so premeditated," said Joe DeCarolis, of Cary, North Carolina, who owns a 2012 TDI Jetta Sport Wagon — a car he bought after careful comparison shopping for its clean emissions and good gas mileage.

Jon Vitale of Fowlerville, Michigan, listed his 2012 Volkswagen Passat for sale on the Internet last month, barely getting any interested callers.

But after finding out about the scandal, he's thinking the news might actually make it easier to sell his car.

"I don't know if the news will help me or hurt me," said Vitale, who bought the car used two years ago for its gas mileage. "I didn't get much interest before the news came out. If someone wants it, maybe they'll pay more because there's a stop sale on the new models."

Dealers can't give customers good answers because Volkswagen hasn't said a whole lot, said AutoNation CEO Mike Jackson, the leader of the largest auto dealership chain in the U.S.

AutoNation's six Volkswagen and eight Audi dealerships in the U.S. are telling customers that the cars are safe to drive and promising to call them as soon as they know more about repairs. "That's not adequate," Jackson said. "We need answers by next week."

A lot of people within VW had to know about the software that turned emissions controls on during government tests and off for regular driving, especially because the scheme went on for multiple years, Jackson said.

"This tells me that it's not a bad apple. It's not a rogue employee. It's deliberate deception," Jackson said. "It's a systemic failure. This took a lot of meetings. This took a lot of engineers. This took a lot of software programmers to put in place and keep in place."

Meanwhile, concern was growing at private dealerships about what to do with inventory that's now gathering dust.

At Volkswagen of Oakland, California, nearly two dozen new diesel cars have no chance of being sold in the short-term, while 25 2016 model vehicles are being held up at the Port of San Diego because they can't pass emissions standards, sales manager Chris Murphy said. Customers have been calling and emailing to demand the dealership buy their cars back or offer refunds.

"We can't afford to buy all those cars back. We're just one dealer," he said, adding that diesel models make up about 30 percent of the business. "This is definitely going to impact our business. We're trying to focus on positive, not negative things because there's nothing we can do."

Williams Volkswagen in Lansing declined to comment on how the company's actions affected its sales. It's the only Volkswagen dealer in the region.

Vitale thinks used models may become more valuable to some people who aren't as environmentally conscious, particularly because Michigan doesn't require emissions testing.

"I got a call a few days ago and the guy asked me about the news, and despite all that, he still wanted it," said Vitale, who is selling the car because he no longer needs it. "It's not illegal to drive in Michigan because there's no emissions testing here."

Volkswagen has taken steps to help out the dealership, Murphy said. That includes guaranteeing reimbursement for sales objectives for two quarters whether or not the goals are met and waiving the interest the local franchise normally pays on unsold cars on their sales floor, he said.

"They're making all the right steps. … I'm just waiting for everything to get uncovered to see how deep this really goes. I'm not mad at anyone except the people higher up who made these decisions," Murphy said.

Lash Volkswagen of White Plains, N.Y., has been scrambling to accommodate affected Volkswagen owners by giving them loaner cars and picking up or dropping off their cars when it's time for repair, said Tom Backer, general manager of the dealership in New York's Westchester County.

Dealers, he said, were told that there will be both software and hardware changes to fix the problem. They're already on 2016 models and are awaiting approval from the Environmental Protection Agency, Backer said. Older models will get the same fixes, he said.

But not every Volkswagen dealer is fielding calls from angry customers.

Bill Haggerty, a sales manager at a VW dealership in the Chicago suburb of Oak Lawn, Illinois, said he hasn't heard concerns from customers so far. Diesels make up less than 20 percent of his business and draw the most interest from customers looking for better gas mileage, he said.

"We have 200 Volkswagens in stock; three of them are Jetta diesels," he said. "So, it's not like every Volkswagen out there has got a diesel motor in it. They sell an awful lot of cars with good gas mileage and great safety records."

International Business Times:

http://www.ibtimes.com/volkswagen-diesel-scandal-epa-partly-blame-2112674

Volkswagen Diesel Scandal: Is The EPA Partly To Blame?

By Cole Stangler @colestangler c.stangler@ibtimes.com on September 24 2015 2:10 PM EDT

Are emissions tests too easy? A Volkswagen car is pictured at a technical and testing center in Zenica, Bosnia and Herzegovina, Sept. 23, 2015. Reuters/Dado Ruvic

Since Volkswagen admitted this week to cheating on pollution tests for years, there has been a flood of outrage. Overwhelmingly, it is directed at the most obvious culprit: the German automaker, which admitted to equipping 11 million of its diesel cars worldwide with software specifically designed to reduce emissions during tests. But some critics argue Volkswagen is not the only one to blame. Are the regulators at fault, too?

"Automakers have been able to exploit lax testing systems in the U.S. and Europe," declared a Bloomberg editorial this week. "Regulators owe it to both car buyers and the environment to make these systems more rigorous."

In the United States, critics say, the Environmental Protection Agency isn't as strong a watchdog as it should be. The editorial board at Bloomberg says the EPA gives automakers like Volkswagen too much latitude in determining testing conditions. The agency doesn't have engineers on hand at the labs that actually conduct the exams, doesn't vary its testing routines enough and should have done more to detect the sneaky software gambit that will likely lead to the recall of some 500,000 cars in the U.S.

The EPA did not respond to requests for comment.

Volkswagen's deception may be particularly widespread and therefore more egregious. But it's not the first company to cheat American emissions standards. Hyundai and Kia acknowledged they overstated fuel economy standards on 1.2 million cars from 2010 to 2012. Last November, the companies agreed to a combined $300 million settlement with the Justice Department and the EPA for doing so.

Still, Tyson Slocum, director of the energy program at consumer advocacy group Public Citizen, said it's unfair "to claim the EPA is responsible for a very sophisticated deception."

Emissions tests in the United States consist of the following: Automakers put their cars on rollers at various testing sites and run them through a set of federally approved maneuvers. Volkswagen duped the system by writing code into its diesel cars' software that automatically switched them

into a sort of “low-emissions mode” during these moves.

Even with a beefed-up team of monitors on hand at testing sites, Slocum said, Volkswagen’s trick “would have been very hard to catch." "Stopping a determined criminal is tough," he said, and “at the end of the day, you’ve got to hold the primary entity accountable.”

At the same time, Slocum said, those complaining about the agency’s oversight methods or regulatory capabilities should turn to federal legislators.

“Congress is to blame for the EPA’s light touch,” he said. He scoffed at the “Chicken Little” attacks from federal lawmakers and industry alike that frequently deride the agency as a jobs killer. Since 2010, the agency has seen its budget decline by 20 percent, or about $2 billion. (Earlier this month, before the emissions scandal broke, 20 members of Congress filed articles of impeachment against Gina McCarthy, head of the EPA.)

Europe’s testing system, on the other hand, is widely seen as more hands-off than the United States'. Automakers there comply with the New European Driving Cycle, a test that got its last major revision in the 1990s. It takes less time to complete than its American counterpart and doesn’t properly simulate real-world conditions, critics contend, and therefore is easier to game. A recent report from the U.K. Committee on Climate Change found the gap between official and real-world emissions of new passenger cars rose from 10 to 35 percent between 2002 and 2014.

Officials from the European Environment Agency did not respond to requests for comment.

Bill Becker is the executive director of the National Association of Clean Air Agencies, a group that represents state and local pollution control agencies. He said “the EPA certainly has a role but they don’t deserve a severe whipping about what happened.”

Those concerned with preventing similar conspiracies in the future should look toward the judicial system, which has the ability to set a strong deterrent effect, he said. Penalties wield far more influence over automaker behavior than any changes to emissions testing procedures.

"The solution here is for the courts and the Justice Department to impose as severe a penalty as possible," he said, "to penalize so harshly that no other employer would ever consider this again."

From: Gong, Kristiene
Sent: Thursday, September 24, 2015 2:48 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/24/2015

AP (via Washington Post):

https://www.washingtonpost.com/world/europe/board-member-expects-further-resignations-at-volkswagen/2015/09/24/f5ef9382-628d-11e5-8475-781cc9851652_story.html

Germany: VW cars with suspect software in Europe too

By Geir Moulson | AP September 24 at 12:19 PM

BERLIN — The software at the center of Volkswagen's emissions scandal in the U.S. was built into the automaker's cars in Europe as well, Germany said Thursday, though it isn't yet clear if it helped cheat tests as it did in the U.S.

A day after longtime CEO Martin Winterkorn resigned over the scandal, a member of Volkswagen's supervisory board said he expects more executives to step down. The company's supervisory board meets Friday and could announce new resignations then as well as a new CEO.

The U.S. Environmental Protection Agency disclosed Friday that stealth software makes VW's

2009-2015 model cars powered by 2.0-liter diesel engines run cleaner during emissions tests than in actual driving.

The EPA accused VW of installing the so-called "defeat device" in 482,000 cars sold in the United States. VW later acknowledged that similar software exists in 11 million diesel cars worldwide and set aside 6.5 billion euros ($7.2 billion) to cover the costs of the scandal.

The company has told officials that the vehicles in question included VW cars with 1.6-liter and 2-liter diesel engines in Europe, German Transport Minister Alexander Dobrindt said Thursday.

"We don't yet have figures for how many of these 11 million cars that are apparently affected are in Europe," Dobrindt said. "That will be cleared up in the next few days."

Authorities will continue working with Volkswagen to determine what cars exactly are involved.

It isn't yet clear to what extent the scandal affects other brands in the Volkswagen Group, which has 12 brands in all — including Seat, Audi, Skoda and Porsche. It was also not clear whether the software would have led to VW cheating on emissions tests outside the U.S. as well.

Dobrindt this week set up a commission of inquiry to look into the scandal. The motor transport authority is conducting static and road tests on Volkswagen models and spot tests on cars made by other manufacturers, German and foreign.

In neighboring France, Environment Minister Segolene Royal on Thursday announced random tests of about 100 French cars to ensure that their engines meet pollution standards in the wake of Volkswagen's emissions scandal.

And the European Union's executive Commission called on national authorities "to look into the implications for vehicles sold in Europe and ensure that EU pollutant emission standards are scrupulously respected."

Olaf Lies, economy and transport minister of VW's home state Lower Saxony, which holds a 20 percent stake in the company, said the investigation into the scandal was only just starting.

"There must be people responsible for allowing the manipulation of emission levels to happen," he told rbb-Inforadio.

Winterkorn said Wednesday he took responsibility for the "irregularities" found by U.S. inspectors in VW's diesel engines, but insisted he had personally done nothing wrong.

VW is filing a criminal complaint with German prosecutors, seeking to identify those responsible for any illegal actions in connection with the scandal.

Other auto companies have seen their shares drop, too, though there have been no allegations they cheated emissions tests.

On Thursday, shares in BMW dropped 5.2 percent to close at 75.68 euros after Germany's Auto Bild magazine reported that road tests by the International Council on Clean Transportation showed the BMW X3 xdrive model exceeding European emissions limits by more than 11 times. It did not say what the cause for the alleged problem was.

BMW said in a statement that it was not familiar with the test and would ask the ICCT for clarification. It said that "the BMW Group does not manipulate or rig any emissions tests."

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Reuters:

http://uk.reuters.com/article/2015/09/24/uk-usa-volkswagen-letters-exclusive-idUKKCN0RO0AY20150924

Exclusive - VW recall letters in April warned of an emissions glitch

SAN FRANCISCO | BY ALEXANDRIA SAGE

In April of 2015, Volkswagen of America, Inc.(VOWG_p.DE) sent letters to California owners of diesel-powered Audis and Volkswagens informing them of an "emissions service action" affecting the vehicles.

Owners were told they would need to take their cars to a dealer for new software to ensure tailpipe emissions were "optimised and operating efficiently."

The company didn't explain that it was taking the action in hopes of satisfying government regulators, who were growing increasingly sceptical about the reason for discrepancies between laboratory emissions test results and real world pollution from Volkswagen's diesel cars.

Officials at the California Air Resources Board and the EPA agreed in December of 2014 to allow a voluntary recall of the company's diesel cars to fix what Volkswagen insisted was a technical – and easily solved - glitch. The recall was rolled out nationally over a period of months.

On Wednesday, California Air Resources Board spokesman Dave Clegern confirmed that the letters were part of that recall. "This is one of the fixes they presented to us as a potential solution. It didn't work," he said.

Volkswagen, which had no obligation at the time it initiated the recall to disclose the discussions that had led to it, declined to comment on the letter.

The controversy came to public attention last week after Volkswagen acknowledged it had deliberately deceived officials about how much its diesel cars polluted.

The recall letter instructed owners of certain 2010-2014 Volkswagen vehicles with 2-liter diesel engines to contact dealers for a software update in order to fix an issue with the malfunction indicator light illuminating.

“If the [light] illuminates for any reason, your vehicle will not pass an IM emissions inspection in some regions,” the letter warned, noting that California required the update before it would renew vehicle registrations.

"The vehicle's engine management software has been improved to assure your vehicle's tailpipe emissions are optimised and operating efficiently," read the letter, which said an earlier software update increased the likelihood of the light illuminating.

It is customary for carmakers to perform updates to their cars through dealerships to fix or update software.

Volkswagen has said that 11 million of its cars around the world could be affected in the scandal that broke last week. The German company has set aside 6.5 billion euros ($7.3 billion) in its third-quarter accounts to help cover the costs of any fallout.

The U.S. Justice Department has launched a criminal probe and at least 25 proposed class actions on behalf of consumers have already been filed in seven states.

WSJ:

http://www.wsj.com/articles/vws-customers-feel-confusion-remorse-1443051169

VW’s Customers Feel Confusion, Remorse

Auto owners worry how emissions scandal will affect vehicles' performance, resale value and compliance with clean-air standards

By CHRISTINA ROGERS in Detroit and ERIC SYLVERS in Milan

Deborah Scott went shopping for a new car in 2010 and came back home with a diesel station wagon made by Volkswagen AG. Fuel efficiency, low emissions and a peppy engine won her heart.

Now, she finds herself suffering from a case of buyer's remorse. "I feel very confused," said the 61-year-old retired nurse practitioner from Chattanooga, Tenn.

Less than a week ago, the Environmental Protection Agency said the German maker of her car lied about its diesel-emissions performance and is demanding a fix on nearly 500,000 affected vehicles on U.S. roads. That leaves owners, such as Ms. Scott, wondering how that will affect performance, resale value and compliance with clean-air standards.

"I feel like I'm eventually not going to have the car that I initially agreed to buy," said Eric Schoenecker, a Minnesota owner of a 2013 diesel Jetta. A recent visit to Craigslist.com indicated resale value on cars like his have fallen 20% since the emissions scandal emerged. The EPA says affected Volkswagens emit nitrogen oxides at up to 40 times the standard.

Volkswagen's emissions headache has gone global, with the auto maker now saying 10.5 million additional vehicles could be affected outside the U.S. On Wednesday, the company's chief executive resigned amid a sharp decline in market value and many investigations initiated in various countries.

Buyers, however, are primarily interested in answers that aren't immediately forthcoming.

"All we've received so far are talking points from VW emphasizing that we tell customers this is not a safety issue," Mike Jackson, chief executive of No. 1 car dealer chain AutoNation Inc.,

said. “They tell us they will get back to us on how they will bring cars into compliance.”

Volkswagen representatives said the company is investigating the matter and will be in touch with dealers and buyers as soon as possible.

Dealers say traffic in Volkswagen showrooms is drying up in the U.S., deepening the pressure the auto maker has experienced in recent years as market share has fallen. “As this story matures, we expect it to have more of an impact on sales,” said one dealer, choosing to remain anonymous.

Volkswagen has 650 dealers in the U.S., and sold 238,000 vehicles through August—a 2.8% decline from the same period in 2014 and far below other major auto makers selling cars in America. About 20% of those deliveries are diesel.

At some point, those dealers will need to employ a fix, according to EPA guidelines. Volkswagen, setting aside $7 billion for the crisis, will have to pay for repairs. Meanwhile, cars are likely to pass emissions standards because they are fitted with a device that enables cheating on emissions tests, the EPA said.

Anna Stefanopoulou, a mechanical-engineering professor and engine expert at the University of Michigan, said a permanent fix could be as simple as downloading new software for the car. Or, Volkswagen could be looking at a cost of $2,000 a vehicle if new hardware needs to be installed.

Fuel economy, rated at more than 40 miles a gallon for some diesel models sold by VW, will take a hit. Consumption could rise 5% to 7% at high speeds or other driving conditions because components needed to clean emissions can dent engine performance.

Some doubt the solution will be simple.

“A software fix in the U.S. seems very unlikely because the emissions are so much higher than is

allowed," Paolo Martino, a Frost & Sullivan consultant, said. Any adjustment would probably so radically "change the performance of the cars that consumers would no longer want to own them.

Wired:

http://www.wired.com/2015/09/vw-going-pay-smog-scandal-much/

Eric Niiler

VOLKSWAGEN ISN'T GOING to get away with this. You don't (allegedly!) fake emissions data for a few million cars and just walk away. But what the German automaker's punishment will be, and how much it's going to hurt—those are still open questions.

The final decision will be up to lawyers at the US Environmental Protection Agency and Department of Justice. That latter agency has opened a criminal probe into the company's (alleged!) emissions software tampering shenanigans. But based on precedent and the outlines of what Volkswagen actually seems to have done, we can make a few predictions.

If US officials absolutely throw the book at VW, EPA rules stipulate a maximum fine of $37,000 per affected car. At 482,000 cars on American roads, that comes to $18 billion. But according to attorneys who work on these kind of cases, that number is way too high for what'll actually happen. The biggest fine of this kind to date was $1.2 billion, a criminal penalty that Toyota paid in 2014 for concealing information about faulty ignition switches that triggered sudden accelerations.

But that was for a mechanical breakdown. For a closer analogy we could look back to 1998, when seven truck manufacturers including Caterpillar and Mack together paid $1 billion for installing defeat devices—sounds familiar—in tractor trailer and pickup trucks. A year before, Ford paid a relatively paltry $7.8 million to settle allegations the company violated the Clean Air Act by yes, installing defeat devices—this time in Econoline vans. But the company also paid $2.5 million in emissions offsets and $1 million to study new technology that fought emissions.

So it's possible VW might have to pony up for regulatory violations as well as smog offsets for what they actually emitted.

As a matter of process, regulators will want a fine that's big enough to work not only as punishment for VW but as a deterrent to anyone else who might think about trying something similar. It can't just be the cost of doing business. "There aren't a lot of examples of this kind of conduct," said one private attorney who has handled pollution settlements between major companies and the government. "There are a fair number for failure to disclose, or even covering it up. But to actually plan a violation? That's pretty extraordinary. This will be the highest penalty EPA ever assesses."

Yeah, but how high? To figure that out, EPA lawyers have a lot to consider. Specifically, EPA will want to know what kind of economic benefit VW got from rigging emissions controls. The company claimed greater engine power, performance, and gas mileage, and charged more for the engine than a gasoline engine in a comparable vehicle. VW also got a marketing benefit, donning a green mantle by touting its "clean diesel" technology.

On the other hand, EPA regulators will also factor in what VW does to fix the problem. The company said Tuesday it was setting aside more than $7 billion for repairs. EPA might build that consideration into its calculations and lower the fine accordingly.

That's all on the civil, regulatory side. DOJ's criminal probe could lead to prosecutions of the executives in Germany who approved the so-called "defeat device." Like the bumper sticker says, a fine is a tax for doing wrong. Prison time, though? That's a whole other kind of serious.

But if you believe Gilbert and Sullivan and think the punishment should fit the crime, than what was this (alleged!) crime's actual shape? Yes, VW diesel-powered Jettas, Passats, Golfs, and Beetles (and an Audi) polluted more during real-world driving than their annual smog tests said they would. But how much more? Tests performed by the International Council on Clean Transportation in 2013 revealed that the VW cars emitted anywhere from 5 to 35 times more nitrogen oxide pollution than allowed by law. So with the help of some air pollution experts, let's do a little back-of-the-envelope figuring. Making it easy on ourselves, we'll use a midpoint of a 20X increase in emissions. Assuming 482,000 cars in the United States with, oh, say, a 120,000-mile lifetime of a diesel engine, VW's US fleet produced 46,657 more tons of harmful, smog-forming NOx pollution than anyone knew.

Now, cars in California alone emitted 161,000 tons of NOx in 2011, according to EPA. (California has a lot of cars.) But still—that's a lot more smog than anyone planned for.

Vox:

http://www.vox.com/2015/9/23/9383641/volkswagen-scandal-pollution

How many deaths did Volkswagen's pollution scandal cause?

A back-of-the-envelope estimate.

Updated by Brad Plumer on September 24, 2015, 8:58 a.m. ET @bradplumer brad@vox.com

This week, Volkswagen admitted that it had secretly rigged as many as 11 million diesel cars worldwide so that their pollution controls only worked when they were being tested by regulators. The rest of the time, while the cars were actually being driven, they emitted smog-forming nitrogen oxides at 15 to 35 times higher than the US legal limit.

So how much extra pollution is Volkswagen's deception responsible for? And, since we know air pollution is already harmful, how many additional deaths might those extra emissions cause? What follows is a very rough, back-of-the-envelope estimate based on what we know so far. (Spoiler: the premature death numbers range from single digits to hundreds per year. Like I said, rough.)

1) How much extra pollution do Volkswagen's cars cause? By my calculations, Volkswagen's 482,000 deceitful US cars are currently adding between 5,800 to 14,200 additional tons of nitrogen oxide pollution (NOx) to the atmosphere per year, assuming the cars are driven the US average.*

Extrapolating that out to 11 million cars around the world, and assuming the rest of the cars are

driven the European average, we get somewhere between 86,800 and 212,500 additional tons of NOx emissions per year.**

Now, there are lots of assumptions and simplifications embedded in those estimates, particularly around how many miles VW's cars are actually driven. But that's ... potentially a large amount of extra NOx pollution. At the high end globally, it's 20 times what a typical coal plant without emission controls puts out in a year.

2) How many deaths might that extra pollution cause? We know NOx pollution is harmful — current emissions from all the world's cars, trucks, factories, and power plants already cause various health ailments and contribute to thousands of deaths each year. What we're interested in is the additional toll caused by Volkswagen's illegal pollution.

This is a bit trickier to calculate. Certain types of nitrogen oxides are harmful both both because they can irritate the lungs and because they can help form damaging particulate pollution and smog. Higher smog levels have been linked to respiratory illnesses, increased asthma attacks, and even premature deaths (especially among the sick or elderly). The complicated part is that the exact levels of smog formation can vary from place to place, depending on sunlight, temperature, local winds, and other factors. What's more, the exact harm can depend on where the pollution occurs, how dense the area is, and so on.

Still, we can get ballpark figures using data from the Environmental Protection Agency, which calculates that every ton of NOx from vehicles in the United States leads to somewhere between 0.00085 and 0.0019 premature deaths. (Note that this only includes impacts from particulate formation, not smog effects, which are harder to quantify. See p. 40 of this report.)

Using these figures, the estimated extra pollution from Volkswagen's US cars can be expected to lead to an additional 5 to 27 premature deaths per year. If we extrapolated worldwide to all 11 million vehicles, that would come to somewhere between 74 and 404 premature deaths each year.***

Again, this is a back-of-the-envelope exercise, not a peer-reviewed scientific analysis. Criticisms and refinements are welcome. But the broader point is that air pollution can cause genuine harm, up to and including killing people. The United States and Europe have been trying to limit that

health damage over the last 50 years by putting pollution limits in place. And, by evading those limits, Volkswagen's actions had real consequences.

(As counterpoint, Volkswagen's cheating might have been mildly helpful for global warming efforts. The company appears to have rigged the cars so that they would get slightly better fuel economy. And NOx emissions can have an indirect cooling effect. That said, this effect is likely to be smaller in the grand scheme of things. And this really isn't the way to go about solving climate change...)

Footnotes and updates:

* Here's how I estimate US pollution: the current Tier2-Bin5 lifetime standard for NOx emissions in the United States is 0.07 grams per mile driven. Testing by the ICCT has said Volkswagen's 482,000 clean diesel cars in the United States were emitting NOx at 15 to 35 times that standard, depending on how they were driven. And the average US car is driven 11,244 miles in a year. So multiply those numbers together, subtract out the "legal" pollution, convert to tons, and you get your range of additional pollution caused by VW's cars.

(Note that this estimate is for the current year. VW's cars were obviously sold in stages, so the pollution impact is smaller the further you go back in time.)

** For the global figures, I'm assuming the pollution controls in the remaining 10.5 million Volkswagen diesel cars with a Type EA 189 engine worked the same way and produced similar levels of additional pollution. I've updated this section by also assuming the rest of the cars were driven the European average of around 7,170 miles per year (since most of them were likely in Europe). That lowered the global pollution estimates from an earlier version.

*** This global estimate of health impacts might well be low, since a simple extrapolation from US data isn't ideal. The World Health Organization's research suggests that NOx pollution can have even higher mortality effects in some parts of Europe (due to higher population density), but we'd really have to know where the rest of Volkswagen's 11 million problematic diesel cars are being driven to get any more precise.

From: Gong, Kristiene
Sent: Thursday, September 24, 2015 2:19 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/24/2015

Bloomberg:

http://www.bloombergview.com/articles/2015-09-23/volkswagen-and-the-epa-s-dirty-little-secret

Volkswagen and the EPA's Dirty Little Secret

87 SEPT 23, 2015 3:50 PM EDT

By Editorial Board

Cheating reflects badly, first and foremost, on the cheater -- and so it is with Volkswagen, whose shocking manipulation of U.S. emissions tests continues to exact a price in market value, legal costs and reputation. At the same time, it's not unreasonable to ask how the cheating happened in the first place, and that question implicates more than just Volkswagen.

For years, automakers have been able to exploit lax testing systems in the U.S. and Europe. Regulators owe it to both car buyers and the environment to make these systems more rigorous.

As things work now in the U.S., carmakers test their own vehicles and send the results to the Environmental Protection Agency, whose engineers review them and, usually, apply a rubber stamp. The EPA allows manufacturers broad latitude in determining test conditions, an invitation to hanky-panky. The agency does some independent, random testing -- but on just 10 percent to 15 percent of new models. Only in rare cases does it test cars that have actually been driven off the lot.

The problems with this regime were obvious even before VW's shenanigans. In 2013, Consumer Reports found that 55 percent of hybrids and 28 percent of turbocharged cars fell short of their EPA fuel-efficiency ratings. Last year, the Justice Department reached a $350 million settlement with Hyundai and Kia for overstating gas mileage. Ford, Mercedes, Mini and other manufacturers have restated their official mileage ratings in the last three years, usually under threat of consumer lawsuits.

Europe, where automakers also test their own vehicles, has its own issues. Just before the VW scandal broke, a European environmental advocacy group released test results showing major discrepancies between lab and real-world emissions in cars made by BMW, Mercedes and Opel. The European Commission has announced that all passenger cars will be undergo "real world" emissions testing starting in 2017.

Any system will inevitably rely on self-reporting to some extent. Government regulators simply don't have the money or personnel to test every new vehicle. But they can enact safeguards on a system that is all too easy for carmakers to game.

First, the EPA should have some of its engineers on hand at the industry labs to oversee compliance. Carmakers have a bevy of little tricks that can increase efficiency -- low-resistance tires, removing side mirrors and taping over cracks between panels -- and while the EPA has done better than the Europeans at closing loopholes, vigilance must be maintained. The agency should also vary the testing routines periodically so that carmakers won't know in advance exactly what they are in for. (The current regime's predictability may well have been a big part of VW's successful deception.) The EPA should consider following the EU's lead with on-the-road studies, for gas mileage as well as pollutants.

Also, the so-called defeat device VW used to game the emissions test was actually a pretty simple software tweak. It shouldn't be too hard for the EPA to invest in some computer forensic capabilities to track what's going on in our increasingly computerized vehicles.

Just as important, there need to be greater consequences for cheating. Any company caught in violation should lose its self-monitoring rights for a number of years. It should have to dig into its own pockets for trials by neutral third parties, such as parts manufacturers, which have the necessary equipment.

What Volkswagen did appears to be in a category all its own, and it deserves special condemnation. But other carmakers game the system, and regulators tolerate it. That is the dirty little secret of emissions and efficiency testing, and the EPA needs to clean it up.

Financial Times:

http://www.ft.com/intl/cms/s/0/bbd61c58-62d7-11e5-9846-de406ccb37f2.html#axzz3mgG3bZd2

EPA surprised by scale of Volkswagen's deceit

Barney Jopson in Washington and Andy Sharman in London

The US regulator that exposed Volkswagen for cheating on emissions tests has been taken aback by revelations that the German carmaker's deception extended to millions of vehicles far beyond American shores.

"It's clear that the company went above and beyond in its efforts to game the system and deceive consumers. The agency has a very robust emissions testing programme. So this deceit was significant," according to a senior Environmental Protection Agency official close to the investigation.

The EPA announced on Friday that VW had admitted installing "defeat device" software on 482,000 cars in the US.

But VW then shocked the regulator and the markets — sparking a two-day 37 per cent fall in its share price — by revealing that up to 11m vehicles worldwide could be affected.

"It's been surprising to see the scale of the deceit in terms of the number of vehicles impacted," the official said.

On Thursday the German government said VW executives had admitted to manipulating emissions tests on diesel-powered vehicles in Europe as well as the US.

The EPA official told the Financial Times the US regulator had been "engaged" with the German government over the matter even as it continued its own investigation.

"You'll continue to see news coming out of the agency on this" relating to VW, the official added.

The regulator is also "considering what our options are" regarding other auto manufacturers.

Several companies have come forward to say they have not engaged in similar cheating, the official said, and the EPA will continue working to ensure that is the case.

The EPA's concern about VW behaviour relates not just to the installation of defeat devices but to more than a year of dialogue between the regulator and the carmaker, another EPA official said. During that period VW repeatedly sought to attribute the difference between its cars' test results in the lab and on the road to a "technical glitch".

In May 2014, the EPA and a California state regulator were alerted to emissions discrepancies with a 2012 Jetta and a 2013 Passat by researchers at West Virginia University, which had analysed the results with the International Council on Clean Transportation, a non-profit research group.

Laboratory tests showed the VW cars complied with Clean Air Act rules, but when tested on the road the Passat's emissions were five to 20 times the official test result and the Jetta's emissions were 15 to 35 times the lab reading.

The German carmaker is engulfed in the worst scandal in its 78-year history over findings it manipulated diesel emissions test data in the US and Europe to make its vehicles appear less polluting

Following the West Virginia study, VW continued to assert that the increased emissions from the vehicles could be attributed to "various technical issues and unexpected in-use conditions", according to an EPA letter to VW about the violations last week.

VW tried — and failed — to fix the apparent problem with a voluntary recall last December affecting half a million vehicles in the US.

Only when the EPA told VW that it would not certify its 2016 models as emissions compliant did VW admit to the regulator on September 3 that it had used the defeat device.

The EPA carried out additional inquiries over the following 10 days to two weeks before deciding that it would send the company the official "Notice of Violation" released last Friday, the senior official said.

Reuters:

http://www.reuters.com/article/2015/09/24/us-usa-volkswagen-idUSKCN0RL0II20150924

Volkswagen boss quits over diesel emissions scandal

BERLIN | BY ANDREAS CREMER

Volkswagen (VOWG_p.DE) Chief Executive Martin Winterkorn resigned on Wednesday, succumbing to pressure for change at the German carmaker, which is reeling from the admission that it deceived U.S. regulators about how much its diesel cars pollute.

"Volkswagen needs a fresh start - also in terms of personnel. I am clearing the way for this fresh start with my resignation," Winterkorn said, following a marathon meeting with the executive committee of the VW board.

The world's biggest carmaker by sales has admitted to U.S. regulators that it programmed its cars to detect when they were being tested and alter the running of their diesel engines to conceal their true emissions.

Volkswagen did not name a successor, but said proposals on management appointments would be made to a full board meeting on Friday.

Porsche chief Matthias Mueller, Audi chief Rupert Stadler and the head of the VW brand, Herbert Diess, are seen as the front-runners to replace Winterkorn, three people familiar with the matter said. Mueller is seen as the favourite among the three due to his years of experience within the group, two of the people said.

Mueller, a former head product strategist, is also a management board member of Porsche SE (PSHG_p.DE), and so close to the Piech-Porsche family that controls Volkswagen.

Winterkorn, who during his eight years in charge oversaw a doubling in Volkswagen's sales and an almost tripling in profit, said he was shocked that misconduct on such a massive scale had been possible at the company.

The carmaker was under huge pressure to take decisive action, with its shares down more than 30 percent in value since the crisis broke.

German Chancellor Angela Merkel had urged Volkswagen to move "as quickly as possible" to restore confidence in a company held up for generations as a paragon of German engineering prowess.

The U.S. Environmental Protection Agency (EPA) said on Friday Volkswagen could face penalties of up to $18 billion.

Since then the crisis has snowballed, with the U.S. Justice Department launching a criminal inquiry, according to a source familiar with the matter. European and Asian countries as well as Canada have also said they are investigating the matter.

Senior members of Volkswagen's board said in a statement they expected more heads to roll as

an internal investigation seeks to identify who was responsible for the wrongdoing.

German Economy Minister Sigmar Gabriel said Winterkorn was taking responsibility for decisions made when he was at the helm of Audi, rather than Volkswagen.

WSJ:

http://www.wsj.com/articles/the-vw-emission-bug-1443047920

The VW Emission Bug

Why would the company install a 'defeat device' on its U.S. cars?

Sept. 23, 2015 6:38 p.m. ET

Volkswagen AG's reputation and share price have taken major hits after the Environmental Protection Agency and California Air Resources Board (CARB) last week accused the German auto maker of gaming vehicle-emission rules. VW deserves a keelhauling if the charges are true. But regulators and VW first should produce the motive and method for the alleged malfeasance.

On Friday the EPA in conjunction with CARB charged VW with installing "defeat devices" that disable nitrogen oxide emission controls in five of its clean-burning diesel models. EPA has threatened up to $18 billion in fines for the nearly half million cars VW sold in the U.S. between 2009 and 2015 that contain the device. The Justice Department is investigating.

VW's stock has since plummeted nearly a third. On Sunday CEO Martin Winterkorn promised to cooperate with regulators "to clearly, openly, and completely establish all of the facts of this case," including an external investigation. Volkswagen's U.S. chief Michael Horn apologized and said the company had been "dishonest."

On Tuesday VW said 11 million diesel cars world-wide were equipped with the device and it would set aside $7.3 billion, more than half of its annual profits, to cover penalties and recall costs. On Wednesday Mr. Winterkorn resigned. The slow-rolling revelations raise more questions.

To wit: Who decided to install the bugs, and what was their motivation? Did VW executives approve or know? Do the devices serve a purpose other than evading U.S. emission regulations? The public knows little outside the government narrative provided by EPA and CARB letters to VW last Friday.

The government investigation was prompted by a 2014 research project between West Virginia University and environmental nonprofit International Council on Clean Transportation, which found that NOx emissions from VW's 2012 Jetta and 2013 Passat soared in real world driving conditions and exceeded Clean Air Act regulations by five to 35 times.

After CARB confirmed the disparity between on-road and lab testing, VW in December 2014 recalled a half million cars to make software fixes. In May CARB reran its on-road test and determined that VW's adjustments didn't significantly reduce NOx emissions. CARB says it then met several times with VW, which suggested potential technical justifications for the discrepancy.

However, after the agencies threatened to withhold government certification for its 2016 diesel models, VW on Sept. 3 said the vehicles contained a "defeat device" to disable NOx emission-controls under normal driving conditions.

According to EPA, a software switch senses whether the car "is being tested or not based on various inputs including position of steering wheel, vehicle speed, the duration of the engine's operation and barometric pressure" and these "inputs precisely track the parameters of the federal test procedure." Under normal driving conditions, the switch activates a separate engine calibration.

In other words, the cars are electronically programmed to produce compliant emissions results only during government testing. On highways and streets, they spew 10 to 40 times as much as allowed under U.S. law.

Defeat devices aren't new or a diabolical German invention. As EPA notes, mechanisms that deactivate emissions controls may serve a legal purpose if they protect vehicles against damage. But manufacturers are then required to disclose to regulators their presence in certification applications, which VW didn't.

Two decades ago GM had to cough up $45 million for installing defeat devices in nearly half a million cars that overrode carbon monoxide controls. In 1998 seven U.S. manufacturers of heavy-duty diesel engines, including Caterpillar and Volvo Truck, settled federal charges of implanting devices that disabled NOx controls for $1 billion.

What regulators don't ever explain is that these defeat devices serve a functional purpose, which is usually to increase performance and fuel efficiency. They want to pretend that emissions regulations are a clean, free ride. Until now, VW—which advertised its environmental friendly and powerful engines—was in on the charade.

Auto experts have posited that VW's defeat device was intended to boost fuel economy and torque, which are two big draws of modern diesel cars. VW's 2015 Passat gets 44 miles per gallon on highways. Trouble is, engines that are designed to burn more efficiently—and therefore emit less carbon—release more NOx. They also have less oomph. EPA and CARB should fess up to this trade-off, and the wrongdoing involved ought to be precisely identified.

The immediate upshot is that VW will have to recall the lemons to bring them in compliance with government rules. Any fix will likely cost several thousand dollars per vehicle, reduce performance and increase carbon emissions. Will drivers even want the government's clean bill of health?

VW deserves to pay for any intentional wrongdoing, but the rest of the industry and the country need to know whether this is the great deception that EPA alleges or the kind of well-known regulatory trade-off that is being harshly punished for the first time.

TIME:

http://time.com/4048115/volkswagen-golf-emissions-researchers/

This Small Study Helped Expose Volkswagen's Deception

Victor Luckerson @VLuck 11:15 AM ET

Their findings have been public for months

Before the Environmental Protection Agency was threatening Volkswagen with up to $18 billion in fines for cheating on emissions tests, a small research team in West Virginia already knew something was wrong with the automakers' vehicles.

A five-person engineering team at West Virginia University led by Daniel Carder first discovered discrepancies in the emissions rates for VW vehicles way back in 2013. The findings were made public about a year and a half ago, according to Reuters. "We actually presented this data in a public forum and were actually questioned by Volkswagen," Carder said.

Carder and his team initially though their testing was faulty because the results of their road tests were so out of whack with EPA standards. The findings were later corroborated by the EPA and the California Air Resources Board, leading to Volkswagen's admission that it installed illegal software in 11 million of its diesel cars to cheat on emissions tests. Volkswagen AG CEO Martin Winterkorn stepped down Wednesday; a replacement has not yet been named.

Carder said seeing his findings confirmed and watching Volkswagen become embroiled in controversy was not especially exciting for him. "Obviously, we don't want to see something spewing emissions and polluting the environment," he told Reuters. "But we really have no horse in the race, as they say."

Detroit News:

http://www.detroitnews.com/story/business/autos/foreign/2015/09/24/vw-caught/72715074/

How VW got caught cheating emissions tests

David Shepardson, Detroit News Washington Bureau 12:14 a.m. EDT September 24, 2015

Washington — Volkswagen's monumental crisis over emissions-test cheating — which forced the resignation of its longtime CEO on Wednesday and threatens to cost the German automaker at least $7.3 billion — began with a routine test led by researchers in West Virginia two years ago.

Without that chance finding, VW might never have been caught using a bit of hidden software that allows pollution-control systems on 2.0-liter diesel cars to work normally when being tested for harmful emissions coming out of the tailpipe — but shuts those systems off during regular driving. That allowed 11 million cars worldwide to produce up to 40 times the allowable smog-forming pollution allowed in the United States.

"We're a tiny, non-governmental organization," Drew Kodjak, executive director of the International Council for Clean Transportation, said in an interview Wednesday. "It was really happenstance that this was ultimately uncovered."

In 2013, his organization commissioned a study of VW diesels by West Virginia University after questions were raised about European diesel emissions standards and whether European vehicles were emitting too much nitrogen oxides linked to smog. Testers looked at three diesel cars for the U.S. market: a 2012 VW Jetta, a 2013 VW Passat and a BMW X5.

The group expected the cars they tested would perform better than those in Europe, because U.S. regulations are tougher. They were surprised the two Volkswagens had significantly higher-than-expected emissions, while the BMW performed well. They were so certain they had done something wrong that they tested the cars two more times with similar results.

The researchers made their findings public in May 2014 in a report that got little attention. But it caught the notice of the Environmental Protection Agency and California Air Resources Board, which opened investigations.

The Detroit News has learned that, in response to tests by the EPA and CARB, the automaker actually issued two separate recalls labeled as service campaigns for certain cars: one in December 2014, another in March. Software patches were VW's remedy, and the automaker assured the EPA and CARB that they fixed the problem. Out of 390,000 cars identified by VW at the time, about 196,000 were reflashed with new software.

CARB began testing VW's remedy in May. The California agency had developed a special dynamometer that showed the emission controls in the Volkswagens were not working properly. The software patch, in fact, did not cut exhaust emissions.

At the time, government officials never suspected VW was intentionally cheating. They kept looking for other potential problems. All summer long, VW kept offering "explanation after explanation," a person involved in the talks said Wednesday. "They did not add up."

Even through early August, government officials believed the automaker was acting in good faith. They thought other issues like a bad "dosing sensor" or a test problem could have accounted for the results.

In early August, EPA and CARB officials met with VW at an annual automotive conference in Traverse City to talk about the problem. By that time, California and EPA were withholding certification allowing 2016 diesel models to be sold until they were sure the recall fix would address the problem. VW said it had everything fixed.

Finally, at a conference in California on Aug. 20, an official from VW could not answer technical questions and admitted it had been intentionally cheating through so-called "defeat devices."

After months of work and testing, government officials were shocked at VW's admission of fraud.

The deception was sophisticated: Electronic control modules told the emissions controls to only work during emissions testing — something the computer could determine by the steering wheel position and other factors. That turned out to be a big clue for government investigators.

In a typical car, a dashboard indicator is supposed to light up if it's emitting more than allowable emissions. The Detroit News has learned the VW diesels were programmed not to activate those onboard diagnostics required of all cars since 1996 under the Clean Air Act.

On Friday, the EPA and CARB announced Volkswagen had admitted to installing defeat devices on 482,000 2009-15 Volkswagen Jetta, Passat, Sportwagen, Beetle and Audi A3 cars with 2.0-liter engines sold in the U.S. That included the 390,000 cars initially identified by the automaker, plus another 92,000. The cheat caused the cars to emit 10-40 times the allowable pollution.

By Tuesday, the automaker disclosed that 11 million diesel cars worldwide may have evaded clean-air rules. It could face U.S. fines of up to $18 billion — $37,500 per vehicle — as well as criminal prosecution.

People are shocked at the fraud, Kodjak said, "because of the deliberate nature, and the fact that this came from one of the greenest countries that's known for being extremely law-abiding."

Analysts speculated there are only three advantages to such a device: VW may have wanted to get higher fuel economy for the cars, better performance or avoid more expensive emissions controls like those on larger diesel VWs.

Industry, government and researchers say the automaker could have avoided criminal investigations and massive worldwide lawsuits linked to the admission that they cheated on emissions tests if their software fix had actually worked.

"Why didn't it work? That is literally one of my biggest questions is why didn't it work," Kodjak said. If it had, investigators may never have learned about VW's intentional fraud. "California told you they were going to check. If they had just fixed it then ... the only answer I can surmise is it is not easy."

Government officials expect VW will have to come up with three separate fixes since there are three generations of diesel engines that use different systems to prevent the release of smog-causing nitrogen oxides. It is not yet known whether a new software patch will suffice, or if new pollution-control equipment must be installed.

Boston Globe:

https://www.bostonglobe.com/business/2015/09/23/how-many-volkswagen-vehicles-massachusetts-are-affected-recall-lot/nxliz8S0LU9v5aEPyXbNmJ/story.html

How many Volkswagen vehicles in Mass. are affected by the recall? A lot

By Callum Borchers GLOBE STAFF SEPTEMBER 23, 2015

The tally is in on the number of diesel-engine Volkswagens in Massachusetts that will be subject to recall: 11,674.

According to the Registry of Motor Vehicles, that's how many cars fit the makes, models and years identified by the US Environmental Protection Agency as having a so-called "defeat device" that made them appear cleaner in emissions tests than they actually were on the road.

The EPA determined the vehicles — marketed as "clean" diesel cars — spew as much as 40 times what federal pollution limits allow.

Volkswagen chief executive Martin Winterkorn resigned Wednesday but claimed he did not know about the company's effort to cheat emissions tests, saying he was "stunned that misconduct on such a scale was possible in the Volkswagen Group."

Combining the EPA's description of affected vehicles with RMV statistics, the following list shows how many diesel cars of each type have been recalled in Massachusetts:

- Jetta model years 2009 to 2015: 3,562

- Jetta Sportwagen model years 2009-2014: 3,926

- Beetle model years 2012 to 2015: 81

- Beetle Convertible model years 2012 to 2015: 95

- Golf model years 2010 to 2015: 1,489

- Golf Sportwagen model year 2015: 159

- Passat model years 2012 to 2015: 1,998

- Audi A3 model years 2010 to 2015: 364

The EPA said roughly 482,000 cars nationwide are affected by the recall, and Volkswagen said the worldwide total exceeds 11 million.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 4:38 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/22/2015

The Tennessean:

http://www.tennessean.com/story/news/politics/2015/09/22/tn-senate-leader-requests-hearing-on-volkswagen-issues/72625196/

TN Senate leader requests hearing on VW cheating issues

Dave Boucher

A leader in the Tennessee Senate is asking a fellow lawmaker to call a hearing to look at how cheating revelations regarding Volkswagen may affect the state.

Senate Speaker Pro Tem Bo Watson, R-Hixson, notes the German automaker's significant investment in Tennessee as a reason he wants Senate Finance, Ways and Means Committee Chairman Randy McNally, R-Oak Ridge, to schedule a hearing.

"While all of the relevant facts may remain unreported at this time, I am very concerned as to the financial impact these violations could present to the state of Tennessee," Watson writes.

"As the chairman is aware, Tennesseans have made a significant investment in Volkswagen and any action that threatens the stability and sustainability of the investment should be reviewed by the finance committee, without delay," he continued later in the letter.

Tennessee provided Volkswagen with $165 million in grants in connection to its massive facility in Chattanooga, where more than 3,200 people are employed. Volkswagen received more than $577 million in incentives to build the plant in Chattanooga in 2008, The Associated Press reported. The AP also noted another state and local package worth up to $300 million was offered last year to persuade VW to expand the Chattanooga plant to build a new SUV in Tennessee as opposed to elsewhere.

Volkswagen CEO Martin Winkerton apologized Tuesday in the wake of accusations from the U.S. Environmental Protection Agency that the company had intentionally installed software that allowed its cars to cheat in emissions tests. The company said the emissions software affected 11 million cars worldwide.

On Tuesday it was reported the company has set aside more than $7 billion in anticipation of fines. USA TODAY reported recently that the car company could face $18 billion in fines from the federal government.

Volkswagen sets aside $7.3B over emissions scandal

On Monday Gov. Bill Haslam said he was concerned when he heard the revelations. He said he'd only spoken briefly with representatives from the EPA and Volkswagen.

"Volkswagen is somebody that is a major partner for us in the state of Tennessee, both in terms of investment and the jobs created. We're obviously very interested in their continued growth, but they're going to have to address this issue," Haslam told reporters Monday.

Lt. Gov. Ron Ramsey, R-Blountville, told the Chattanooga Times Free Press that the revelations are "depressing, hard to believe. On and on. We've made a huge investment."

Watson asked McNally to call the public meeting to discuss potential impact on Tennessee as soon as possible.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 3:33 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/22/2015

NBC News:

http://www.nbcnews.com/business/autos/volkswagen-11-million-vehicles-could-have-suspect-software-emissions-scandal-n431456

Volkswagen Sets Aside $7.2 Billion to Pay for Emissions Cheating Scandal

by PAUL A. EISENSTEIN

Volkswagen said Tuesday it is setting aside more than $7.2 billion to cover the anticipated cost of resolving its diesel emissions cheating scandal, a figure that could be eclipsed by potential penalties and lawsuits facing the German automaker in the U.S.

The issue, meanwhile, now is spreading to other markets, with VW confirming it used the same illicit software - dubbed a "defeat device" by U.S. regulators - on 11 million diesel vehicles sold worldwide. That has triggered calls for new investigations in markets from South Korea to the European Union.

The money that VW is setting aside, 6.5 billion euros, is part of the company's efforts to "win back the trust of our customers," VW said in a statement Tuesday.

Meanwhile, it noted that it is "working intensely" to find a technical solution to removing the software without reducing the performance of affected VW products. A total of 488,000 VW and

Audi brand vehicles equipped with four-cylinder engines were recalled Friday, while the automaker ordered dealers to stop selling products equipped with those diesels.

Concerns about the mounting costs and potential impact to VW's reputation have led to a panic among the company's investors. On Monday, the value of VW shares plunged by 17 percent, and the sell-off was continuing midday Tuesday on the German exchange.

The crisis could lead to a shake-up in management at Volkswagen AG, industry analysts have warned.

The U.S. Environmental Protection Administration announced Friday that the automaker had surreptitiously equipped its diesel vehicles with software designed to recognize when those products were being tested on a dynamometer, essentially an automotive treadmill. In such a situation, the full complement of emissions controls systems would operate at their maximum, bringing the vehicles into compliance with U.S. - and even tougher California - emissions standards.

But once the testing would be completed, according to the EPA, the vehicles would revert to a different mode, effectively allowing emissions levels to increase by as much as 40 times.

In its new statement, VW gave more details, admitting that "discrepancies" related to vehicles with Type EA 189 engines and involved some 11 million vehicles worldwide.

"A noticeable deviation between bench test results and actual road use was established solely for this type of engine," the VW statement said. "Volkswagen is working intensely to eliminate these deviations through technical measures."

While the maker acknowledged the computer control systems on 11 million vehicles contain the code, it also claimed that the "majority of these engines the software does not have any effect."

The U.S. has the world's toughest diesel emissions standards, largely focusing on levels of micro-fine particulates and smog-causing oxides of nitrogen. In Europe, where the emphasis is on global warming gases like CO2, diesels handily meet test standards because they are so energy efficient.

Even so, there are mounting calls in Europe for a full investigation of the VW diesel test scandal, and CEO Martin Winterkorn has told Germany's transit ministry the company will fully cooperate with its investigation. Officials in South Korea also have called for an investigation.

Meanwhile, the U.S. Justice Department has reportedly taken the preliminary steps to open a criminal investigation.

Whether the $7.3 billion set aside is enough to cover VW's costs from the scandal remains to be seen. According to EPA rules, VW could be fined up to $37,500 for each vehicle not in compliance with emissions regulations, or a total of around $18 billion. California regulators could issue their own fines.

Several law firms also have taken initial steps of their own to bring class action lawsuits against Volkswagen on behalf of owners.

But perhaps the biggest question concerns the impact the scandal will have on VW's image and sales. The maker overtook Toyota to become the world's best-selling automaker during the first half of 2015. But it has been struggling to build momentum in the critical American market where about a quarter of its sales are diesel-powered vehicles. For now, VW has halted the sale of those models until it can come up with a fix for the faulty software.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 2:33 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/22/2015

Bloomberg (via Chicago Tribune):

http://www.chicagotribune.com/news/sns-wp-blm-news-bc-vw-states22-20150922-story.html

Volkswagen probed by states over pollution cheating

Christie Smythe, Bloomberg News

Several states have begun an investigation into Volkswagen's admission that it equipped cars with technology to cheat federal air pollution tests, joining federal investigators and a growing list of countries probing the German automaker.

Wolfsburg, Germany-based Volkswagen said on Sept. 18 that it used "defeat device" software to beat emissions tests in labs. The diesel vehicles spewed as much as 40 times the legal limit of pollutants when they were on the road, the Environmental Protection Agency alleges. Volkswagen said it's cooperating with U.S. officials.

The matter may cost Volkswagen $18 billion in penalties from the EPA, based on a maximum $37,500 violation for each of nearly a half-million diesel versions of the VW Jetta, Golf, Beetle and Passat and the Audi A3.

Matt Mittenthal, a spokesman for New York Attorney General Eric Schneiderman, said in an e-mail today that he could confirm New York is part of the multistate group but was unable to say what other states were part of the probe.

The U.S. Justice Department has also begun a criminal probe, according to officials who spoke on a condition of anonymity.

The German government opened its own probe on Tuesday. Environment Canada also started an investigation, promising unspecified "enforcement action" if the car maker cheated in that country.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 1:28 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/22/2015

NY Times:

http://www.nytimes.com/2015/09/23/business/dealbook/volkswagen-debacle-on-financial-par-with-bp-oil-spill.html

Volkswagen Debacle on Financial Par With BP Oil Spill

SEPT. 22, 2015

By ANTONY CURRIE and OLAF STORBECK

— Volkswagen's cheating on clean air rules in the United States has driven investors into a deep funk.

The German carmaker's market capitalization shrank 16.6 billion euros, or $18.6 billion, in just over a day, after it was caught falsifying emissions on certain cars sold in the United States. The eventual cost could be higher. Although other carmakers have paid less for misdeeds, the better analogy might be oil: BP's 2010 Deepwater Horizon fiasco.

Rival carmakers got off relatively lightly for recent transgressions in the United States with more disastrous immediate consequences. General Motors paid $900 million to settle a lawsuit over faulty ignition switches linked to 124 deaths. Toyota paid $1.2 billion last year for malfunctioning accelerators tied to fewer fatalities.

No deaths can be directly pinpointed to Volkswagen blocking accurate checks on emissions – though the software installed in some vehicles hid levels of harmful nitrogen oxide up to 40 times above permitted levels.

The environmental twist perhaps makes BP's disastrous Gulf of Mexico oil spill a better comparison. Initial total cost estimates by analysts were as low as $3.5 billion. The final bill under the Clean Water Act was $5.5 billion, less than half the maximum fine. But BP's other costs, including damages, ballooned. All in, BP ended up setting aside almost $55 billion in fines, compensation and cleanup costs.

The Clean Air Act allows the Environmental Protection Agency to charge up to $37,500 a vehicle for any breaches. With 482,000 affected cars, that's $18 billion. The E.P.A. could be kinder than that, but Volkswagen, run by Martin Winterkorn, cheated government tests for six years, dissembled when confronted and meanwhile lauded Volkswagen's status as an environmentally sustainable carmaker.

Volkswagen can pay $18 billion, over time, and retain its credit rating. It has €21 billion in net cash, with more coming from planned divestitures.

That, though, doesn't factor in other costs, including recalls, refits, vehicle buybacks and class-action lawsuits – or the possibility that Volkswagen's emissions shenanigans were more pervasive. Diesel cars account for more than half its sales in Europe, its largest market, though with more lenient nitrogen oxide standards. If the scandal undermines the business case for Volkswagen's diesel engines, a €16.6 billion drop in value will look like a country jaunt.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 1:18 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/22/2015

Washington Post:

http://www.washingtonpost.com/news/wonkblog/wp/2015/09/22/anatomy-of-volkswagons-deception-the-recall-that-never-fixed-any-cars/

Anatomy of Volkswagen's deception: The recall that never fixed any cars.

By Peter Whoriskey and Joby Warrick September 22 at 12:20 PM

Volkswagen's decision to equip 11 million vehicles with devices to cheat emissions tests worldwide has sent the company into an acute corporate crisis in recent days. But on December 2, 2014, the company assured U.S. and California regulators that their engineers had a straightforward solution.

Volkswagen told officials then that a software change would remedy the overflow of pollution emitted by their diesel cars, according to state and federal letters to the company. At the time, Volkswagen proposed a "voluntary recall" of about 500,000 vehicles. State and federal officials approved the plan.

That fix was either a technical failure or, some officials said, another ruse.

By May of this year, California tests showed that "the recall calibration did reduce emissions to some degree but NOx emissions were still significantly higher than expected."

The extent of the recall, which is discussed in letters between government and company officials, is unknown. Company officials wouldn't say this week how many recall notification letters Volkswagen issued to consumers, and how many consumers brought their cars in for the purported fix.

But the incident is one of the highlights in what federal and state officials have likened to a cat-and-mouse game between regulators and one of the world's largest automakers.

"They basically ran out of excuses," said Stanley Young, spokesperson for the California Air Resources Board. "They would say the tests weren't at the right temperature, or some other issue. We had them in [to our offices] several times."

EPA administrator Gina McCarthy said on Tuesday that the agency would step up efforts to look for cheating by other manufacturers, though she suggested that Volkswagen was an "outlier" in the extent of its cheating to defeat emissions standards.

"We are not going to sit down around and worry about whether or not there are other devices. We're going to find it," she said. "So right now we're upping our game in terms of going out and doing the work to take a look at what we need to do with other vehicles."

The company's dire diesel troubles have erupted over just a few days, but they were a long time in gestation.

The regulations that shaped the design of the diesel engines were put in place more than 15 years ago, when the EPA finalized rules that raised the emission standards for diesel cars.

After a years-long grace period, the tough standards were phased in between 2004 and 2007. At the time, the government acknowledged that meeting the standards for NOx, or nitrogen oxide, as well as soot, would be difficult.

"Manufacturers have expressed concerns that diesel-fueled vehicles would have difficulty meeting NOx and particulate matter levels like those contained in today's rule," EPA officials wrote in issuing the new standards. "Clearly, these standards will be challenging."

For a time, Volkswagen and other automakers stepped back from the U.S. diesel car market. It was a time to retool. Experts said the challenge of making a diesel engine clean enough for the U.S. standards - without compromising how the engine works - is very difficult.

"NOx is more of a challenge for diesel engines than it is for gasoline engines," said John Storey, distinguished research and development staff member at Oak Ridge National Laboratory. "The strategies companies use to clean them up all have an impact on performance, fuel economy and maintenance."

The engineering hurdles in controlling diesel emissions are high enough, some experts said, that they may provide an incentive for companies to skirt the rules.

"I can't say I'm surprised," John M. DeCicco, Ph.D. Research Professor at the University of Michigan Energy Institute, of the recent revelations. "The temptation to game the system with a defeat device is definitely high because of the technical challenges."

In 2008, Volkswagen came back with a diesel version of the Jetta. The company touted it as an example of the "clean diesel." It won raves, including "Green Car of the Year" at the Los Angeles Auto Show.

"After a three-year break that seemed interminable to fans, Volkswagen's back in the U.S. diesel-car market with a clean-burning diesel in its popular Jetta compact sedan," USA Today told readers.

But what seemed like a breakthrough seems now, in the light of recent revelations, like a massive cheat.

The company's two-liter diesel engines in the U.S. had been equipped with a "defeat device" that allowed the cars to pass federal emissions tests despite emitting more than 10 times the permitted amounts of NOx when it is on the road. Those emissions help produce smog on hot summer days, triggering a variety of health problems, particularly for asthmatics and other people with breathing difficulties.

As has been widely reported, the emission problems were detected in a May 2014 report by the

International Council on Clean Transportation and West Virginia University.

The results were presented to the company and several months later, in December 2014, the company told California regulators that they had a fix. They would "recalibrate" the software that runs the engine.

"Based on this meeting, VW initiated a voluntary recall...This recall was claimed to have fixed among other things, the increased real world driving NOx issue," according to a recent letter from the California Air Resources Board to the company.

By May of this year, California officials had run road tests on cars altered as under the recall. Despite the fix, the car showed higher than expected NOx emissions. California engineers also created a special dynamometer test, apparently to address company concerns that the previous testing was unfair.

California Air Resources Board "has determined that the previous recall did not address the high on-road NOx emissions, and also resulted in the vehicle failing certification standards," it told the company earlier this month.

McCarthy, speaking to reporters in Washington, acknowledged that the Volkswagen software ruse was "particularly difficult for us to detect. We haven't found similar types before but we'll take a look and make sure we're attacking it successfully," she said.

McCarthy defended the EPA's regulatory standards as reasonable, and said most other car manufacturers appear to have found a way to comply.

"This is about a NOX emission standard that was put in place a few decades ago. The industry knew what was happening. We feel pretty confident the industry has been innovating to be able to meet this standard," she said. "So we don't think that this problem with the standards at all."

McCarthy said she was gratified by Volkswagen's aggressive response in acknowledging its mistakes, even as she criticized the company for its years of deliberate deception.

"I think it will be very difficult for Volkswagen at this going to be looked at as anything other than a real outlier," she said.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 12:29 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/22/2015

Financial Times:

http://www.ft.com/intl/cms/s/0/ac6742b2-611d-11e5-a28b-50226830d644.html#axzz3mU7mhPP8

How VW's 'defeat device' cheated on EPA emissions tests

Clive Cookson, Science Editor

The "defeat device" that Volkswagen used to cheat on US emissions testing sounds as if a secret little black box was hidden deep in the diesel engine just waiting to switch anti-pollution controls on during government inspections.

During normal driving, these controls are relaxed, which improves performance and reduces engine wear.

"The test cycles are very formal and well established, so priming a vehicle to sense when it is

being tested is potentially quite straightforward," said Professor Alastair Lewis, an air pollution expert at York University in the UK. "For example are only its drive wheels turning, is the acceleration unnaturally smooth, or constant speeds too precise for a human driver?"

Modern "clean diesel" engines aim to reduce pollution in a series of computer-controlled steps. For example, the computer may adjust the ratio of air to fuel in the combustion chamber, change the operating temperature or alter the rate at which exhaust gases flow through catalytic converters and filters.

Another refinement is to inject a chemical called urea into the exhaust stream. It then reacts with polluting nitrogen oxides (NOx) and converts them into harmless nitrogen and water.

"A huge amount of complex electronics controls it all," said Roger Kemp, professor of engineering at Lancaster University. "The code in the software gives thousands of different usage patterns corresponding to different combinations of inputs.

"There is a trade-off between pollution control and engine performance," Prof Kemp added. For example running at a hotter temperature may cut emissions but reduce engine life.

Bosch, the German car parts company, supplies components to VW, including fuel injection and exhaust treatment systems that reduce emissions. But people familiar with the cars said VW writes the software that deploys the equipment.

According to the EPA's notice of violation, the software ran the engine with "dyno calibration" settings designed to minimise pollution when it detected testing in progress (dyno refers to dynamometer equipment at the test centre). For the rest of the time it ran on "road calibration" which puts less emphasis on reducing emissions.

Even when the software switches to road running, a modern diesel engine is much less polluting than its filthy predecessors, Prof Kemp pointed out. Its filters and combustion chamber are particularly effective at cutting emissions of the tiny soot particles that used to belch out of ill-tuned engines (and still do in parts of the developing world).

The EPA allegations focus on NOx, reactive gases that are one of the main sources of urban smog and lung-irritating ozone pollution. The violation came to light when researchers at West Virginia University tracked emissions from VW diesel cars on the road and found that NOx soared to levels 10 to 40 times higher than the EPA permits.

Many air pollution experts have long believed that other manufacturers operate their own versions of VW's defeat devices.

"Virtually all new vehicles in recent years appear to emit substantially more NOx in the real-world than they do when tested in labs, irrespective of manufacturer," said Prof Lewis. "VW appear to have been caught red-handed, but it would seem highly likely that others have also played dubious games to pass emissions tests."

Ian Colbeck, professor of aerosol science at the University of Essex, commented: "It has been observed for some time that real world driving conditions do not deliver the emission reductions shown in the laboratory. The European Commission will require real world tests in 2017."

USA Today:

http://www.usatoday.com/story/money/cars/2015/09/22/volkswagen-emissions-scandal/72605874/

Volkswagen emission scandal widens: 11 million cars affected

Nathan Bomey

Investors crush Volkswagen shares as company sets aside $7.3 billion to address software that manipulates emissions tests.

Volkswagen's emissions scandal ballooned Tuesday as the automaker said it affects 11 million vehicles worldwide and will require the company to set aside 6.5 billion euro ($7.3 billion).

The startling admission instantly makes the crisis one of the most expensive automotive scandals in recent memory.

The crisis also threatens to upend the company on its rapid path to becoming the world's largest automaker. Volkswagen had seized the title from Toyota for the first six months of 2015.

"This could damage the Volkswagen brand globally for years to come," said former automotive marketing executive Peter De Lorenzo, blogger at Autoextremist.com, in an interview. "Trust and belief in the brand has been broken."

Volkswagen CEO Martin Winterkorn pledged to regain the public's trust and rectify the company's mistakes, amid speculation that he could lose his job over the crisis. Winterkorn's contract, coincidentally, is up for renewal at the automaker's board meeting Friday.

In a video statement Tuesday he said he's "endlessly sorry" for the situation but pledged to stay on the job, according to several reports translating the German remarks.

Investors crushed the Germans automaker's stock, driving shares down 18% as of 9:47 a.m. ET, a day after the stock plunged 19%.

The crisis began Friday when the U.S. Environmental Protection Agency accused Volkswagen of installing sophisticated software on nearly 500,000 U.S. vehicles to manipulate emissions tests.

The technology tricks regulators into believing that 4-cylinder diesel vehicles comply with

emissions standards, but the cars are actually admitting harmful pollutants at rates of up to 40 times acceptable standards. Volkswagen quickly halted sales of the cars after the allegations surfaced.

The U.S. Justice Department has opened a criminal probe into the automaker's actions. The EPA's own investigation is ongoing, and foreign regulators are expected to launch their own probes.

"Volkswagen is working at full speed to clarify irregularities concerning a particular software used in diesel engines," the company said Tuesday in a statement.

The "discrepancies" affect vehicles with what it called "Type EA 189 engines," causing "a notable deviation between bench test results and actual road use."

The company added: "Volkswagen is working intensely to eliminate these deviations through technical measures."

Volkswagen said it would set aside 6.5 billion euro in its third quarter to address the matter and warned that the number could change.

In the U.S., the EPA could fine Volkswagen up to $37,500 per car, which would equal a maximum fine of some $18 billion.

"Volkswagen does not tolerate any kind of violation of laws whatsoever. It is and remains the top priority of the Board of Management to win back lost trust and to avert damage to our customers," the company said.

The scandal raises serious questions about whether high-level executives knew about the software, which had been installed on some nameplates for at least six consecutive model years.

Earlier this month a subcommittee of Volkswagen's board recommended that the full panel extend Winterkorn's contract through 2018. The official renewal at Friday's board meeting was viewed as a routine matter, but now it may be up in the air.

Winterkorn kept his job earlier this year after then-chairman Ferdinand Piech tried to displace him. Piech exited the company shortly after his failed effort.

De Lorenzo, the automotive marketing veteran, said Winterkorn will be forced to answer questions about his knowledge of the emissions scandal.

"He's very much detailed-oriented. He's always regaled his underlings with his depth of knowledge of detailed items that they would assume he wouldn't bother with," De Lorenzo said. "I think heads will roll and this could bring down Winterkorn and some of his trusted lieutenants."

Dave Sullivan, an analyst with AutoPacific, said the "chances of him coming out unscathed have got to be very small."

The EPA has said the company admitted to installing the software. The agency said the software affected the four-cylinder diesel versions of the 2009 to 2015 Jetta, Beetle, Golf, the 2014 and 2015 Passat and the 2009 to 2015 Audi A3.

The episode is likely to trigger a recall and a flurry of consumer lawsuits. It may prompt the company to compensate individual car owners or other measures.

European regulators are expected to place Volkswagen under intense scrutiny. But it scandal also could bode poorly for Volkswagen in the world's largest vehicle market, China, where Volkswagen is No. 1 by market share.

"The problem is the Chinese are starting to realize they have got to do something with their air and this could have an effect on the relationship the Chinese have with Volkswagen," Sullivan said.

The Environmental Protection Agency is working on new tests to detect cheating on the part of automakers in the wake of Volkswagen AG's massive cheating scandal.

EPA Administrator Gina McCarthy told reporters at a Wall Street Journal forum on Tuesday that the agency won't sit still and is "upping its game" to catch cheaters.

VW was able to evade U.S. emissions requirements for 482,000 2009-2015 diesel cars by using sophisticated software that only turned on emissions equipment during testing. It's not clear if VW did that to boost low-end torque, raise fuel efficiency or avoid more costly emissions requirements.

The fact that VW was able to get away with the cheating for nearly seven years suggests the agency must take new steps to detect bad behavior, analysts say. Cars are very sophisticated machines with more than 100 million lines of code.

The VW emissions issue came to the attention of the EPA in 2014 after independent analysis by researchers at West Virginia University — working with the International Council on Clean Transportation, a non-governmental organization — raised questions about emissions levels. After extensive testing, EPA confirmed that the vehicles were emitting up to 40 times the allowable pollution in road use.

The EPA told The Detroit News on Friday that it was investigating whether other automakers had similar problems. But McCarthy said so far it appears VW is an "outlier."

This will not be the first time in recent years that EPA has had to change its rules to ensure companies are complying with emissions.

In February, the EPA issued new guidelines to automakers for conducting fuel economy testing. The move came after five major automakers have had to restate mileage ratings for certain models.

The guidelines detail how vehicles must be prepared before being tested — including what is an acceptable level of wear on the tires and how vehicles should be broken in prior to testing.

Also at issue are tests used to determine the impact of aerodynamic drag and tire rolling resistance on gas mileage. Currently, that is measured at 50 miles per hour. Under the new guidelines, automakers must measure the results at all speeds up to 70 mph.

In 2014, the agency said it was considering writing new formal regulations covering mileage labeling by automakers. Instead, it is opting to issue the guidelines. It typically takes EPA two to three years to write new legal binding mandates.

Chris Grundler, the EPA's director of the Office of Transportation and Air Quality, said in an interview in February that "it's a very dynamic time" in the auto industry, and the agency doesn't want to spend several years crafting rules that could be outdated when issued.

"Writing regulations takes time," Grundler said. "When you are working in the rapidly changing environment that we're in right now, we want to make sure that we are agile enough and flexible enough to change with those times."

He said new guidelines are aimed at getting better results. He noted that the EPA will follow the guidelines when it conducts audits of automaker testing.

In November, Korean automakers Hyundai Motor Co. and Kia Motors Corp. agreed to a record-setting $360 million settlement for overstating fuel economy ratings for 1.2 million 2011-13 U.S. vehicles. The settlement includes a $100 million civil penalty, forfeiting $210 million in greenhouse gas emission credits and spending $50 million to ensure independent auditing of its

current and future vehicles.

After an investigation by the EPA, Hyundai and Kia in November 2012 agreed to restate expected gas mileage for 1.1 million vehicles in North America, including 900,000 in the United States. That reduced Hyundai-Kia's fleetwide average fuel economy from 27 to 26 mpg for the 2012 model year. Hyundai was forced to abandon claims that four models got 40 mpg.

In August 2013, Ford Motor Co. dropped mileage ratings for the 2013 C-Max hybrid from a combined 47 mpg to 43 mpg. In June 2014, Ford Motor Co. said it is lowering the fuel ratings on six new cars and would make payments of $125 to $1,050 to more than 200,000 owners.

The move was a significant embarrassment to Ford, which has emphasized the fuel efficiency of vehicles in its lineup. It was he second time in a year that Ford has had to correct its mileage numbers.

Under current rules, Ford was able to assign the same fuel efficiency rating to the C-Max as the Fusion hybrid because they're in the same family. While that's worked for conventional cars, it hasn't been as accurate for hybrids.

Other German automakers besides VW have faced EPA scrutiny. In October, BMW AG agreed to reduce its fuel economy ratings on four 2014 Mini Cooper models.

BMW reduced the combined fuel economy of the three-door manual transmission to 33 miles per gallon from 34 mpg, the three-door semi-automatic from 33 to 32, the Cooper S 3-door manual from 29 to 28 and the semi-automatic version from 31 to 30. The biggest fall is in the highway rating for the Cooper S 3-door manual will fall from 38 to 34 mpg.

Also last year, another Daimler AG agreed to lower the mpg ratings on two of its Mercedes-Benz vehicles after a government audit turned up a problem.

Mercedes-Benz made minor changes to two models. It will reduce the city mpg figure for the 2013-14 C300 to 19 mpg from 20 mpg, but the combined 22 mpg and 27 mpg highway value will remain the same. For the 2013-14 4-Matic PZEV the combined mpg fell to 22 mpg from 23 mpg, while the city and highway mpg figures both fell by 1 mpg to 19 and 28, respectively.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 11:44 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/22/2015

AP (via Washington Post):

https://www.washingtonpost.com/world/europe/volkswagen-sets-aside-73-billion-over-emissions-scandal/2015/09/22/3fe272e8-6112-11e5-8475-781cc9851652_story.html

VW CEO: 'Endlessly sorry' as emissions scandal escalates

By Geir Moulson and Pan Pylas | AP September 22 at 11:32 AM

BERLIN — The crisis enveloping Volkswagen AG, the world's top-selling carmaker, escalated Tuesday as the company issued a profit warning following a stunning admission that some 11 million of its diesel vehicles worldwide were fitted with software at the center of a U.S. emissions scandal.

The German company said it was setting aside around 6.5 billion euros ($7.3 billion) to cover the fallout from the scandal that has tarnished VW's reputation, raised questions over the future of CEO Martin Winterkorn and battered its share price.

Winterkorn pledged a fast and thorough investigation.

"Millions of people across the world trust our brands, our cars and our technologies," he said in a video message. "I am endlessly sorry that we have disappointed this trust. I apologize in every way to our customers, to authorities and the whole public for the wrongdoing."

"We are asking, I am asking for your trust on our way forward," he said. "We will clear this up."

The VW Logo is photographed at a car at the Car Show in Frankfurt, Germany, Tuesday, Sept. 22, 2015. Volkswagen has admitted that it intentionally installed software programmed to switch engines to a cleaner mode during official emissions testing. The software then switches off again, enabling cars to drive more powerfully on the road while emitting as much as 40 times the legal pollution limit. (Michael Probst/Associated Press)

The damage to Volkswagen's reputation is reflected in the market's response. Volkswagen's share price slid a further 16.2 percent Tuesday to a near four-year low of 112 euros. The fall comes on top of Monday's 17 percent decline.

The trigger to the company's market woes was last Friday's revelation from the U.S.'s Environmental Protection Agency that VW rigged nearly half a million cars to defeat U.S. smog tests.

The company told U.S. regulators that it intentionally installed software programmed to switch engines to a cleaner mode during official emissions testing. The software then switches off again, enabling cars to drive more powerfully on the road while emitting as much as 40 times the legal pollution limit.

"In my German words: we have totally screwed up," the head of Volkswagen's U.S. division, Michael Horn, told an audience in New York on Monday.

In a statement Tuesday, Volkswagen gave more details, admitting that there were "discrepancies" related to vehicles with Type EA 189 engines and involving some 11 million vehicles worldwide. The number of vehicles involved is more than the 10 million or so cars it sold in 2014.

Volkswagen said it is "working intensely" to solve the problem and that it "does not tolerate any kind of violation of laws whatsoever."

To cover the necessary service measures and what Volkswagen says are "other efforts to win back the trust" of customers, the company said it is setting aside some 6.5 billion euros in the current quarter. There was no mention of fines or penalties in the company's statement. The EPA has indicated that it could, in theory, fine VW up to $18 billion.

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The Guardian:

http://www.theguardian.com/business/2015/sep/22/vw-scandal-caused-nearly-1m-tonnes-of-extra-pollution-analysis-shows

VW scandal caused nearly 1m tonnes of extra pollution, analysis shows

Emissions could have far greater impact in Europe, where almost half passenger cars are diesel, than the US

Karl Mathiesen and Arthur Neslen

Volkswagen's rigging of emissions tests for 11m cars means they may be responsible for nearly a million tonnes of air pollution every year, roughly the same as the UK's combined emissions for all power stations, vehicles, industry and agriculture.

The carmaker has recalled 482,000 VW and Audi brand cars in the US after the Environmental Protection Agency (EPA) found models with Type EA 189 engines had been fitted with a device designed to reduce emissions of nitrous oxides (NOx) under testing conditions.

A Guardian analysis found those US vehicles would have spewed between 10,392 and 41,571

tonnes of toxic gas into the air each year, if they had covered the average annual US mileage. If they had complied with EPA standards, they would have emitted just 1,039 tonnes of NOx each year in total.

On Tuesday the company admitted the device may have been fitted to 11 million of its vehicles worldwide. If that proves correct, VW's defective vehicles could be responsible for between 237,161 and 948,691 tonnes of NOx emissions each year, 10-40 times the pollution standard for new models in the US. Western Europe's biggest power station, Drax in the UK, emits 39,000 tonnes of NOx each year.

In the US, just 3% of passenger cars are diesel compared to almost half in the EU. Professor Martin Williams from King's College London said the US's low percentage of diesel cars meant higher diesel emissions in some cars would have a "limited effect" on air quality there.

"[In the US it would be] nowhere near the effect it would have in this country and in the rest of Europe for that matter," he said. In the UK, Williams added, emissions from diesel cars cause roughly 5,800 premature deaths each year. "If you were to make the cars emit at the legal limit you could reduce those deaths by at least a factor of two and maybe more. Maybe a factor of five."

The Clean Air in London campaign called for a royal commission to investigate carmaker's activities in the UK.

"Diesel is without doubt the biggest public health catastrophe in UK history. Even the black plague didn't affect everyone in the population," said founder Simon Birkett.

Not all NOx emissions – which include nitrogen dioxide (NO2) and nitrogen oxide (NO) – are dangerous. But an increasing proportion of the toxic NO2 gas has been detected in EU diesel emissions. A study in the British Medical Journal in May found that short term exposure to NO2 increased the number of premature deaths from heart and lung disease by 0.88% and 1.09%.

For years, UK air pollution measurements have failed to show improvements in air quality, even

as standards have tightened.

"Since 2003 scientists have been saying things are not right. It's not just the VW story, this is part of something much bigger," said Dr Gary Fuller, also of King's College. "It has a serious public health impact."

Last week, a report from NGO Transport & Environment found that Europe's testing regime was allowing nine out of every 10 new diesel vehicles to breach EU limits. Testing regimes in the EU are known to fail to pick up "real world" emissions because cars are not driven in the same way in the laboratory as on the road. Some studies suggest the discrepancy may be up to seven times the legal limit.

Williams said being able to mask their NOx emissions would also enable carmakers to pass carbon emissions tests more easily as there was a trade-off between NOx and CO2 in diesel engines.

Catherine Bearder MEP, a lead negotiator on the EU's new air quality laws, said:
"Manufacturers in the US have been caught out, but we know that pollution limits are also being breached in Europe... Unless we take action, thousands of lives will continue to be tragically cut short by air pollution."

In a sign that the emissions scandal will not remain restricted to the US, a Venice court will next month hear a case against VW and Fiat for misleading test advertising.

The Italian consumer rights group Altroconsumo is due to press its case for a class action suit against VW and Fiat on 2 October, after laboratory tests showed that fuel consumption and CO2 emissions from the VW Golf 1.6 and Fiat Panda 1.2 were up to 50% higher than claimed.

Altroconsumo wants the German car firm to pay damages of €502 (£365) to the owner of a VW Golf, in a case that raises the possibility of widescale compensation payouts by the car industry.

Monique Goyens, the director of the European consumer rights umbrella group BEUC, which includes Altroconsumo, called for an investigation by the European Commission into the use of software programmes to 'game' European emissions tests.

"The VW scandal has compounded our concern that underhand tactics are also being used in fuel consumption and CO2 testing programmes in Europe," she said. "One of the problems in the EU, unlike in the US, is the absence of a market surveillance system which would require independent in-use conformity testing. The EU needs to implement such a system to restore trust amongst consumers."

On Tuesday, the Italian government launched an investigation into VW's emissions testing regime.

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Wired:

http://www.wired.com/2015/09/vw-fool-epa-couldnt-trick-chemistry/

VW Could Fool the EPA, But It Couldn't Trick Chemistry

Eric Niiler

FOR DECADES, AUTOMAKERS HAVE been caught between building an engine that squeezes a lot of energy out of the fuel it burns and one that has low emissions. It's not an easy tension to resolve. "Negotiating both fuel consumption and emissions is a hard tradeoff," says Anna Stefanopolou, professor of mechanical engineering at the University of Michigan.

When engineers at Volkswagen allegedly inserted a few lines of code into the diesel cars' electronic brains to circumvent emissions testing, they found a solution to this existential automotive conflict. Drivers got low emissions during the test, and high performance the rest of the time. The only problem: It's way outside of the rules. The company might have gotten away with it, too, if it hadn't been for those pesky engineers—and the basic chemistry of the diesel

engine.

According to the US EPA, those lines of code hid the fact that nearly half a million diesel VWs in the US spewed up to 40 times more nitrogen oxide from their tailpipes than testing indicated. Volkswagen has now confirmed that the problem actually affects approximately 11 million diesel cars worldwide. Diesel engines use a different mix of fuel than gasoline engines and don't use spark plugs to induce combustion—relying instead on highly compressed, heated air and fuel injected as droplets. If a diesel engine doesn't get enough oxygen to combust the fuel, it'll emit all kinds of gunk—nitrogen oxides, uncombusted fuel, and particulate matter (soot, basically).

All that gunk is a big problem. Exposed to sunlight, nitrogen oxides convert to ozone—making smog. How much depends on a bunch of variables, like sunlight exposure and what happens to the hydrocarbon emissions (the uncombusted fuel), plus the temperature and local winds.

However much extra crap came from the VWs, it won't be good. Exposure to nitrogen oxide and ozone is linked to increased asthma attacks, respiratory illnesses, and in some cases premature death. Ozone also worsens existing cardiovascular and lung disease.

To deal with those emissions, "you have a whole chemical factory at the tailpipe that traps the oxides," Stefanopolou says. This bumps the sticker price for diesel cars by $5,000 to $8,000 per vehicle. (On the other hand, diesels get better mileage, especially in highway driving.)

For years, diesel trucks and buses were the biggest polluters on the highway. But carmakers adapted a relatively new technology called selective catalytic reduction—the same tech that scrubs pollutants from factory smokestacks—to the tailpipe of the diesel engine.

Here's how it works: Inside a honeycombed chamber, the scrubbing system sprays a liquid made of 30 percent urea and 70 percent water into the diesel exhaust. This sets off a chemical reaction that converts nitrogen oxides into nitrogen, oxygen, water and small amounts of carbon dioxide—molecules that aren't as harmful to human health. Catalytic scrubbing was supposed to cut diesel NOx emissions up to 90 percent, according to the Diesel Technology Forum, an industry group based outside Washington. That made diesel engines clean enough to use in passenger cars, which have stricter emissions rules.

The scrubbing chemistry is also what gave away Volkswagen's alleged cover-up. In 2013, a small non-profit group decided to compare diesel emissions from European cars, which are notoriously high, with the US versions of the same vehicles. A team led by Drew Kodjak, executive director of the International Council on Clean Transportation, worked with emissions researchers at West Virginia University to test three four-cylinder 2.0-liter diesel cars in the Los Angeles area: a Jetta, a Passat, and a BMW. Only the BMW passed.

"We felt that it would be possible to get low emissions for diesels," Kodjak said. "You can imagine our surprise when we found two of the three vehicles had significant emissions."

The ICCT reported its findings to the EPA and the California Air Resources Board. Regulators met with VW officials in 2014 and the automaker agreed to fix the problem with a voluntary recall. But in July 2015, CARB did some follow up testing and again the cars failed—the scrubber technology was present, but off most of the time.

How this happened is pretty neat. Michigan's Stefanopolou says computer sensors monitored the steering column. Under normal driving conditions, the column oscillates as the driver negotiates turns. But during emissions testing, the wheels of the car move, but the steering wheel doesn't. That seems to have have been the signal for the "defeat device" to turn the catalytic scrubber up to full power, allowing the car to pass the test.

Stefanopolou believes the emissions testing trick that VW used probably isn't widespread in the automotive industry. Carmakers just don't have many diesels on the road. And now that number may go down even more.

IEEE Spectrum:

http://spectrum.ieee.org/cars-that-think/transportation/advanced-cars/how-professors-caught-vw-cheating

How Engineers at West Virginia University Caught VW Cheating

By Philip E. Ross

Volkswagen, which had just become the biggest-selling automaker in the world, has now been nabbed committing perhaps the biggest corporate cybercrime of all time.

Its diesel cars were found to have cheated systematically on emissions tests run by the United States Environmental Protection Agency (EPA) over the past seven years. When the control system sensed that a test was under way, it would order the engine to ix-nay on the ox-nay—NOx that is, or nitrous oxides—long the bugbear of diesel engines. Later, when the coast was clear, the system would let the NOx pour out at up to 40 times the allowed levels in order to optimize fuel economy.

This dirty trick allowed for a clean getaway for some 482,000 cars under the VW and Audi brand names, including the VW Jetta and the Audi A3. The EPA found out, VW admitted wrongdoing, and it stopped selling the offending vehicles. Its shares lost more than 0ne-fifth of their value in the early hours of the next trading day.

But the guys who found the clues to the crime say they weren't looking for trouble—they were just working under contract to a clean-transportation group that wanted to convince European regulators to adopt stricter emissions standards, as the United States has done.

"We had no cause for suspicion; we thought the vehicles would be clean," John German, of the International Council on Clean Transportation, told Bloomberg news.

The ICCT subcontracted the testing to the University of West Virginia's Center for Alternative Fuels, Engines and Emissions (CAFEE). Its engineers compared emissions measured on a road trip to results from the same cars that their colleagues were getting in the lab. The discrepancies were great.

Dan Corder, head of WVU's Center for Alternative Fuels, Engines, and Emissions (CAFEE)

Some people have mischaracterized what our role was," says Dan Corder, who heads up CAFEE. "Some have used the phrase 'tipped off the EPA.' We didn't."

The engineers from CAFEE reported on these preliminary results in spring of 2014 at the Coordinating Research Council's Real-World Emissions Workshop, which was held in San Diego that year. Corder hastens to add that the results, based as they were on a handful of cars, were preliminary and that they researchers drew no conclusions. According to Corder:

We said, these are two vehicles. We're presenting what we can present. EPA people were in the audience. And the ICCT publicized the results on its website, then delivered them to the EU's Joint Research Center.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 11:31 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/22/2015

NY Times:

http://www.nytimes.com/2015/09/23/business/international/volkswagen-diesel-car-scandal.html

Volkswagen Says 11 Million Cars Worldwide Are Affected in Diesel Deception

By JACK EWING SEPT. 22, 2015

FRANKFURT — A scandal that has undermined Volkswagen in the United States spread to its core market of Europe on Tuesday, after the company said that 11 million of its diesel cars worldwide were equipped with software that was used to cheat on emissions tests.

Volkswagen did not provide information on where the affected cars are, but the overwhelming majority are probably in Europe, where the company dominates the market and accounts for more than one of every four cars sold.

The German automaker said it was setting aside the equivalent of half a year's profits — 6.5 billion euros, or about $7.3 billion — to cover the cost of fixing the cars to comply with pollution standards and to cover other expenses, which are likely to include fines as well as responses to civil lawsuits from angry customers.

The carmaker's statement was its first admission that diesel cars outside the United States may contain the software that led the Environmental Protection Agency to accuse the company of deliberately evading pollution tests. Previously, Volkswagen had acknowledged only that the problem affected about 500,000 vehicles in the United States.

The tampered vehicles use what is known as Type EA 189 engines, which are 2-liter engines. The company said on Tuesday that "a noticeable deviation between bench-test results and actual road use was established" for the engines.

Volkswagen said it would also make "other efforts to win back the trust of our customers."

The number of cars involved suggests that the scale of the damage to Volkswagen's reputation and its financial standing may be even greater than thought.

Volkswagen shares fell by nearly 18 percent through late-afternoon trading in Frankfurt on Tuesday, after falling by 16 percent on Monday.

The diesel cars were programmed to sense when emissions were being tested and to turn on equipment that reduced emissions, according to United States officials. At other times, the cars had better fuel economy and performance, but produced as much as 40 times the allowed amount of nitrogen oxide, a pollutant that can contribute to respiratory problems including asthma, bronchitis and emphysema.

"Volkswagen is working intensely to eliminate these deviations through technical measures," the company said.

It is not clear, though, how fully Volkswagen might be able to correct the problem on the 11 million vehicles. The company could presumably alter the engines, so that the cars on the road begin actually meeting the required emissions standards. But doing so would probably degrade the vehicles' fuel economy and performance, and might cause the engines to wear out sooner.

The E.P.A. has ordered Volkswagen to recall almost a half-million vehicles sold in the United States from 2009 to 2015. The affected Golf, Passat, Jetta and Beetle cars were equipped with 2-liter diesel engines. Some Audi models also use the same diesel engine.

Volkswagen has halted sales of cars with the engines in the United States.

Reuters:

http://www.reuters.com/article/2015/09/22/us-usa-volkswagen-idUSKCN0RL0II20150922

Volkswagen CEO's days appear numbered as emissions crisis deepens

BERLIN | BY ANDREAS CREMER

Martin Winterkorn's days as head of Volkswagen AG appeared numbered on Tuesday after the German carmaker said a scandal over falsified vehicle emission tests in the United States could affect 11 million of its cars worldwide.

The Tagesspiegel newspaper, citing unidentified sources on Volkswagen's supervisory board, said the board would decide on Friday to replace Winterkorn with Matthias Mueller, the head of

the automaker's Porsche sports car business.

A Volkswagen spokesman denied the report. The company later said it would post a video statement by Winterkorn at 1500 GMT. A spokesman for Porsche said Mueller was attending a Volkswagen board meeting at its headquarters in Wolfsburg.

A key Winterkorn ally withheld public support for the under-fire chief executive on Tuesday.

"I don't want to preempt the upcoming intense deliberations and will not comment on details or any consequences," Stephan Weil, head of the German state of Lower Saxony, told reporters in Hanover when asked about Winterkorn's future.

Weil, a supervisory board member representing Volkswagen's second-largest shareholder, earlier this year helped Winterkorn to see off a challenge to his leadership by long-time chairman Ferdinand Piech.

Shares in Europe's biggest carmaker plunged almost 20 percent on Monday after it admitted using software that deceived U.S. regulators measuring toxic emissions in some of its diesel cars.

The stock tumbled another 20 percent to a four-year low on Tuesday after some countries in Europe and Asia said they would launch investigations themselves.

Volkswagen said it would set aside 6.5 billion euros ($7.3 billion) in its third-quarter accounts to help cover the costs of the biggest scandal in its 78-year-history, blowing a hole in analysts' profit forecasts.

It also warned that sum could rise, adding diesel cars with so-called Type EA 189 engines built into about 11 million Volkswagen models worldwide had shown a "noticeable deviation" in emission levels between testing and road use.

Volkswagen sold 10.1 million cars in the whole of 2014.

The U.S. Environmental Protection Agency (EPA) said on Friday Volkswagen could face penalties of up to $18 billion for cheating emissions tests. The carmaker also faces lawsuits and damage to its reputation that could hit sales, while media reports have said the U.S. Department of Justice has opened a criminal inquiry into the matter.

The crisis has sent shockwaves through Germany, with Chancellor Angela Merkel calling for "complete transparency" from a company long seen as a beacon of the country's engineering excellence, and newspapers putting the blame squarely on Winterkorn.

The 68-year-old was due to have his contract extended at a supervisory board meeting on Friday, but is now facing questions over why the scandal wasn't averted.

Volkswagen, which for several years has been airing U.S. TV commercials lauding its "clean diesel" cars, was challenged by authorities as far back as 2014 over tests showing emissions exceeded California state and U.S. federal limits.

The company attributed the excess emissions to "various technical issues" and "unexpected" real-world conditions.

It wasn't until the EPA and the California Air Resources Board threatened to withhold certification for its 2016 diesel models that Volkswagen in early September admitted its wrongdoing.

"Winterkorn either knew of proceedings in the U.S. or it was not reported to him," Evercore ISI analyst Arndt Ellinghorst said. "In the first instance, he must step down immediately. In the second, one needs to ask why such a far-reaching violation was not reported to the top and then things will get tough too."

Porsche's Mueller was promoted to Volkswagen's executive board on March 1 and was previously its head product strategist. As a management board member of family-owned Porsche SE, he is also close to the Porsche-Piech clan that has a controlling shareholding in Volkswagen.

"TOTALLY SCREWED UP"

Winterkorn has built Volkswagen into a global powerhouse since he took the helm in 2007, with brands ranging from budget Seats and Skodas to premium Audis and top-end Porsches and Lamborghinis.

But he has also faced criticism for a centralized management style which some analysts say has hampered the company's efforts to address long-standing underperformance in North America.

Workers in Wolfsburg, where Volkswagen employs over 50,000 people, were dismayed by the damage to the company's image. "If Winterkorn knew of the manipulation, then he must go," said one staffer who works at the plant's human resources department.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 10:57 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

LA Times:

http://www.latimes.com/business/autos/la-fi-vw-subsidies-20150922-story.html

U.S. taxpayers duped into shelling out $51 million in green subsidies for 'clean' VW vehicles

By JERRY HIRSCH

The federal government paid out as much as $51 million in green car subsidies for Volkswagen diesel vehicles based on falsified pollution test results, according to a Times analysis of the federal incentives.

On Friday, federal and state regulators said the German automaker used software in 482,000 of its diesel vehicles since the 2009 model year to cheat on U.S. emissions tests. Environmental Protection Agency officials said Monday that the U.S. Department of Justice is also investigating.

The Times analysis matched Internal Revenue Service data with Volkswagen sales figures to determine the value of subsidies VW diesel buyers were eligible to collect in 2009, the first and only year the vehicles qualified. The $1,300 tax credit would have been available to buyers of about 39,500 Jetta and Jetta Sportwagen models that sold that year, according to Motor Intelligence, an industry research firm.

"It is really unfortunate," said Luke Tonachel, director of clean vehicles and fuels project at the Natural Resources Defense Council. "The government has been effective to help advance clean technologies, but it is a waste of taxpayer dollars when they aren't actually helping to clean the environment."

He said regulators should factor in the $51 million in subsidies when determining penalties for Volkswagen's Clean Air Act violations.

Such green car incentives have also gone to buyers of hybrid, electric and hydrogen fuel cell cars. But the EPA does not track aggregate figures for incentives paid out to buyers of specific models or brands.

The Volkswagen diesels qualified for the federal incentives in the same year the automaker first installed the software trick it used to cheat on emissions tests. The so-called defeat device employed an algorithm that automatically detects when the vehicle is undergoing pollution tests and changes the way the engine performs.

The algorithm senses whether the car is in a testing environment by analyzing a variety of data — steering position, speed, duration of engine operation and barometric pressure.

Away from the laboratory, during everyday driving, the cars emit up to 40 times the legally allowed amount of nitrogen oxide, environmental officials said.

The Environmental Protection Agency and the California Air Resources Board discovered the software. The EPA said Monday it will coordinate with federal prosecutors on further enforcement and penalties.

How Volkswagen cheated on emissions rules

Autos editor Brian Thevenot explains how Volkswagen used a software trick to hide illegal pollution levels in half a million diesel cars.

"Determinations regarding potential penalties and other remedies will be assessed as part of the investigation EPA has opened in conjunction with the U.S. Department of Justice," said EPA spokeswoman Liz Purchia.

The Justice Department has lately taken on a leading role in major investigations of automakers, usually leveraging the threat of criminal charges to exact huge fines.

Last week, General Motors agreed to pay a $900-million fine to settle an investigation into why it did not promptly recall cars with a defective ignition switch that has led to crashes causing 124 deaths. Last year Toyota signed a $1.2-billion settlement and admitted to deceiving regulators about deadly safety defects that allegedly caused unintended sudden-acceleration incidents.

No individuals were charged in the GM and Toyota probes.

"This might be the perfect case for Department of Justice to come down on the criminal side against individuals and not just the company," said Carl Tobias, a University of Richmond law professor. "Someone had to do the computer programming. Someone had to OK this, and all in what is known as an autocratic, top-down company."

The German automaker admitted installing the software after it was confronted by regulators. In a statement Sunday, VW Chief Executive Martin Winterkorn said, "I personally am deeply sorry that we have broken the trust of our customers and the public."

Winterkorn said the automaker "will cooperate fully with the responsible agencies, with transparency and urgency, to clearly, openly and completely establish all of the facts of this case."

He said VW has also ordered an external investigation into the matter, pledging to "do everything necessary in order to reverse the damage this has caused."

Volkswagen declined to comment on the Times analysis of its revenue from the federal Alternative Motor Vehicle Credit.

Volkswagen shares fell $33.89, or 18.5%, to close Monday at $149.68.

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This was the second time Volkswagen has been charged with using devices to evade U.S. emission-control rules.

In 1974, the automaker paid a $120,000 fine to settle EPA charges that it gamed pollution control systems in four models by changing carburetor settings and shutting off an emissions-control system at low temperatures. VW didn't admit guilt but pledged management changes to ensure future compliance with EPA regulations.

This time the monetary damage could be much greater.

The automaker will have to recall all the vehicles and modify the emissions systems at its own expense, regulators said. Additionally it could face a fine of as much as $18 billion, or $37,500 per car. And for now it has suspended sales of thousands of new and used diesel models sitting on dealer lots — cars that are depreciating rapidly while the automaker develops a fix for the emissions system.

The affected diesel models are Jetta (model years 2009-15), Beetle (2009-15), Audi A3 (2009-15), Golf (2009-15) and Passat (2012-15).

Volkswagen also will face civil lawsuits on two fronts, including consumer fraud cases and class-action litigation for what is called a "diminished value" lawsuit. The vehicles are likely to lose some of their resale value because of the problem.

The Volkswagen case breaks new ground for how corporations can make "end runs" around legal requirements, said Ryan Calo, a University of Washington professor and expert in robotics and autonomous systems law and policy.

A company, for example, might learn of an inspection at a construction site and then make sure that workers wear helmets or it might clean a food plant thoroughly before a scheduled review even if it doesn't operate that way all the time.

"But this is encoded," Calo said. "I bet that it happens elsewhere but it is rare we detect it because we typically don't go through the code. There could be many examples in everyday things."

The VW issue demonstrates why regulators need more technical expertise, including a federal robotics commission, he said.

"We need experts in a centralized place whether the issues are drones, driverless cars or things like the VW example," Calo said.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 10:34 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

WSJ:

http://www.wsj.com/articles/epa-is-upping-its-game-after-volkswagen-allegations-1442929373

EPA is 'Upping its Game' After Volkswagen Allegations

Top administrator is pleased with auto maker's 'aggressive stance' on tackling problem

By JEFFREY SPARSHOTT

Sept. 22, 2015 9:42 a.m. ET

WASHINGTON—The top official at the Environmental Protection Agency said the agency is "upping its game" in the search for possible violations of U.S. pollution rules following allegations that Volkswagen AG circumvented emissions standards.

"We are not going to sit around and worry about whether others have it, we are going to find it," Gina McCarthy said at a Wall Street Journal breakfast Tuesday. "Right now, we are upping our game in terms of going out and doing work to take a look at what we need to do with other

vehicles."

The EPA last week accused Volkswagen of dodging air-pollution rules on nearly half a million cars sold in the U.S. The German company has since halted American sales of the diesel-powered cars at issue and apologized for violating customers' trust.

Volkswagen allegedly used software, dubbed a "defeat device," in the cars to make diesel-powered engines appear to have lower levels of emissions than they actually did. About 482,000 Volkswagen diesel-powered cars sold in the U.S. since 2008 were affected.

Ms. McCarthy said the alleged violation was difficult to detect, but she is "pleased Volkswagen is taking such an aggressive stance on admitting the problem and attacking it."

"I think we have to be concerned whether there are other defeat devices out there that we have not been able to detect," she said. But the auto industry is well aware of the pollution rules and has been working to comply.

"I think it will be very difficult for Volkswagen at this point to be looked at as nothing other than an outlier," Ms. McCarthy said.

Detroit Free Press:

http://www.freep.com/story/news/2015/09/21/us-house-panel-hold-hearing-vw/72583066/

Congress to hold hearing on VW air emissions violation

Todd Spangler and Nathan Bomey, Detroit Free Press and USA Today 8:15 p.m. EDT September 21, 2015

WASHINGTON — Congressional investigators will hold a hearing in the coming weeks to take testimony on allegations raised by the U.S. Environmental Protection Agency that Volkswagen sold hundreds of thousands of diesel-powered vehicles with software to get around air emission limits.

U.S. Rep. Fred Upton, who chairs the House Energy and Commerce Committee, said Monday that the committee's Oversight and Investigations Subcommittee will look into the EPA's allegations, which were first raised Friday. VW's stock value plunged Monday in the aftermath of the revelations, which could affect some 500,000 vehicles and potentially result in fines totaling as much as $18 billion.

Volkswagen's CEO said he was "deeply sorry" for violating U.S. emissions standards and on Sunday ordered an external investigation, two days after the EPA accused the automaker of purposefully manipulating emissions tests for almost 500,000 vehicles.

The German automaker ordered its U.S. dealerships to stop selling cars impacted by the probe until its engineers can deliver a fix.

A date was not set for the congressional hearing but Energy and Commerce staff said it would come within the next several weeks.

“Strong emissions standards are in place for the benefit of public health," Upton, R-St. Joseph, and subcommittee Chairman Tim Murphy, R-Pa., said in a joint statement. “We will follow the facts. We are ... concerned that auto consumers may have been deceived — that what they were purchasing did not come as advertised."

As the Free Press reported Friday, the EPA and the state of California accused VW of violating the Clean Air Act by using software in some 482,000 diesel-powered vehicles that could detect when the car was undergoing official emissions testing and turn full emissions controls on only during the test. The effectiveness of pollution control equipment was reduced otherwise.

EPA's violation notice covered model year 2009-15 Jettas, Beetles, Audi A3s and Golfs and model year 2014-15 Passats.

As a result, Volkswagen had a hand in potentially exposing people to harmful pollutants at levels 40 times the acceptable standard and that could exacerbate respiratory conditions such as asthma, the EPA charges.

"I personally am deeply sorry that we have broken the trust of our customers and the public," Martin Winterkorn, Volkswagen's CEO, said in a statement. "We will cooperate fully with the responsible agencies, with transparency and urgency, to clearly, openly and completely establish all of the facts of this case."

"We do not and will not tolerate violations of any kind of our internal rules or of the law," Winterkorn said. The company's board takes the allegations "very seriously," he said.

The violations could expose Volkswagen — the world's largest vehicle manufacturer through the first six months of 2015 — to up to $18 billion in federal fines if the EPA assesses the maximum possible penalty of $37,500 per vehicle.

The violations could invite charges of false marketing by regulators, a vehicle recall and payment to car owners, either voluntarily or through lawsuits. Volkswagen advertised the cars under the "Clean Diesel" moniker.

The state of California is investigating the emissions violations.

The EPA accused the German automaker of adopting what it called a "defeat device" to trick U.S. regulators into believing its cars met Clean Air Act standards for nitrogen oxides. Volkswagen admitted to investigators it had installed the defeat device, the EPA said.

Volkswagen told dealers they cannot sell the 4-cylinder diesel versions of those cars until a fix is

available, Volkswagen spokesman Mario Guerreiro said Sunday.

The sales halt could put a significant dent in the company's September sales performance. About 20% of Volkswagen's vehicle sales are diesel engines, said AutoPacific analyst Dave Sullivan.

"It totally goes against all of the marketing they have had of a clean diesel," Sullivan said of the violations. "That's one of the biggest selling points for Volkswagen."

"The trust of our customers and the public is and continues to be our most important asset," Winterkorn said Sunday. "We at Volkswagen will do everything that must be done in order to re-establish the trust that so many people have placed in us, and we will do everything necessary in order to reverse the damage this has caused. This matter has first priority for me, personally, and for our entire Board of Management."

Chicago Tribune:

http://www.chicagotribune.com/business/ct-volkswagen-owners-0921-biz-20150921-story.html

Volkswagen owners should be nervous about emissions scandal, experts say

Becky Yerak and Gregory Karp

Volkswagen hit with class-action suit over emissions cheating.

Automobile recalls, even huge, highly publicized ones, typically don't hurt new or used car sales, but the Volkswagen scandal involving tricking emissions testers is different and could be cause for worry among VW diesel vehicle owners, experts say.

At least one class-action lawsuit has already been filed on behalf of Volkswagen and Audi owners. It claims fraud and breach of contract, citing the "diminished value" of the nearly

500,000 recalled diesel vehicles, which usually sell for a premium price over their gasoline counterparts. Specifically, after recalled Volkswagen diesels are fixed, the cars might have degraded horsepower and fuel efficiency, the suit says.

The EPA says Volkswagen violated the federal Clean Air Act by installing "defeat devices" — software programmed to switch engines to a cleaner mode during official emissions testing. The software then switches off again, enabling cars to emit as much as 40 times the legal limit of pollutants during normal driving.

Volkswagen marketed the diesel-powered cars as being better for the environment. The affected diesel cars, according to the EPA's letter to Volkswagen on Friday, include: Jetta, 2009 to 2015; Jetta SportWagen TDI, 2009 to 2014; Beetle, 2012 to 2015; Beetle Convertible, 2013 to 2015; Audi A3, 2010 to 2015; Golf, 2010 to 2015; Golf SportWagen TDI, 2015; and Passat, 2012 to 2015.

Consumer Reports called the Volkswagen scandal "outrageous" and a violation of law.

"Volkswagen was ripping off the consumer and hurting the environment at the same time," said Ellen Bloom, senior director of federal policy for Consumers Union, the policy and advocacy arm of Consumer Reports.

The EPA has ordered VW to fix the cars at its own expense but said car owners do not need to take any immediate action. The EPA insisted that the violations do not pose any safety hazard and said cars on the road remain legal to drive. Volkswagen has ordered a stop to sales of new and used TDI cars in stock.

The EPA said, however, that the cars pose a threat to public health. The agency said the carmaker could be fined more than $18 billion.

The automaker is also part of a criminal probe by the U.S. Justice Department, unnamed sources told The Associated Press and Bloomberg News.

In the Chicago region, Volkswagen dealerships were not responding to inquiries Monday, except one that said it hadn't heard from any consumers about the issue and expressed confidence the problem would be taken care of.

For consumers, whether diesel Volkswagens from seven model years will really have less value is an open question.

During recent high-profile recalls by GM, Toyota and Honda, there has been very little, if any, impact on sales, said officials from Kelley Blue Book, Black Book and Edmunds.

"With so many recalls in the news, they easily become white noise for a lot of consumers, and they don't appear to have much of an influence on shopping decisions," according to Edmunds.com.

Even when there's intense media coverage, the impact on resale value is "fleeting," as with the Toyota recall for accelerators that would stick, said Eric Ibara, a senior analyst with Kelley Blue Book. "It lasted for maybe six or eight months, and their resale values popped back to where they normally were.

Still, the Volkswagen recall is different.

First, it doesn't involve a safety issue but more a breach of public trust. "The impact on that could be longer-lasting," Ibara said. "Our concern is their image is tarnished ... I imagine if you own a Volkswagen, you're reading the coverage of what they've done."

Indeed, when a car is recalled for a safety reason, the recall could actually improve goodwill with the customer, said Anil Goyal, vice president of Automotive Valuation and Analytics for Black Book.

Another concern for current owners is how the resale values will react when Volkswagen eventually restarts selling the diesel models now sitting idle on lots after it stopped selling. "If they show up with higher incentive levels, that certainly impacts the used-car values," Ibara said.

In other words, if VW chooses to get rid of that inventory by offering great incentives and significantly lowering diesel car prices, demand for used cars would drop along with their prices.

Volkswagen offers some of the least expensive diesel models and in recent years had been a market leader in that segment of the vehicle market, said John Voelcker, editor of GreenCarReports.com. "Diesels in this country have mostly been confined to trucks," Voelcker said. "VW was the only volume maker of diesel cars."

According to Edmunds, VW and Audi account for 17 of 44 vehicle models that offer diesel engines, or 39 percent.

Diesel vehicles fetch a premium price both in the new and used markets. The premium price paid by new-car buyers for the diesel version of the recalled cars varies from $1,000 to almost $7,000, according to list prices.

In a quick analysis by Swapalease.com, a 3-year-old base model Volkswagen Golf using gasoline sold for 51 percent of its original value, while a diesel sold for 57 percent, said Scot Hall, executive vice president of operations for Swapalease.com. "That's a significant difference," he said.

It's an open question whether the VW diesels, which have TDI as part of the name for turbocharged direct injection, will retain the premium over their gasoline counterparts, Ibara said. "It would not surprise me if they drop a little bit, but I do not expect the premium to entirely disappear."

What fix Volkswagen will employ is unclear, whether it's a software solution or some physical repair or retrofit. It may just restate the fuel economy to be lower on diesels — maybe 3 to 5 mpg

— and then be faced with offering some compensation to owners, Ibara said.

So far, it's difficult to say for sure that a fix would hurt the vehicle's fuel mileage, performance or reliability. But some current owners are expecting that, Hall said.

Hall said there's talk that some Volkswagen owners would avoid the fix because they prefer more power, better performance and greater fuel economy and care less about the emissions.

Consumer Reports said that, as a result of the scandal, it has suspended its "recommended" rating of two VW vehicles, the Jetta diesel and Passat diesel, until it can retest the cars with the recall repair performed. It said it will also assess whether the repair hurts performance or fuel economy.

The potential downgrade in performance was also mentioned in the class-action lawsuit,

filed on behalf of David Fiol, a California resident and 2012 VW Jetta SportWagen TDI owner. He seeks class-action status both nationally and in California, for unspecified punitive damages and legal fees, among other things.

Fiol, in his lawsuit, mentions "future additional fuel costs" and the "diminished value" of his vehicle, despite the recall.

Volkswagen won't be able to make the vehicles "comply with emissions standards without substantially degrading their performance characteristics, including their horsepower and their efficiency," the lawsuit said. "As a result, even if Volkswagen is able to make" plaintiffs' vehicles EPA compliant, the owners "will nonetheless suffer actual harm and damages because their vehicles will no longer perform as they did when purchased and as advertised."

Volkswagen didn't immediately respond to a request for comment about the lawsuit, filed last Friday by Seattle law firm Hagens Berman Sobol Shapiro in a U.S. District Court in the

Northern District of California.

In Illinois, diesel vehicles like the VWs in question don't require emissions inspections like gasoline models, so the flap won't affect owners in that way, according to a spokeswoman for the Illinois Environmental Protection Agency.

From: Gong, Kristiene
Sent: Tuesday, September 22, 2015 10:12 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

NY Times:

http://www.nytimes.com/2015/09/22/business/it-took-epa-pressure-to-get-vw-to-admit-fault.html?_r=0

It Took E.P.A. Pressure to Get VW to Admit Fault

By BILL VLASIC and AARON M. KESSLER SEPT. 21, 2015

Volkswagen executives told environmental regulators for more than a year that discrepancies between pollution tests on its diesel cars and the starkly higher levels out on the road were a technical error, not a deliberate attempt to deceive Washington officials.

But this month, the executives made a startling admission: The diesel vehicles it sold in the United States used software meant to cheat on the tests.

VW made the admission only when the Environmental Protection Agency took the extraordinary

action of threatening to withhold approval for the company's 2016 Volkswagen and Audi diesel models, according to letters sent to company officials by the E.P.A. and California regulators.

Since that deception became public on Friday, Volkswagen has scrambled to conduct damage control. The chief executive apologized and the company said it would stop selling diesel-powered cars from the 2015 and 2016 model years.

All this was possible because environmental regulators had tools and powers at their disposal that another area of enforcement — auto safety regulation — does not have, despite the efforts of lawmakers, consumer advocates and, more recently, auto safety regulators themselves. Often, the auto industry has beaten back more stringent laws.

The National Highway Traffic Safety Administration, for example, can impose a maximum penalty of $35 million on an automaker that flouts safety regulations — a relatively low sum for a company like General Motors, which last year paid such a fine for a defect that has now been linked to at least 124 deaths.

By contrast, under the Clean Air Act, Volkswagen, the world's largest automaker, could be fined as much as $37,500 for each recalled vehicle, for a possible total penalty of as much as $18 billion.

"The Clean Air Act statutory scheme gives E.P.A. more power and flexibility to move more quickly than N.H.T.S.A.," said Carl Tobias, a law professor at the University of Richmond, who has studied the government's response to auto safety issues. "E.P.A. also seems more tough-minded and savvy about how to be effective in this arena."

Still, the time it takes to investigate auto companies is often extensive, and getting the facts can be a challenge. "Even E.P.A. took a year to finally crack this case open," he said.

Beyond the E.P.A., the government has other tools at its disposal when it comes to enforcing environmental regulation.

As G.M. did, Volkswagen now faces a criminal investigation by the Justice Department, according to a person briefed on the inquiry. It is being conducted, though, by the department's Environment and Natural Resources Division, which is devoted to violations of environmental law. "Nearly one-half of the division's lawyers bring cases against those who violate the nation's civil and criminal pollution-control laws," the department's website says.

And on Monday, a subcommittee of the House Energy and Commerce Committee said it would hold a hearing on the issue.

It's only part of the pressure being applied to Volkswagen. An official with the Environmental Protection Agency said that discussions are continuing with Volkswagen, as the company grapples with how to handle a recall of the affected vehicles.

"We still have many questions for the company," said Christopher Grundler, head of the agency's transportation office. "It's the responsibility of Volkswagen and Audi to prepare a remedy for these vehicles."

There is no timetable for Volkswagen to submit a comprehensive plan to recall and fix the affected vehicles. But government officials are urging the company to take action quickly — both on developing a fix for the cars and starting a campaign to educate consumers on the problem.

"This does not happen immediately," Mr. Grundler said. "And we've been trying to be clear with the consumers that their vehicles are safe and they don't have to do anything right now." The assessment of fines for the violations will also not happen immediately. "That is down the road," he said.

"But we feel a sense of urgency to address the emissions of these vehicles that are already on the road."

A Volkswagen spokesman, John Schilling, said the automaker was "committed to fixing this issue as soon as possible" and to developing "a remedy that meets emissions standards and satisfies our loyal and valued customers."

Even with the looming punishment, the company almost got away with it. In fact, it most likely would have if not for a strange twist of fate and the curiosity of several auto researchers.

Two years ago, the International Council on Clean Transportation, a nonprofit environmental group staffed by a number of former E.P.A. officials, had been testing the real-world performance of so-called clean diesel cars in Europe, and were less than impressed with the emissions results.

The group decided it would test diesel-powered cars in the United States, where regulations were much more strict, as a way of almost shaming the European automakers to tighten their compliance. The group fully expected the American cars to do well, and run cleaner than their counterparts across the pond.

What they could not have foreseen was that they would stumble onto one of the biggest frauds in recent automotive history.

Further, on the campus of West Virginia University, a group of emissions researchers who mainly dealt with heavy trucks noticed an unusual posting by the transportation council, which was looking for a partner to test diesel-powered cars.

"No one had done that before in the U.S.," said Arvind Thiruvengadam, a professor at the university. "It sounded very interesting, to test light-duty diesel vehicles in real-world conditions. We looked around at each other said, 'Let's do it.' "

The university's team bid on the project and got the contract. Mr. Thiruvengadam and his colleagues never envisioned where it would lead. "We certainly didn't have an aim of catching a manufacturer cheating," he said. "It didn't even cross our minds."

The study also did not target Volkswagen specifically. It was something of a fluke, he said, that two out of three diesel vehicles bought for the testing were VWs.

It did not take long for suspicions to set in. The West Virginia researchers were well-versed in diesel performance on real roads, and had certain expectations for how the test cars should ebb and flow in their emissions. But the two Volkswagens behaved strangely.

"If you're idling in traffic for three hours in L.A. traffic, we know a car is not in its sweet spot for good emissions results," Mr. Thiruvengadam said. "But when you're going at highway speed at 70 miles an hour, everything should really work properly. The emissions should come down. But the Volkswagens didn't come down."

Even then, however, it is difficult for most researchers to be sure exactly what is going on. There are so many factors involved in real-world driving — speed, temperature, topography, braking habits. It is not unheard-of for cars to perform much differently in on-the-road tests than one expected.

But this time there was a key difference: The California Air Resources Board heard about the groups' tests and signed on to participate. The regulators tested the same vehicles in their specially equipped lab used to judge cars' compliance with state emissions standards. That gave the project what most studies lacked: a baseline.

"That broke loose everything," Mr. Thiruvengadam said.

In the lab, the two VWs performed flawlessly. But when they were taken out on the roads in California, they were belching out levels of nitrogen oxide that were 30 to 40 times higher than the regulatory standards. Even the heavy-duty trucks the researchers had tested had never performed that poorly by comparison.

"It just didn't make sense," said John German, one of the leaders on the project at the

transportation council. “That was the real red flag for us.”

Forbes:

http://www.forbes.com/sites/maggiemcgrath/2015/09/22/goldman-chief-lloyd-blankfein-discloses-highly-curable-cancer/

Volkswagen Credit Spreads Soar After EPA Charges Co. With Evading Pollution Controls

John Atkins, CONTRIBUTOR

Credit spreads referencing German automaker Volkswagen widened sharply today after the U.S. Environmental Protection Agency on Friday charged the company with evading government pollution controls through software designed to allow diesel models to meet clean-air standards, but only during official emissions testing. The government demand for recalls affects roughly 500,000 vehicles.

Volkswagen five-year CDS costs increased 80% today, rising 60 bps to the 135 bps area, or a high since 2012, trade data show. The 2.45% notes due Nov. 20, 2019 issued by subsidiary Volkswagen Group of America Finance last November, at T+85, changed hands today as much as 77 bps wider on the session, reaching at G-spread equivalents as wide as T+180, according to MarketAxess.

Credit analysts today noted the significant potential risks to VW’s credit standing and reputation. “VW’s operating margins have lagged peers (BMW, Daimler) for some time, and the automaker has cited encouraging U.S. vehicle sales in the context of its 2015 revenue and profit outlook,” stated FTN Financial senior credit strategist Benjamin Millard in a credit note.

While it acknowledged uncertainties regarding the impact of the scandal on Volkswagen’s brand image and reputation – and terming the development a “crisis” for VW – Fitch today said the scandal is unlikely to trigger an immediate downgrade of Volkswagen’s A rating, even though Volkswagen reportedly faces a maximum penalty of $18 billion as well as any costs related to a

recall effort.

"We believe the fine is unlikely to amount to the theoretical maximum amount of USD37,500 per car, although there have been only very few precedents of such cases and associated fines. In addition, the group's financial structure is sound and its free cash flow (FCF) generation extremely robust," Fitch stated today.

The outlooks on the respective A/A2 ratings at S&P and Moody's are currently stable, through S&P warned as recently as Sept. 7 that stricter carbon rules were fueling high capital spending demands on Europe's carmakers.

TIME:

http://time.com/money/4042745/volkswagen-epa-diesel-scandal/

The Volkswagen Diesel Emissions Scandal, By the Numbers

Ethan Wolff-Mann @ewolffmann Sept. 21, 2015

VW is accused of faking pollution tests on a grand scale.

Last week, the EPA accused Volkswagen of deliberately falsifying tests of its diesel engine cars so that the vehicles would pass anti-pollution standards. A massive recall of nearly half a million Volkswagen diesel cars was ordered, causing a major stir in the industry—and especially among VW owners who had been drawn to the vehicles because of the automaker's "clean diesel" claims.

Let's look at the situation by the numbers.

482,000 Diesel cars affected, which include TDI Jettas, Beetles, Golfs, and Audi A3s from 2009-15 and Passats from 2014-15.

$37,500 Fine per vehicle that the German automaker could face in the U.S.

$18 billion Possible total penalties faced by Volkswagen, and that figure doesn't include fixing the recalled cars.

40 Times over the legal limit of certain types of pollution emitted by the vehicles, including nitrogen oxide—which can cause respiratory problems.

$6,855 Premium that buyers were paying for Passat TDI cars over standard gasoline versions.

-20% The hit Volkswagen stock has taken since the scandal.

12 Number of months Volkswagen has been denying cheating on the emissions test.

2017 When Volkswagen may sell diesel cars again in the U.S., now that sales have been halted.

2.0 Liter 4-cylinder engines affected. Larger diesel engines used in SUVs don't have the software at the center of the controversy.

$0 Current resale value of affected cars in California, because the cars were sold as "non-compliant" (and therefore cannot be resold).

14.28% Of affected cars that are registered in California

23 Percentage of Volkwagens sold in August that were diesels.

-

Automotive News:

http://www.autonews.com/article/20150921/OEM11/150929980/vws-diesel-sales-frozen-until-compliance-is-proven-epa-official-says

VW's diesel sales frozen until compliance is proven, EPA official says

Fix must be approved before recall can begin

Chris Grundler: "It will take more work to determine what the appropriate remedy for these vehicles is."

By Ryan Beene

WASHINGTON -- With its diesel car lineup grounded by an emissions-test cheating scandal, Volkswagen now bears the burden of proving that these vehicles comply with federal emissions standards, the EPA's top auto regulator said.

Until then, said Chris Grundler, director of the EPA's Office of Transportation Air Quality, no sales.

Meanwhile, Grundler said, the EPA and California regulators are now probing all light-duty diesel vehicles in the U.S. market from all manufacturers to check for illegal software designed to fool U.S. emissions tests.

U.S. regulators accused VW on Friday of violating the Clean Air Act by selling 482,000 diesel-

powered vehicles with such illegal software. The agency said the company admitted to fitting seven model years' worth of diesel cars with the softwared -- termed a "defeat device" -- that would activate the cars' emission controls during testing, but deactivate them in real-world driving.

In order to be able to resume sales of diesels, Grundler said, VW has to engineer a fix to bring those vehicles into compliance, and receive EPA approval before a recall can commence. It's not clear yet whether that fix will consist of a change to the engine's emission control software or more substantial engineering changes to vehicle hardware, Grundler said.

According to the EPA's website, it could take up to one year to identify "corrective actions," develop a recall plan and issue recall notices. But Grundler declined to discuss a specific timetable.

"Until we gather that information and are convinced ... we're not going to go forward with the recall," Grundler said. "It will take more work to determine what the appropriate remedy for these vehicles is."

Capitol Hill

U.S. lawmakers want more answers, too.

Republican leaders of the House Energy and Commerce Committee today announced plans to hold a hearing on the VW emissions scandal in the near future. The hearing will be held before the panel's Oversight and Investigations Subcommittee, though no date has been set.

"We will follow the facts. We are also concerned that auto consumers may have been deceived – that what they were purchasing did not come as advertised," U.S. Reps. Fred Upton, R-Mich., and chairman of the Energy and Commerce Committee and Tim Murphy, R-Pa., chairman of the investigations subcommittee, said in a joint statement.

"The American people deserve answers and assurances that this will not happen again. We

intend to get those answers."

Also in Washington, the White House said today it was "quite concerned" about reports it was seeing concerning VW's conduct in complying with U.S. Clean Air Act requirements.

"It's fair to say that we're quite concerned by some of the reports that we've seen about the conduct of this particular company, but ultimately this is the responsibility of the EPA to take a look at it and that's exactly what they're doing," said White House spokesman Josh Earnest.

California questions

VW will also have to convince the EPA and California's Air Resources Board that its 2016 model year diesel vehicles will comply with emissions standards and are free of any illegal software, Grundler said. Until then, the agency will continue to withhold the emission certifications needed to begin sales of those models, which are currently being withheld from dealers.

The sales suspensions are a blow to Volkswagen, which counts on diesels for more than one-fifth of the VW brand's sales volume, and has touted its "clean diesel" technology as a key differentiator in the marketplace.

"We've been working with the company for a long time trying to get answers and it wasn't until very recently that VW admitted that these vehicles contained software designed to defeat the emissions standards," Grundler said. "We want to make sure that 2016 model vehicles don't operate the same way."

Popular Mechanics:

http://www.popularmechanics.com/cars/a17430/ezra-dyer-volkswagen-diesel-controversy/

This VW Diesel Scandal Is Much Worse Than a Recall

This isn't cost-cutting. This is outright cynical deceit.

By Ezra Dyer

Most of the time, media test cars are distinguished only by a license plate that might bear a discreet "manufacturer" tag. Audi diesels, though, are a different matter. Whether a Q7 or an A3, the diesel press cars from Audi (which is part of the Volkswagen group) always bear towering "TDI Clean Diesel" decals across their flanks. I guess the theory is that when the cars are out on the road they're serving double duty as billboards, spreading the gospel about the Volkswagen group's engineering prowess.

A few years ago I bought a nasty Ford F350 diesel for an engine swap, and I parked it next to an Audi A3 and took a few shots to capture the juxtaposition: truck from the dirty diesel past, Audi harkening to the clean-burning future. That certainly looks ironic today.

If you're not up to speed on Volkswagen's shenanigans, you can catch up here. Suffice to say that it seems the A3's sanctimonious TDI Clean Diesel stickers were relevant only when the cars were actually undergoing an EPA emissions test. Out in the real world, 2.0-liter Volkswagens and Audis were as much as 40 times above the legal emissions limit for nitrogen oxides (NOx). According to the EPA, about 482,000 four-cylinder Volkswagens and Audis built since 2009 included what the agency defines as a "defeat device," which is really just software that detects an emissions test and "turns full emissions controls on only during the test." The cheater software was discovered by researchers at West Virginia University who were trying to document the cleanliness of modern diesels. Volkswagen surely wishes they hadn't bothered.

The revelation of this emissions subterfuge answers at least two questions about VW's mighty little diesel. The first concerns urea injection, which every other modern diesel uses to pass emissions tests. The urea-injection systems help to neutralize NOx emissions, but they also add weight and cost to the car, and saddle car buyers with yet another tank of liquid that must be monitored. If you run out of this diesel exhaust fluid, it's like running out of fuel—on trucks with such systems, running dry on urea triggers a severe limp-home mode with a 5 mph speed limiter. That's how seriously the EPA takes NOx.

Everyone wondered how VW met emissions standards while foregoing urea injection. As it turns

out, they didn't. It wasn't magical German engineering. Just plain old fraud.

The second question concerned fuel economy. It's been widely noted that four-cylinder TDIs tend to smash their EPA fuel economy estimates in real-world driving. The last TDI Jetta SportWagen I drove was rated at 42 mpg highway, but on 60-mph two-lane roads I averaged more like 50 mpg. That's a huge difference. Did running non-compliant emissions improve fuel economy? That's possible. And if so, that raises an interesting question: When the cheater VWs emitted too much NOx, were they also emitting a lot less CO2 thanks to improved economy? Maybe the good doesn't offset the bad, but it's something to consider. You can bet that VW's lawyers will.

THE INTENTIONALITY BEHIND THE DECEIT MAKES THIS SITUATION DIFFERENT FROM EVEN A HUGE-SCALE RECALL.

So, how is Volkswagen going to fix this? Putting aside the inevitable fines, possible criminal charges, and massive public disgrace, there are half a million cars running an emissions setup that never should've left the factory. And there's no quick fix to make up for VW's lies.

All the other carmakers control diesel emissions by spraying a urea solution into the exhaust stream, where a catalyst converts it to ammonia. The ammonia breaks down NOx into nitrogen and water. If all of that sounds like it would be tough to bolt right in, you're correct. Maybe VW can meet the standards without adding equipment—say, by tweaking the engine control unit (ECU) with a different tuning. But what if that new tuning meets the emissions standards but sacrifices performance or fuel economy? Now you've got 482,000 customers on a class action lawsuit.

There's no easy way out of this, but they'd better figure something out, and pronto. Right now dealers are banned from selling 2.0-liter TDIs, which make up about a quarter of VW's U.S. sales. News of the scandal caused VW to lose about a quarter of its market value, indicating that investors understand how bad this is. There's no cheap fix nor easy settlement here.

The intentionality behind the deceit makes this situation different from even a huge-scale recall. This isn't a story about a part that was made one cent cheaper than it should've been, where a car company cut a corner to save a little cash. It's about a huge corporation eying the rulebook and deciding there's a competitive advantage in violating the Clean Air Act. Incompetence is one thing, but calculated mendacity is quite another.

It's too bad. That Golf SportWagen TDI is a punchy, fun car. It's got great fuel economy, tons of torque and a bargain price. But when something seems a little too good to be true, maybe that's because it is.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 4:33 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

Chicago Tribune:

http://www.chicagotribune.com/business/columnists/ct-rosenthal-vw-emissions-0922-biz-20150921-column.html

VW comes clean on dark heart of its diesel cars. Can it clear the air?

Phil Rosenthal

Seems VW fought diesel wars with smoke and mirrors, mostly smoke. What the fahrvergnügen?!

Volkswagen called it clean diesel. Clean like Lance Armstrong. Clean like the Chicago River.

Seriously, what the fahrvergnügen?!

VW has admitted to the Environmental Protection Agency that hundreds of thousands of its diesel cars have been using what is literally a killer app.

The software allowed the vehicles to sail through U.S. emissions tests while reportedly spewing 10 to 40 times the level of certain pollutants as allowed in ordinary use.

It's been smoke and mirrors — mostly smoke — for the last seven model years.

We're talking about 2009, 2010, 2011, 2012, 2013, 2014 and 2015 VW Golfs, Jettas and Beetles, along with Audi A3s, equipped four-cylinder, 2.0-liter turbodiesel engines. Oh, almost forgot the 2012-15 Passats.

That's nearly half-a-million vehicles in all, belching nitrogen oxide to preserve mileage ratings and performance no other carmaker could seem to match, thanks to emissions control systems programmed to operate only when testing protocols were detected.

So we get more smog and ozone and poisons tied to a litany of health problems, such as asthma attacks and other respiratory diseases, along with premature death. VW gets more car sales.

Score one for German engineering and systematic subterfuge, trading our health for its profits.

Apparently the EPA was first tipped to VW's plot when discrepancies showed up in independent testing. But it seems like precisely the sort of thing James Bond is told of when strapped to a nuclear missile about to launch.

The word diabolical comes to mind.

So does evil.

One pictures even C. Montgomery Burns, king of the corner-cutters on "The Simpsons," looking askance. And we don't know yet if VW is the only offender.

The auto industry isn't overburdened by high expectations, particularly in the last 12 months or so.

General Motors last week agreed to a $900 million settlement to end a criminal investigation into its failure to disclose a deadly ignition defect.

Toyota last year agreed to a $1.2 billion penalty for withholding information about its vehicles' unintended acceleration linked to other fatalities.

Takata, it's been revealed, knew of dangerous, potentially fatal defects in its airbags long before alerting federal regulators, leading to the recall of millions of Honda, Toyota, Chrysler, Subaru, GM, Mitsubishi, BMW, Mazda, Nissan and Ford vehicles.

Yet, as Automotive News noted, "Compared with other run-ins between the EPA and automakers, VW's alleged violation stands out in its brazenness."

This takes that kind of amoral corporate behavior to a whole other threat level.

VW didn't just conceal something it discovered endangering people. It created technology for the specific purpose of allowing it to benefit from endangering people.

Even if you're one of those people who somehow isn't a fan of clean-air standards, it's not a political statement to press on and try to throw authorities off the trail. It's just a crime.

Tampering with emissions control systems, under terms of the Clean Air Act, could mean a fine for VW as high as $37,500 per vehicle or roughly $18 billion, though you know what happens when you start to haggle with car guys.

But even if VW is fined and there's a mandatory recall, some drivers will be reluctant to embrace the fix because it likely will make the vehicle less effective and efficient than the one they thought they bought.

Funny we never caught wind of any of this in those slightly discomfiting VW commercials with the old ladies hitting on a salesman. Least we don't remember any mention of it.

VW pulled the ads off the air and, to the extent it could, off YouTube as word of its scandal came out, yet more proof that a carmaker can indeed move fast to protect something it actually cares about — like its bottom and bottom line.

This isn't the Olympics. It's one thing to try to keep test results from showing banned substances in one's own body, quite another to try to mask bad stuff being inflicted on others.

Cough.

This goes beyond the venality of one corporation to whether there's any confidence left in diesel cars and credibility in the entire auto industry. Even if this is as far as it goes, it will take quite a while to clear the air.

VW recently surpassed Toyota to become the world's largest carmaker, an achievement now eclipsed by the suspicion that there is nothing it wouldn't do.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 4:13 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

Bloomberg (via Australian Financial Review):

http://www.afr.com/news/world/volkswagen-faces-us-criminal-probe-on-emissions-20150921-gjrtss

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Volkswagen faces US criminal probe on emissions

The US Justice Department is conducting a criminal investigation of Volkswagen's admission to cheating on federal air pollution tests, according to two US officials familiar with the inquiry.

Volkswagen said last week it's cooperating with regulators probing gaps between emissions on the road and lab tests on some diesel models, affecting more than half a million cars. The US officials described the inquiry on condition of anonymity because it's a continuing investigation.

The Wolfsburg, Germany-based automaker plunged as much as 23 per cent Monday to 125.40 euros in Frankfurt, wiping out about 15.6 billion euros ($US17.6 billion) in market value. The stock closed at 132.2 euros, its lowest in more than three years.

Volkswagen's admission is putting pressure on Chief Executive Officer Martin Winterkorn to repair the reputation of the world's biggest carmaker. Winterkorn, whose contract renewal is scheduled for a supervisory board vote on Friday, now faces a serious challenge to his leadership, said Arndt Ellinghorst, a London-based analyst for Evercore ISI.

"This latest saga may help catalyze further management changes at VW," Ellinghorst wrote in a note Monday.

Justice Department spokesman Wyn Hornbuckle declined to comment.

Criminal inquiries can take months or years and lead to charges against individuals and companies. They can also result in fines and deferred-prosecution agreements, such as the one recently struck with General Motors Co., to spur companies into improving their behaviour and addressing problems revealed during the investigations.

Volkswagen admitted on September 18 to fitting some of its US diesel vehicles with software that turns on full pollution controls only when the car is undergoing official emissions testing, the Environmental Protection Agency said Friday. Affected are diesel versions of the VW Jetta, Golf, Beetle and Passat and the Audi A3.

During normal driving, the cars with the software -- known as a "defeat device" -- would pollute 10 times to 40 times the legal limits, the EPA estimated. The discrepancy emerged after the International Council on Clean Transportation commissioned real-world emissions tests of diesel vehicles including a Jetta and Passat, then compared them to lab results.

VW said it's cooperating with regulators probing gaps between emissions on the road and lab tests on some diesel models. According to the EPA, the company insisted for a year that discrepancies were mere technical glitches.

Winterkorn, who has led VW since 2007, was forced to halt sales of the cars on Sunday and issue a public apology, saying he's "deeply sorry" for breaking the public's trust and that VW would do "everything necessary in order to reverse the damage this has caused."

The violations could result in as much as $US18 billion in fines, based on the cost per violation and the number of cars.

The US accusations are "grave" and must be clarified swiftly, said Stephan Weil, prime minister of the German state of Lower Saxony, which owns 20 percent of Volkswagen's voting shares. "Possible consequences can be decided after that."

The European Commission also said it's taking VW's cheating seriously and is in contact with

US regulators and the company about details of the case.

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The Guardian:

http://www.theguardian.com/business/2015/sep/21/volkswagen-emissions-scandal-sends-shares-in-global-carmakers-reeling

Volkswagen emissions scandal could snare other companies, whistleblower claims

Billions wiped off value of industry heavyweights amid concerns that manipulation of air pollution data could be 'very widespread'

Joanna Walters Graham Ruddick and Sean Farrell

The emissions-fixing scandal that has engulfed Volkswagen in the US could extend to other companies and countries, one of the officials involved in uncovering the alleged behavior told the Guardian on Monday.

Billions of pounds have been wiped off the value of global carmakers amid growing concerns that emissions tests may have been rigged across the industry.

"We need to ask the question, is this happening in other countries and is this happening at other manufacturers? Some part of our reaction is not even understanding what has happened exactly," said John German, one of the two co-leads on the US team of the International Council for Clean Transportation (ICCT), the European-based NGO that raised the alarm.

Shares in Volkswagen fell by almost a fifth after the world's second biggest carmaker issued a public apology in response to US allegations that it used a "defeat device" to falsify emissions data.

The US Justice Department is conducting a criminal investigation of Volkswagen admission, according to Bloomberg, which cited two officials familiar with the inquiry.

The company could face a fine of up to $18bn (£11.6bn), criminal charges for its executives, and legal action from customer and shareholders. The US law firm Hagens Berman has already launched a class-action law suit on behalf of customers who bought the affected cars.

VW shares fell by 19% in Frankfurt, wiping almost €15bn (£10.8bn) off its value. Shares in Renault, Volkswagen's French rival, also dropped by 4%, while Peugeot was down 2.5%, Nissan 2.5% and BMW 1.5% amid concerns they could be caught up in investigations.

The US Environmental Protection Agency said on Friday that VW had installed illegal software to cheat emission tests, allowing its diesel cars to produce up to 40 times more pollution than allowed. The US government ordered VW to recall 482,000 VW and Audi cars produced since 2009.

In response, Martin Winterkorn, chief executive of VW, said on Sunday he was "deeply sorry" for breaking the trust of the public and ordered an external investigation.

German tipped off regulators at the California Air Resources Board (Carb) and the US Environmental Protection Agency (EPA) after conducting tests that showed major discrepancies in the amount of toxic emissions some VW cars were pumping out compared with the legal limits.

Max Warburton, an analyst at the financial research group Bernstein, said: "There is no way to put an optimistic spin on this – this is really serious."

A British expert in low-emission vehicles claimed the manipulation of air pollution data could be "very widespread" and that tests in Europe are "much more open to this sort of abuse".

Greg Archer, a former government adviser and head of clean vehicles at the respected Transport & Environment thinktank, said: "I am not surprised. There has been a lot of anecdotal evidence about carmakers using these 'defeat devices'. All credit to the US's EPA for investigating and finding the truth."

Archer, the former managing director of the UK's Low Carbon Vehicle Partnership and non-executive director for the government's Renewable Fuels Agency, said the scandal could spread into petrol cars and CO2 levels. "It is probably not limited to diesel and not limited to emissions," he added.

The "defeat devices" are thought to work by injecting more urea – an exhaust fluid – into the car when it is being tested. This limits nitrogen oxide emissions. The car detects it is being tested because devices such as the anti-collision systems have to be turned off when it is in the laboratory. The extra urea is not injected into the car when it is on the road because it would quickly run out.

Archer claims European tests are more open to abuse because they are conducted before the car goes into mass production and by companies that have been paid by the carmakers. These testing companies have been verified by regulators in each country, such as the Vehicle Certification Agency, but in the US the tests are conducted by an independent body.

Industry leaders in Britain claimed there was "no evidence" that manufacturers are cheating the system in Europe but admitted it needs to be reformed.

Mike Hawes, chief executive of the Society of Motor Manufacturers and Traders, the industry trade body, said: "The EU operates a fundamentally different system to the US – with all European tests performed in strict conditions as required by EU law and witnessed by a government-appointed independent approval agency. There is no evidence that manufacturers cheat the cycle.

"The industry acknowledges, however, that the current test method is outdated and is seeking agreement from the European Commission for a new emissions test that embraces new testing technologies and is more representative of on-road conditions."

The US allegations involve a series of diesel cars produced by VW and the brands it owns, such as Audi. These include the Audi A3, VW Jetta, Beetle, Golf and Passat models. VW has halted sales of these models.

Jochen Flasbarth, a senior environment official in the German government, accused Volkswagen of "blatant consumer deception" over the scandal. The country's economy minister, Sigmar Gabriel, also warned it could damage the reputation of the country's vital automotive industry.

"That this is a bad case, I think is clear," Gabriel said. "You will understand that we are worried that the justifiably excellent reputation of the German car industry and in particular that of Volkswagen suffers." The German government has launched its own investigation into VW and held talks with executives.

The scandal puts the future of Volkswagen chief Winterkorn in serious doubt. Earlier this year he won an internal power struggle with Ferdinand Piëch, who stepped down as chairman. The board of the company is due to meet on Friday to discuss extending Winterkorn's contract.

Winterkorn has been at the helm of VW since 2007 and has been directly responsible for research and development since then.

Guido Reinking, a German automotive analyst, told German television station n-tv: "It's almost impossible to imagine that he didn't know about this special way of programming the engine."

David Bailey, professor of industrial strategy at Aston University in Birmingham, said: "If it is the case that they have been trying to hoodwink regulators, it's a really dumb thing to do. Regulators will look at this more closely now. There has been growing concern about diesel cars and nitrous oxide emissions. The industry has been trying to make the case that the latest regulations largely deal with that issue but regulators will now look more closely at whether they have."

In the wake of the scandal two senior VW executives cancelled a planned appearance at a media event in New York with rock star Lenny Kravitz scheduled for Monday evening.

Herbert Diess, chairman of the VW brand's management board, and Heinz-Jakob Neusser, VW's board member in charge of technical development, had planned to attend the event to introduce the latest version of the Passat mid-size sedan.

The chief executive of VW's US arm, Michael Horn, was still due to attend the event. He is expected to provide a statement about the situation.

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Jalopnik:

http://jalopnik.com/volkswagen-is-now-the-target-of-a-criminal-investigatio-1732130214

Volkswagen Is Now The Target Of A Criminal Investigation: Report

Michael Ballaban

In a move that seemed like an inevitability at this point, the United States Department of Justice is said to have opened a criminal investigation into Volkswagen's admission to cheating on diesel emissions tests, a report from Bloomberg said.

While we had heard rumblings of a possible criminal probe earlier, this news appears to confirm that VW is in fact the subject of an investigation that could lead to prosecutions.

It's way too early to tell whether or not any individuals will personally be held criminally liable for the company's deceptions, but it's not out of the realm of possibility. We haven't seen a case in a long time where a company has admitted intentionally circumventing the law, rather than just a plea of massive institutional incompetence, so it's anyone's guess as to what will happen.

The U.S. Environmental Protection Agency has said that the company can be held responsible for up to $18 billion in fines.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 4:02 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

Business Insider:

http://www.businessinsider.com/the-us-government-is-launching-a-criminal-investigation-into-vws-falsified-emissions-figures-2015-9

The US government is launching a criminal investigation into VW's falsified emissions figures

Benjamin Zhang

The US Department of Justice has launched a criminal probe into Volkswagen's falsification of emissions data, Bloomberg news is reporting.

Last week, the Environmental Protection Agency accused the automaker of falsifying the data using secret software in nearly 500,000 cars.

According to Bloomberg's Del Quentin Wilber, two government officials close to the situation say the Justice Department is conducting a criminal investigation into the allegations.

Last week, the EPA accused VW of using the hidden software — called a "defeat device" — to

dodge clean-air standard during emissions testing.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," assistant administrator for the Office of Enforcement and Compliance Assurance Cynthia Giles said in a statement on Friday.

“Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters.”

The EPA alleges that VW installed software that detects when the car is undergoing emissions testing, at which point the software would turn on all of the car's emissions control systems. But the EPA claims that the software greatly reduces the cars' pollution-control systems during normal driving conditions.

"This results in cars that meet emissions standards in the laboratory or testing station, but during normal operation, emit nitrogen oxides, or NOx, at up to 40 times the standard," the EPA said in a statement.

Across the Atlantic, the German government is also taking a look at Volkswagen's emissions data. A spokesperson for the country's Motor Vehicle Agency told the Wall Street Journal that is has asked automakers to provide accurate emissions information to "determine whether similar instances of manipulation have taken place in Germany or Europe," However, there is no word of any official investigation on the part of the German government.

Over the weekend, VW CEO Martin Winterkorn issued the following statement:

The U.S. Environmental Protection Agency and the California Air Resources Board (EPA and CARB) revealed their findings that while testing diesel cars of the Volkswagen Group they have detected manipulations that violate American environmental standards.

The Board of Management at Volkswagen AG takes these findings very seriously. I personally am deeply sorry that we have broken the trust of our customers and the public. We will cooperate fully with the responsible agencies, with transparency and urgency, to clearly, openly, and completely establish all of the facts of this case. Volkswagen has ordered an external investigation of this matter.

The recall affects 482,000 diesel-powered cars sold in the US since 2008. They include:

Volkswagen Jetta TDI: 2009-20015

Volkswagen Beetle TDI: 2009-2015

Audi A3 TDI: 2009-2015

Volkswagen Golf TDI: 2009-2015

Volkswagen Passat TDI: 2014-2015

We have reached out to Volkswagen and the DOJ for comment. We will update when when we hear back.

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Fortune:

http://fortune.com/2015/09/21/volkswagen-emissions-recall-scandal/

Dear Volkswagen: Exaggeration? Not so bad. Deception? Never okay

by Jennifer Reingold @jennrein SEPTEMBER 21, 2015, 3:44 PM EDT

One wonders what would have happened had Volkswagen opted for exaggerating its results rather than falsifying them.

The business world—and the journalists who cover it—have always rewarded a healthy bit of hype. Best Ever! New and Improved! Now with enhanced whatevers!

Actually, the love of the big claim goes far beyond the business world and is interwoven throughout society. Donald Trump's current popularity is only the latest example of bombast, er, trumping reality.

But we do have limits, as the scandal at Volkswagen shows. So far, the company's stock price has fallen almost 20% since it admitted on September 18 that it had installed software that allowed its cars to fake their performance on emissions testing in order to fool the EPA.

No one knows what will happen to the $221 billion in sales car company—the world's largest—going forward, and whether the deception stretches all the way to the CEO, Martin Winterkorn. But one wonders what would have happened had the company opted for exaggerating its results rather than falsifying them.

Don't get me wrong: I'm not advocating that any performance standards—particularly those that affect safety and health—should ever be presented with anything but the full truth. But this move was so brazen, so breathtakingly full of chutzpah, that it is hard to imagine VW's brand recovering for a very, very long time; nor, one imagines, will its culture.

The plot goes far beyond one or two people hiding out in a cubicle and must have involved hundreds of people building such a system and making sure it was implemented inside of 428,000 cars. One wonders what the company might have been able to accomplish instead if it put all that brainpower toward meeting emissions requirements rather than circumventing them.

Consider the alternative: VW tried—and failed—to meet the EPA's emissions standards, after saying that they believed they had diesel engines that did the job. The EPA (which, it's worth noting, relies primarily on self-tested data) would have—hopefully—tested its engines, found Volkswagen deficient, and fined the company. It would have been costly, yes, but it wouldn't have been all that surprising. And VW's credibility wouldn't have been destroyed in the process. After all, exaggeration, for better or worse, is just how the game is played.

MarketWatch:

http://www.marketwatch.com/story/white-house-quite-concerned-about-volkswagen-emissions-charges-2015-09-21

White House 'quite concerned' about Volkswagen emissions charges

'Quite concerned': How White House press secretary Josh Earnest characterized Obama administration reaction to the allegations against Volkswagen.

By ROBERT SCHROEDER

The Obama administration is "quite concerned" over allegations that Volkswagen cheated on U.S. emissions tests, a White House spokesman said Monday, but added it is up to the Environmental Protection Agency to investigate the matter.

"I think it's fair to say that we're quite concerned by some of the reports that we've seen about the conduct of this particular company," spokesman Josh Earnest told reporters at a regular briefing.

On Friday, the Environmental Protection Agency and the California Air Resources Board alleged that Volkswagen VLKAY, -17.38% VOW3, -18.19% used software in cars to make diesel-powered engines appear to have lower levels of emissions than they actually did. The company halted U.S. sales of some diesel-powered cars.

Earnest said it is ultimately the responsibility of the EPA to look at the issue, "and that's exactly what they're doing."

Reaction from Congress was minimal — though that could change.

"VW should expect scrutiny from Congress, legal problems, a potential multibillion-dollar fine and a batch of uncomfortable headlines," wrote Forbes contributor Micheline Maynard on Monday.

"If Volkswagen willfully sought to evade the Clean Air Act and fraudulently sold cars to millions of consumers with this technology, EPA should pursue the most severe action possible to deter others from doing the same," Rep. Frank Pallone, a New Jersey Democrat, said on Friday.

"We must ensure that this does not happen again and that consumers can trust the products that they buy," said Pallone, the top Democrat on the House Energy and Commerce Committee. The panel's oversight and investigations subcommittee held one of the several hearings into the General Motors GM, +0.43% ignition-switch recall in April 2014.

The allegations reportedly include Volkswagen Passats made at the company's Chattanooga, Tenn., facility in 2014 and 2015. A Volkswagen spokesperson did not immediately return a request for comment.

MarketWatch reached out to members of Tennessee's congressional delegation, but none offered any comment.

The 1,400-acre Chattanooga plant has more than 3,200 Volkswagen employees, the company says.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 3:39 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

Vox:

http://www.vox.com/2015/9/21/9365667/volkswagen-clean-diesel-recall-passenger-cars

Volkswagen's appalling clean diesel scandal, explained

Brad Plumer

It sounds like the sinister plot of some straight-to-DVD movie. Since 2009, Volkswagen had been installing elaborate software in 482,000 "clean diesel" vehicles sold in the US, so that the cars' pollution controls only worked when being tested by regulators. The rest of the time, the vehicles could freely spew hazardous, smog-forming nitrogen oxides.

Suffice to say, regulators were livid once they caught on. On Friday, the Environmental Protection Agency announced that Volkswagen had very flagrantly violated the Clean Air Act. Not only did the EPA order the German company to fix the affected vehicles,** but the agency has the authority to levy fines as high as $37,500 per car, a maximum of $18 billion. (To put that in perspective, the company's pretax net income was about $4.7 billion last year.) The US government is also mulling criminal charges.

Volkswagen, in other words, is in deep shit. The company's CEO, Martin Winterkorn, is now apologizing profusely and pledging an external probe to find out what happened. VW just halted US sales of its 2015 and 2016 clean diesel vehicles, including Passat, Jetta, Golf, and Beetle models. Meanwhile, VW's stock price plummeted on Monday morning, the company losing nearly one-fifth its market cap in a blink:

This scandal raises a few larger questions, though: Why did Volkswagen cheat in the first place? And why was it so easy for the company to evade regulators for years? To get a better handle on the story, we need to take a brief trip through the tangled history of clean diesel vehicles — the specific cars that VW was selling.

Clean diesel cars were supposed to offer great mileage and low pollution — a tricky task

One basic fact to understand here is that there are two main types of combustion engines widely available today: diesel and gasoline. And there are real trade-offs to each.

Diesel engines have long been popular in Europe, and one of their major advantages is fuel economy. Diesel fuel contains more energy per gallon than gasoline, and the diesel engines themselves are more efficient. Put it together, and the typical diesel car can travel up to 30 percent farther on a gallon of fuel than its gasoline counterpart.

But there's a catch. While diesel cars get better mileage and emit fewer carbon-dioxide emissions, they also emit more nitrogen oxides (NOx), which help form smog, and particulate matter, which can damage lungs. Both types of pollution can have serious health effects.

Historically, Europe has dealt with this trade-off by imposing looser emissions standards on diesel cars in order to pursue higher fuel economy. That's one reason European cities like Athens have a serious smog problem. In the United States, by contrast, we've imposed much stricter rules around smog and other conventional pollutants since the 1970s, one reason diesel cars haven't caught on as widely here. (Heavy trucks favor diesel engines, though.)

In recent years, however, things have shifted. The Obama administration has been ratcheting up fuel-economy standards in the United States, which puts a higher premium on mileage. At the same time, diesel technology has gradually been getting cleaner through a combination of lower-sulfur fuel, advanced engines, and new emission-control technology. So automakers have shown a renewed interest in "clean diesel" cars that, in theory, don't suffer from that trade-off between performance and pollution.

These vehicles have proved popular in the United States. Since 2009, Volkswagen has sold more than 482,000 clean diesel cars containing a four-cylinder turbocharged direct injection engine. This included versions of the Passat, Jetta, Golf, Beetle, and Audi's A3. Drivers liked them.

Except, as it turns out, VW was lying about its clean diesel cars.

Volkswagen couldn't balance performance with low pollution. So it cheated.

Since 2009, we now know, Volkswagen had been inserting intricate code in its vehicle software that tracked steering and pedal movements. When those movements suggested that the car was being tested by regulators in the laboratory for nitrogen-oxide emissions, the car automatically turned its pollution controls on. The rest of the time, the pollution controls switched off.

Regulators didn't notice this ruse for years. The problem was only uncovered by an independent group, the International Council on Clean Transportation, which wanted to investigate why there was such a discrepancy between laboratory tests and real-road performance for several of VW's diesel cars in Europe. So they worked with researchers at West Virginia University, who stuck a probe up the exhaust pipe of VW's clean diesel cars and drove them from San Diego to Seattle. (These details come from Dana Hull and Jeff Plungis' excellent Bloomberg tick-tock.)

What the researchers found was jaw-dropping. On the road, VW's Jetta was emitting 15 to 35 times as much nitrogen oxide as the allowable standard. The VW Passat was emitting 5 to 20 times as much. These cars were emitting much more pollution than they had in the labs.

Both California's air-pollution regulator and the EPA ordered Volkswagen to investigate and fix the problem in May 2014, and the company said it had worked on a software patch. Once again, the cars performed well in testing. And once again, real-world performance didn't match up. At that point, regulators started grilling Volkswagen's engineers about the discrepancy, and the company eventually cracked, admitting the existence of these defeat devices, which had been carefully hidden in the software code. Hence the scandal.

Volkswagen hasn't explained exactly why it cheated, but outside analysts have a pretty good guess. The NOx emission controls likely degraded the cars' performance when they were switched on — the engines ran hotter, wore out more quickly, and got worse mileage. Some experts have suggested that the emission controls may have affected the cars' torque and acceleration, making them less fun to drive. (Indeed, some individual car owners have been known to disable their cars' emission controls to boost performance, though this is against the law.)

In other words, Volkswagen wasn't able to produce diesel cars that had the ideal mix of performance, fuel economy, and low pollution. (Or, at least, they couldn't do this profitably.) So they "solved" this trade-off by sacrificing cleanliness and loosening the emission controls. And they accomplished this via software designed to deceive regulators. This was wildly illegal, and they got caught.

The VW scandal exposes problems with current emission tests

Volkswagen isn't the first company to cheat on its emission tests. As Frank O'Donnell of Clean Air Watch pointed out to me, the EPA caught a number of truck manufacturers, including Caterpillar and Volvo, doing something similar back in 1998 — programming their diesel trucks to emit fewer pollutants in lab tests than they did on the road. (The trucks would slowly emit more and more NOx as they traveled longer distances at constant speed, something that labs couldn't catch.)

Part of the problem here is that regulators tend to test these vehicles in laboratory conditions, which are fairly predictable and hence easier to game. Combined with the fact that automakers are developing ever-more-elaborate software that can control and fine-tune engines, and there are ample opportunities for fraud.

EUROPEAN REGULATORS WILL SOON START REQUIRING ON-ROAD EMISSIONS TESTING

In theory, there are ways to make cheating harder. Starting with model year 2017 vehicles, European regulators are going to start requiring automakers to test their passenger cars on the road in addition to laboratory testing. That sort of regime would've made it harder for Volkswagen to do what it did. But it's also unlikely that this is the last time we'll see an automaker come up with a fiendishly clever way to cheat.

Meanwhile, the VW scandal raises another issue surrounding car regulations, as Alex Davies explains at Wired. Modern-day cars feature complex computer systems and software. And, right now, this software is protected under the 1998 Digital Millennium Copyright Act — it's illegal to fiddle with it. The ostensible rationale is to make it harder for consumers to tamper with emissions controls. But these protections also make it harder for independent researchers to

scrutinize that code and identify problems like VW's little emissions trick. Some experts have proposed DMCA exemptions to allow researchers to test and evaluate these engines, but so far automakers and the EPA have resisted this. Presumably, if those exemptions had existed, Volkswagen might've been caught sooner.

Volkswagen is now facing serious consequences

At this point, Volkswagen has been caught red-handed and has to face the consequences. The company straight-up lied about its cars and exacerbated the country's air-pollution problem. (Getting a precise estimate of the health consequences here could be difficult, since it depends on where the cars were located, how much extra smog actually resulted, and so forth.)

In response, the company has pledged to stop selling 2015 and 2016 Volkswagen and Audi models equipped with clean diesel engines and will likely end up recalling the 482,000 cars now on the road to fix the software.** It's unclear how many customers will want to "fix" the problem, however, since, again, any patch might degrade gas mileage and/or performance.

Meanwhile, Volkswagen could face criminal prosecution — not to mention billions of dollars in fines, potentially. The Clean Air Act allows a fine of $37,500 per noncompliant vehicle. If the EPA really wanted to lower the hammer, that would amount to $18 billion. Again, VW's pretax net income was about $4.7 billion last year, so that would be a crippling hit. Volkswagen is the world's biggest automaker by sales, but it's not quite as profitable as competitors like Toyota and has already struggled to gain a foothold in the US market. This could be a huge deal for the company.

It also raises questions about the future of clean diesel vehicles. Clean diesel appears to be a promising technology — in theory, these vehicles could get both excellent mileage and low emissions. But this scandal raises serious questions about how well automakers can actually achieve both goals in practice.

** For any concerned car owners, the models expected to be recalled include: The 2009-2015 VW Beetle 2.0L TDI; 2009-2015 VW Golf 2.0L TDI; 2009-2015 VW Jetta 2.0L TDI; 2009-2015 Audi A3 2.0L TDI; and 2014-2015 VW Passat 2.0L TDI.

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Ledger Gazette:

http://www.ledgergazette.com/epa-accuses-vw-of-cheating-on-emissions-tests/79148/

EPA accuses VW of cheating on emissions tests

BY JORGE WEINER ON SEPTEMBER 21, 2015 BUSINESS

VW halted sales of the models involved on Sunday and said it's cooperating with the probe and ordered its own external investigation into the issue.

"The charges here are truly appalling: that Volkswagen knowingly installed software that produced much higher smog-forming emissions from diesel vehicles in the real world than in pre-sale tests", said Frank O'Donnell, president of Clean Air Watch, a Washington-based advocacy group.

VW is to stop selling four cylinder diesel cars in the USA after the firm was found to have rigged emissions test on up to 500,000 vehicles, it has emerged. The reality is that Volkswagen will face huge fines, rumoured to be as high as 18 billion US dollars.

German competitors BMW AG and Daimler AG said on Monday they aren't aware of a similar USA probe into their cars.

Once on the road, the cars produced nitrogen oxide pollutants at up to 40 times the legal standard.

The EPA and California authorities acted quickly after being told of the violation, German said.

Volkswagen, which recently edged out Japan's Toyota to become the world's top-selling automaker, has had a hard year, its share price having fallen from more than 250 euros amid signs of faltering sales in the US and China. He said he was "deeply sorry" for the violation of United States rules. The models include Jetta, Beetle, Golf, Passat and Audi A3.

Stefan Bratzel, director at the Center for Automotive Management, a research group, said the damage to VW's image would be as great as the financial fines.

"Our climate policy stands for itself and I think it's internationally recognized that Germany is one of the drivers on the way to (the global climate summit in) Paris", he said. The potential wonderful is $37,500 per vehicle and 482,000 autos are a part of the case, yielding a possible superb of greater than $18 billion, Giles stated on a telephone name with reporters Friday.

The EPA in November 2014 hit South Korean auto makers Hyundai Motor Co. and Kia Motors Corp. with a record $100 million penalty for overstating fuel-economy claims and forced the companies to cough up another $200 million in regulatory credits.

The cars allegedly do so with software that detects when the vehicle is undergoing emissions testing, and then turns full emissions controls on only during the test. When vehicles are being driven normally, the computer disables the emissions controls.

According to the The New York Times, this latent software within numerous Volkswagen vehicles switches on emissions control systems only during an inspection. The California Air Resources Board issued a similar letter.

"Our goal is to ensure that the affected cars are brought into compliance, to dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules and to take appropriate further action".

The feature, which the EPA called a "defeat device", masks the true emissions only during

testing.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 1:57 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

Washington Post:

http://www.washingtonpost.com/business/economy/vw-shares-plunge-as-epa-accuses-automaker-of-cheating/2015/09/21/3c7b2f2e-607b-11e5-8e9e-dce8a2a2a679_story.html

VW under fire amid EPA accusations it cheated on emissions tests

By Thad Moore

Volkswagen shares plunged Monday after U.S. regulators accused the German automaker of cheating on emissions tests, alleging that nearly 500,000 cars weren't meeting federal standards.

An apology Sunday from VW's chief executive did nothing to temper anxious investors, who wiped out nearly a fifth of the company's value in a single day. VW's stock closed the day Monday at 132.20 euros, down 19 percent.

The selloff comes on the heels of Environmental Protection Agency allegations that the automaker had designed software to let its diesel cars detect when they were being tested for emissions.

VW, one of the world's largest automakers, has halted sales of some vehicles in the United

States and pledged to cooperate with regulators. “We at Volkswagen will do everything that must be done in order to re-establish the trust that so many people have placed in us, and we will do everything necessary in order to reverse the damage this has caused,” Martin Winterkorn, VW’s chief executive, said in a statement.

In the lab, they met standards. On the road, regulators say, they emitted nitrous oxide at up to 40 times federal standards. The software, known as a “defeat device,” was installed in some 482,000 cars, spanning model years 2009 through 2015, regulators say.

The EPA and California regulators began asking questions in May 2014 after West Virginia University researchers published a study that found lab results didn’t match up with road tests.

For more than a year, VW told regulators that the difference owed to “various technical issues and unexpected in-use conditions,” the EPA said in a letter sent to the automaker Friday. But company officials didn’t admit to the practice until earlier this month when regulators threatened not to approve its 2016 line of diesel cars.

The years-long practice could carry a hefty price tag for the automaker. The company could be fined $37,500 for each car it sold with a defeat device installed — a potential fine of $18 billion.

“The company will have to recall nearly 500,000 affected cars, which will cost it millions of dollars, and that’s even before the damage to its brand and potential fines,” Michael Hewson, chief market analyst at CMC Markets, told the Associated Press.

The revelation also led Consumer Reports[consumerreports.org] to pull its recommendation of VW’s Jetta and Passat diesel model. (The magazine said it would reconsider its decision once the automaker introduces a fix to lower emissions.)

For his part, Winterkorn apologized Sunday, saying the company would cooperate “with transparency and urgency.”

"I personally am deeply sorry that we have broken the trust of our customers and the public," he said in a statement. "We do not and will not tolerate violations of any kind of our internal rules or of the law."

From: Gong, Kristiene
Sent: Monday, September 21, 2015 11:56 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

NY Times:

http://www.nytimes.com/2015/09/22/business/international/volkswagen-shares-recall.html

Volkswagen Denied Deception to E.P.A. for Nearly a Year

By JACK EWING SEPT. 21, 2015

FRANKFURT — For nearly a year, Volkswagen officials told the Environmental Protection Agency that discrepancies between the formal air-quality tests on its diesel cars and the much higher pollution levels out on the road were the result of technical errors, not a deliberate attempt to deceive Washington officials.

But early this month, Volkswagen executives finally made a startling admission: The diesels it sold in the United States had software deliberately designed to cheat on the tests.

The company was evidently concerned that actually meeting the federal emissions standards would degrade the power of the engines, which it marketed as comparable in performance to gasoline engines. Meeting the standard would also undercut the fuel efficiency that is one of the main selling points of diesels.

The admission came only after the E.P.A. threatened to withhold approval for Volkswagen's new 2016 models, according to letters sent to company officials by the E.P.A. and California regulators.

Since news of that mass deception broke on Friday, Volkswagen has scrambled to conduct damage control, with its chief executive issuing an apology and the company saying it would not sell its 2015 and 2016 diesel cars in the United States.

But that did not stop Volkswagen shares from plummeting when trading opened in Europe on Monday. And the apology has not relieved pressure on Martin Winterkorn, the Volkswagen chief executive, whom analysts said would have tough questions to answer, seeking to know when he and other top executives at the company, which is ruled from the top with Germanic precision, were aware of the diesel deception.

Adding to pressure on Volkswagen, the German government said on Monday that it would also begin an inquiry to make sure that Volkswagen and other carmakers are complying with laws on auto emissions.

The E.P.A. disclosed the yearlong series of letters with Volkswagen as part of accusations it made against the company on Friday. The agency will require the company to recall nearly half-a-million vehicles equipped with 2-liter diesel engines dating to the 2009 model year. Volkswagen also faces fines that could run into the billions of dollars.

Volkswagen shares plunged about 20 percent on Monday, as investors registered alarm at the damage the company could suffer.

Mr. Winterkorn issued an apology on Sunday, saying the company had "broken the trust of our customers and the public."

But the sophistication of the software used to manipulate emissions tests in the United States, and extensive attempts by Volkswagen to deflect official scrutiny before admitting misconduct

this month, are sure to raise questions about Mr. Winterkorn's effectiveness only months after he survived an internal power struggle.

"Either he knew, or he didn't know, which is even worse," said Ferdinand Dudenhöffer, a professor at the University of Duisburg-Essen who is a longtime Volkswagen critic. "Any politician in his situation would have to resign."

Volkswagen's supervisory board, which Mr. Winterkorn reports to, will hold a regularly scheduled meeting on Friday, and it is certain to discuss the E.P.A. action.

After being confronted last year with evidence that some diesel models did not comply with pollution standards under certain conditions, Volkswagen executives originally offered technical explanations, according to a letter of complaint sent to the company by the E.P.A. and the California Air Resources Board.

It was only on Sept. 3, according to the letters, that executives at Volkswagen of America, the company's United States unit, admitted that cars equipped with the 2-liter diesel motors contained the software.

The software measured factors such as the position of the steering wheel, the vehicle's speed and even barometric pressure to sense when the car was being subjected to testing, the E.P.A. said. The car then configured itself to reduce emissions of nitrogen oxide, a gas that is a major contributor to smog and is linked to an array of respiratory ailments including asthma, emphysema and bronchitis, the E.P.A. said on Friday.

Volkswagen is known for being a tightly controlled, autocratic organization, raising questions about how such a sophisticated system could have been installed in nearly half a million vehicles without knowledge of top management.

The plunge in Volkswagen shares was a clear indication that investors believe that company profit and sales could suffer because of the E.P.A. accusations. However, Volkswagen is relatively immune to stock market pressure because only 12 percent of its voting shares are

traded. Porsche Automobil Holding, controlled by members of the Porsche family, holds a slight majority. The state of Lower Saxony owns 20 percent and the sovereign wealth fund of Qatar owns 17 percent.

Stephan Weil, the prime minister of Lower Saxony, where Volkswagen has its headquarters and major manufacturing operations, said in a statement on Monday, "Manipulation of an emissions test is completely unacceptable and without any justification."

But Mr. Weil said consequences could be discussed only after a thorough investigation of the circumstances.

In Berlin, the government of Chancellor Angela Merkel said it would ask carmakers for information as the first step in an inquiry.

"We expect reliable information from carmakers so that the Federal Office for Vehicles can check whether similar manipulation in the exhaust systems has taken place in Germany or Europe," Andreas Kübler, a spokesman for the Environment Ministry, told reporters in Berlin.

The European Commission has contacted Volkswagen as well as the E.P.A. for details about the accusations, a commission spokeswoman said.

"It is premature to comment on whether any specific immediate surveillance measures are also necessary in Europe and whether vehicles sold by Volkswagen in Europe are also affected," the spokeswoman said in an email. "We are taking the matter very seriously."

South Korea also planned to test Volkswagen cars to make sure they were in compliance with pollution rules, according to news reports.

More than half of all vehicles sold in Europe are diesels, which are popular because they typically offer better fuel economy than gasoline. European Union pollution rules were more

favorable to diesels than United States rules, but they have been progressively tightened. The most recent standard, known as Euro 6, took effect for all new cars sold on Sept. 1.

Technology exists to reduce the amount of nitrogen oxides emitted by diesels. But the technology also tends to reduce fuel economy as well as performance. The software installed by Volkswagen on vehicles sold in the United States avoided this trade-off, which could have come as a disappointment to American customers, by scaling back pollution controls when the car was not being tested.

The accusations by the E.P.A. are a blow to Volkswagen's efforts to build up its meager market share in the United States, in part by promoting "clean diesel" technology.

The silver lining for Volkswagen, though, may be that its most profitable vehicles in the United States are Porsche and Audi cars not affected by the E.P.A. action. The cars affected are Volkswagen Golf, Jetta, Beetle and Passat models from 2009 through 2015 that are equipped with 2-liter diesel engines.

Another silver lining for Volkswagen may be that diesel powered cars account for only a tiny fraction of sales in China, which is the company's largest market.

Among Audi models, only the compact A3 is affected in the United States. The A3 accounted for less than a fifth of the 111,000 vehicles that Audi sold in the United States from January through August, and only a fraction of those A3s would have been equipped with diesels.

The E.P.A. said on Friday that Volkswagen would be required to recall the affected vehicles for repairs to make them compliant with smog regulations. Car owners would not have to pay for the repairs. Many owners may not bother, though, because the changes are likely to reduce fuel consumption and performance.

John Schilling, a Volkswagen spokesman, said on Sunday that the company would stop selling 2015 and 2016 Volkswagen and Audi models equipped with the 2-liter diesel engines, which the company had marketed as "clean diesel." The company will also stop selling used cars that have

the engines, Mr. Schilling said.

He said he did not know how many models would be stuck on dealer lots as a result of the decision. This month, Volkswagen had said that 23 percent of new cars sold in August in the United States were diesels, or 7,400 vehicles. Some diesels, such as those used in Volkswagen S.U.V.s, are not affected by the E.P.A. action.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 10:54 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

AP (via US News & World Report)

http://www.usnews.com/news/business/articles/2015/09/21/vw-stock-crashes-after-admitting-it-rigged-us-emission-tests

Faulty Tests Cost VW Billions

By FRANK JORDANS and PAN PYLAS, Associated Press

BERLIN (AP) — Around 15 billion euros ($16.9 billion) was wiped off the market value of Volkswagen AG on Monday following revelations that the German carmaker rigged U.S. emissions tests for about 500,000 diesel cars.

By midday trading in Frankfurt, Volkswagen's share price was 19.3 percent lower at a three-year low of 130.20 euros. Its dramatic fall weighed heavily on Germany's main stock index, the DAX, which underperformed its peers in Europe with a 0.6 percent decline.

Volkswagen's market woes Monday follow a weekend that saw the company's reputation for

probity seriously damaged by revelations from the Environmental Protection Agency in the U.S. that it had skirted clean air rules. All told, the EPA indicated that VW faces fines that could run up to more than $18 billion.

The EPA said VW used a device programmed to detect when the cars are undergoing official emissions testing. The software device then turns off the emissions controls during normal driving situations, allowing the cars to emit more than the legal limit of pollutants.

Volkswagen marketed the diesel-powered cars, which account for about 25 percent of sales, as being better for the environment. The cars, built in the last seven years, include the Audi A3, VW Jetta, Beetle, Golf and Passat models.

"The company will have to recall nearly 500,000 affected cars, which will cost it millions of dollars, and that's even before the damage to its brand and potential fines," said Michael Hewson, chief market analyst at CMC Markets.

The agency has ordered VW to fix the cars at its own expense but said car owners do not need to take any immediate action. The EPA insisted that the violations do not pose any safety hazard and said the cars remain legal to drive and sell while Volkswagen comes up with a plan to recall and repair them. However, it said the cars posed a threat to public health.

The EPA also indicated the scale of the fines that could be imposed on VW. It said the carmaker could be hit up to $37,500 per vehicle for the violations — a total of more than $18 billion. The California Air Resources Board is also investigating.

Volkswagen has had a difficult year, its share price having fallen from over 250 euros amid signs of faltering sales in the U.S. and China.

VW edged out Toyota to become the world's top-selling automaker the first half of 2015. But a hit to its reputation from the emissions revelations could hamper its efforts at a sales rebound in the U.S.

If other regulatory authorities decide VW has a case to answer, then the carmaker faces the potential for even bigger fines.

"The news so far revolves around the U.S. impact, but if European investigators become interested the potential penalties could multiply very quickly," said Chris Beauchamp, senior market analyst at IG.

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Washington Examiner:

http://www.washingtonexaminer.com/volkswagen-sorry-promises-probe-on-epa-violations/article/2572497

Volkswagen 'sorry,' promises probe on EPA violations

By DANIEL CHAITIN (@DANIELCHAITIN7) • 9/20/15 3:23 PM

Volkswagen apologized Sunday following allegations by the Environmental Protection Agency and the state of California that hundreds of thousands of diesel cars made by the German automaker are breaking emissions laws in the United States.

"The Board of Management at Volkswagen AG takes these findings very seriously," wrote Martin Winterkorn, CEO of Volkswagen. "I personally am deeply sorry that we have broken the trust of our customers and the public. We will cooperate fully with the responsible agencies, with transparency and urgency, to clearly, openly, and completely establish all of the facts of this case. Volkswagen has ordered an external investigation of this matter."

On Friday, the EPA and California charged Volkswagen with willfully installing software in its 4-cylinder diesel cars that would allow cars to bypass emission standards. The cars cited for violations include signature Volkswagen cars manufactured between 2009 and 2015, including the Jetta, Passat, Beetle and Golf, as well as the A3 from Audi, Volkswagen's luxury line.

All together, about 482,000 diesel passenger cars sold in the United States since 2008 are included in the allegations.

The statement promises that Volkswagen will "re-establish trust" it may have lost and that the company will reverse any damage done.

"We do not and will not tolerate violations of any kind of our internal rules or of the law," Winterkorn added.

The EPA issued a notice of violation to Volkswagen, while the state of California sent an In-Use Compliance letter. Both the EPA and the California Air Resources Board are conducting separate investigations into the alleged misbehavior.

Recalls are likely, and the combined fines could add up to $18 billion if the result of the investigations support the allegations.

The EPA alleges that the Volkswagen cars are fitted with software to trick emission testers, but that under normal operation emit nitrogen oxides at up to 40 times the standard. Under the Clean Air Act, such an instrument is classified as a "defeat device."

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, EPA assistant administrator for the Office of Enforcement and Compliance Assurance. "Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters."

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The Epoch Times:

http://www.theepochtimes.com/n3/1755607-volkswagen-circumvents-epa-rule-its-not-the-first-time/

Volkswagen Skirts EPA Rules; It's Not the First Time

By Arleen Richards

Volkswagen Group of America admitted to sidestepping clean air standards after the EPA and California's clean air watchdog confronted the German automaker with evidence of high in-use emissions from light-duty diesels.

On Friday, Sept. 18, the EPA slapped VW with a notice of violation for using sophisticated software to circumvent national emissions standards. The software, which the EPA calls a "defeat device," is designed to implement full emissions control systems when the car is undergoing state emissions testing. During normal driving, the emissions control is turned off, permitting the significantly harmful diesel fumes to be expelled—40 times more than allowed under the Clean Air Act. VW and the California Air Resources Board (CARB) have both initiated investigations.

Volkswagen CEO Dr. Martin Winterkorn, on Sunday, apologized for breaking the public's trust and vowed to cooperate fully with agency investigations.

He ordered an internal investigation, saying in a statement, "We do not and will not tolerate violations of any kind of our internal rules or of the law."

But this episode is not the first time the EPA or CARB has had run-ins with VW. In the past, both agencies charged VW with similar violations, which resulted in penalties.

Defective Oxygen Sensors

VW previously failed to report its discovery of emission defects in at least 329,000 of its 1999,

2000, and 2001 Golf, Jetta, and New Beetle vehicles.

In May 2001, after conducting a random test, the EPA identified a problem with tailpipe emissions in the 1999 model vehicles caused by a failed oxygen sensor. It turns out, VW knew about the problem for a year already—since it had received numerous warranty claims associated with cracked oxygen sensors—but failed to report it. According to the Clean Air Act, any emission-related defect found in 25 vehicles or engines of the same model year has to be reported within 15 days.

VW spent $26 million in January 2002 to recall all the vehicles and replace or repair the part. Another estimated $660,000 was spent on an enhanced defect tracking system.

The EPA finally settled its case with VW in 2005, penalizing the delinquent car maker $1.1 million.

The state of California has been working closely with the EPA in testing VW cars and issued a separate notice of violation to VW in the current case.

California has been a leader in clean energy investments and set the stage in 2006 for transitioning to a sustainable, low-carbon future with the passage of AB 32, a law requiring sharp reduction in greenhouse gases. Since then, several legislative initiatives have been implemented to build the next generation of clean, fuel-efficient cars.

The CARB implements the state's vehicle regulations through a vigorous certification process, as well as compliance and enforcement programs. It regularly tests vehicles to ensure compliance with air quality standards.

In 2004, VW settled a case with CARB for $552,500 for selling cars in California that had not been properly certified. VW admitted to selling 84 new 2002 vehicles from several retail locations throughout the state, attributed to an error in its electronic ordering system.

The EPA is expected to compel VW to issue a recall notice in order to remedy the current emissions problem, which could take up to a year after identifying the appropriate corrective action and a recall plan.

Jalopnik:

http://jalopnik.com/volkswagen-tells-dealers-to-halt-sales-of-new-tdi-cars-1731923302

Volkswagen Tells Dealers To Halt Sales Of New TDI Cars Amid Diesel Cheating Scandal

Alanis King

Following the government investigation of Volkswagen's diesel emissions, The Detroit News reports the automaker ordered its U.S. dealerships to halt sales of new 2016 and remaining 2015 TDI car models with 2.0-liter diesel engines.

According to the Environmental Protection Agency and California Air Resources Board, VW dodged federal emissions requirements for some 482,000 of its diesel cars — including the Passat, Jetta, Golf, Beetle, SportWagens and Audi A3 — manufactured from 2009 to 2015. The models contain a "defeat device" which exists to detect when the car is under testing conditions, allowing for it to activate the full emissions-control systems only in those circumstances.

In other words, environmental officials say that the street cars are emitting between 10 and 40 times the amount of allowable nitrogen oxide pollution, which is not only illegal but harmful to both the environment and public.

The EPA is taking action on 2016 diesel models. Christopher Grundler, director of the EPA Office of Transportation of Air Quality, said that the government will not grant VW a "certificate of conformity" to sell the 2016 models with 2.0-liter diesel engines, meaning they cannot be sold.

VW dealers have been waiting for the 2016 models to replenish showrooms. Most U.S. VW dealers don't have any remaining 2015 diesel cars to sell.

VW is barred from selling 2016 model vehicles with the 2.0 liter diesel engine until "they get answers to the questions of how these vehicles are being operated. Volkswagen couldn't explain why we're getting these excess emissions," Grundler said.

Meanwhile, whatever 2015 models remain on lots have also been ordered not to be sold. As Automotive News notes, four-cylinder TDI models account for 20 to 25 percent of VW's U.S. sales, so this is going to hurt.

In addition, VW has ordered an outside investigation to find out what happened and "reverse the damage this has caused," CEO Martin Winterkorn said in an apologetic statement.

According to the EPA, the agency is now checking to see if other automakers are bypassing the laws on diesel engines as well.

While no official recall is underway just yet, the News reports:

EPA said VW violated federal law and, in theory, could face fines of up to $18 billion — $37,500 per vehicle — as well as criminal prosecution. Both agencies issued notices of non-compliance to VW Friday, a step necessary before ordering a recall.

The EPA will not take action to stop VW owners from driving their personal cars until a solution is made available, but VW did remove its "clean diesel" advertisements from YouTube and television.

CBC News (Canada):

http://www.cbc.ca/news/business/volkswagen-emissions-rigging-1.3236548

Volkswagen shares plunge on emissions rigging scandal

Consumer Reports suspends 'recommended' rating for Jetta and Passat diesels

CBC News Posted: Sep 21, 2015 9:00 AM ET Last Updated: Sep 21, 2015 9:00 AM ET

Volkswagen's CEO apologized but investors were not in a forgiving mood as the company's stock plunged almost 20 per cent Monday following revelations late last week that the automaker had rigged emissions tests for almost 500,000 diesel cars in the U.S.

"I personally am deeply sorry that we have broken the trust of our customers and the public," Martin Winterkorn said in a weekend statement.

On Friday, the U.S. Environmental Protection Agency (EPA) revealed that half a million diesel-powered VWs had been programmed to bypass emission controls except during emissions tests. The cars include the Audi A3, VW Jetta, Beetle, Golf and Passat models made in the last seven years.

The EPA ordered VW to fix the cars and VW said it would co-operate with regulators. But the damage to the automaker's image is nothing less than catastrophic.

VW had marketed its diesel-powered cars as being better for the environment. The Associated Press reports, citing an anonymous source with knowledge of the matter, that VW has told dealers to stop selling its 2015 diesel cars with 2.0-litre engines.

The EPA said the VW cars under investigation seemed to pass emissions tests, but in the real world, were actually emitting up to 40 times the national standard for nitrogen oxide, which is

linked to asthma and lung illnesses.

Consumer Reports announced it would remove its "recommended" rating from the Jetta and Passat diesels until it can retest the vehicles.

VW could face fines of up to $18 billion US, according to the EPA.

Volkswagen shares plunged 19.4 per cent in Monday trading in Germany, chopping $21 billion Cdn from the market value of the company.

"The company will have to recall nearly 500,000 affected cars, which will cost it millions of dollars, and that's even before the damage to its brand and potential fines," said Michael Hewson, chief market analyst at CMC Markets.

Diesel-powered models account for about a quarter of VW's sales.

Impact in Canada unclear

At this point, it isn't clear what the revelations mean for owners of VW diesels in Canada. Volkswagen Canada told CBC News on Friday that it first learned of the EPA action earlier that morning. It said it would co-operate with Environment Canada "to understand the implications for the Canadian market and what actions, if any, may be required in Canada."

Environment Canada, for its part, said it was in talks with the EPA "to further examine this issue and assess potential implications for Canada." Environment Canada also said it collaborates on emissions verification activities with the U.S. EPA "to ensure our common environmental outcomes are achieved," and pointed out that its emissions standards are aligned with U.S. standards.

The EPA and Environment Canada both stressed that the effectiveness of a vehicle's air pollutant control devices is not a safety issue. The cars remain legal to drive.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 10:35 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

NY Times:

http://www.nytimes.com/2015/09/21/business/international/volkswagen-chief-apologizes-for-breach-of-trust-after-recall.html?_r=0

Volkswagen to Stop Sales of Diesel Cars Involved in Recall

By JACK EWING and CORAL DAVENPORTSEPT. 20, 2015

FRANKFURT — Volkswagen said on Sunday that it would halt sales of cars in the United States equipped with the kind of diesel motors that had led regulators to accuse the German company of illegally installing software to evade standards for reducing smog.

John Schilling, a Volkswagen spokesman, said that the company would stop selling 2015 and 2016 Volkswagen and Audi models equipped with 4-cylinder turbo diesel engines, which the company has marketed as "clean diesel." The company will also stop selling used cars that have the engines, Mr. Schilling said.

He said he did not know how many models would be stuck on dealer lots as a result of the decision. Earlier this month, Volkswagen had said that 23 percent of new cars sold in August in the United States were diesels, or 7,400 vehicles.

The confirmation of the halt in sales came on the same day that Martin Winterkorn, the chief executive of Volkswagen, apologized for conduct that prompted the Environmental Protection Agency to order Volkswagen to recall nearly half a million vehicles.

An employee on the Audi A3 limousine. The recall involves four-cylinder Volkswagen and Audi vehicles from the model years 2009 to 2015. Credit Szilard Koszticsak/European Pressphoto Agency

Volkswagen could face billions of dollars in fines for what the E.P.A. said was a deliberate attempt to evade rules on emissions. The decision to stop sales was first reported by The Wall Street Journal.

"I personally am deeply sorry that we have broken the trust of our customers and the public," Mr. Winterkorn said in a statement.

He said the company would "cooperate fully" with the authorities and order its own independent investigation into the accusations.

In his statement, Mr. Winterkorn did not contest assertions by the E.P.A. that Volkswagen sold cars equipped with software that could detect when periodic state government emissions testing was taking place.

Only during such tests are the cars' full emissions control systems turned on. During normal driving situations, the controls were turned off, allowing the cars to spew as much as 40 times the pollution allowed under the Clean Air Act, the E.P.A. said.

Diesel-driven cars have enjoyed something of a renaissance in recent years, shedding much of their old stigma for being dirty, clanky and sluggish to drive, said Karl Brauer, an analyst at Kelley Blue Book. And in the United States, he said, Volkswagen has clearly led the pack — offering diesel vehicles that performed just like their gasoline counterparts.

"Now, we have to wonder if the technology really advanced as far as we thought at VW," Mr. Brauer said. "They must have had a problem making it work in a way that delivered truly clean diesel. At least clean enough to meet the regulations."

Mr. Brauer said the higher nitrous oxide emissions probably allowed better drivability. Fuel economy also improves with more nitrous emissions, and engines can run cooler, and thus wear out more slowly.

"They must have had a mix of performance, economy and durability that they liked, but realized they couldn't achieve that and still get the emissions," he said.

Diesels in particular are known — and marketed — these days as having tremendous torque, or low-end thrust from a stop. If achieving the required emissions affected the torque, making it anemic, then "drivers are going to scratch their heads, thinking, isn't this why I got a diesel?" Mr. Brauer said.

Volkswagen was going through a difficult period even before the accusations became public on Friday. Mr. Winterkorn recently survived a power struggle with the chairman of Volkswagen's supervisory board, Ferdinand Piëch, a scion of the Porsche family who dominated the company for more than two decades before resigning in April.

Following Mr. Piëch's departure, some analysts have raised questions about whether Mr. Winterkorn would be strong enough to hold together the sprawling Volkswagen empire, which also includes Audi and Bentley luxury cars, Porsche and Lamborghini sports cars, Scania and MAN heavy trucks, and Ducati motorcycles.

Although Volkswagen recently surpassed Toyota as the world's biggest automaker measured by the number of cars sold, it is significantly less profitable than its Japanese rival and far weaker in the United States market.

A push by Volkswagen to increase sales in the United States, which included building a factory in Chattanooga, Tenn., to produce Passat sedans, has fallen short.

"For Volkswagen, it's a huge scandal," said Ferdinand Dudenhöffer, a professor at the University of Duisburg-Essen, who follows the automobile industry. "The timing is extremely unfortunate."

Professor Dudenhöffer said the case could damage all German automakers, which have tried to build acceptance in the United States for diesel engines, a sector in which they believe they have a technological lead.

Until recently, Professor Dudenhöffer said, the United States applied stricter standards to diesel engines than those applied by European regulators. But the European authorities, concerned about the health effects of diesel pollution, have tightened standards, prompting complaints from the auto industry.

Professor Dudenhöffer said that as a result of the E.P.A. action, Mr. Winterkorn could come under pressure to resign.

"Winterkorn was already damaged," Professor Dudenhöffer said. "Now there is an accusation of illegal behavior. This story is not over."

E.P.A. officials issued the car company a notice of violation and said it had admitted to the use of a so-called defeat device.

The recall involves 4-cylinder Volkswagen and Audi vehicles from the model years 2009 to 2015.

The software was designed to conceal the cars' emission of nitrogen oxide, a pollutant that contributes to the creation of ozone and smog, which are linked to a range of health problems,

including asthma attacks, other respiratory diseases and premature death.

Disengaging the pollution controls on a diesel-fueled car can yield better performance, including increased torque and acceleration.

California has issued a separate notice of violation to the company. California, the E.P.A. and the Justice Department are working together on an investigation of the allegations.

Over the next year, E.P.A. officials said, owners of the affected vehicles should expect to receive recall notices from Volkswagen, including information about how to get their cars repaired at no cost to them. The recall covers roughly 482,000 diesel passenger cars sold in the United States since 2009.

Affected diesel models include the 2009-15 Volkswagen Jetta, 2009-15 Beetle, 2009-15 Golf, 2014-15 Passat and 2009-15 Audi A3.

The American investigation could ultimately result in fines or penalties for the company. Under the terms of the Clean Air Act, the Justice Department could impose fines of as much as $37,500 for each recalled vehicle, for a possible total penalty of as much as $18 billion.

The notice of violation came days after the company promoted plans at the Frankfurt International Motor Show to introduce 20 plug-in hybrid or all-electric vehicles by 2020 as part of a campaign to reduce vehicle emissions.

Mr. Winterkorn said in his statement on Sunday that Volkswagen would "do everything necessary in order to reverse the damage this has caused."

"This matter has first priority for me, personally," he said, "and for our entire board of management."

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Financial Times:

http://www.ft.com/intl/cms/s/0/c4f4745c-5f98-11e5-9846-de406ccb37f2.html#axzz3mNpq5JFM

VW apologises for cheating US car exhaust emissions tests

Andy Sharman in London

The chief executive of Volkswagen has apologised and ordered an external investigation into findings that the carmaker cheated on US emissions tests to make its vehicles appear less polluting.

In a statement on Sunday, Martin Winterkorn, chief executive of the German carmaker, said the board of management took the findings "very seriously".

He added: "I personally am deeply sorry that we have broken the trust of our customers and the public. We will co-operate fully with the responsible agencies, with transparency and urgency, to clearly, openly and completely establish all of the facts of this case."

The Environmental Protection Agency on Friday said diesel variants of several VW and Audi models sold in the US over six years — including the VW Passat, Beetle and Audi A3 — had been fitted with sophisticated algorithms designed to deceive the laboratory testing regime.

The authorities ordered VW to recall 482,000 cars because of the use of so-called defeat devices — which use software to detect when the car is being tested and runs treatments to reduce nitrogen oxides. Once out on the road, the cars were discovered to produce pollutants up to 40 times the legal limits.

The discovery leaves the German carmaker — which has admitted to using the defeat devices — potentially facing billions of dollars in fines and warranty costs, possible criminal charges for executives and class-action lawsuits from US drivers.

Mr Winterkorn did not say who would be carrying out the external investigation, and the company declined to provide further details.

It was Mr Winterkorn's first formal statement on an issue that also threatens to seriously undermine its attempts to turnround its sputtering performance in the US.

Max Warburton, analyst at Bernstein Research, said: "The best case for VW is probably still a multibillion-dollar fine, pariah status in the US with government — and possibly consumers — [and] damage to its leading position in diesel in the US."

VW now has to initiate a process to fix the cars' emissions systems, though the EPA has said the violations do not present a safety hazard and the vehicles remain legal to drive and resell. Owners of cars of models covering the 2009-2015 period do not need to take any action, the agency said.

I personally am deeply sorry that we have broken the trust of our customers and the public. We will co-operate fully with the responsible agencies, with transparency and urgency, to clearly, openly, and completely establish all of the facts of this case

- Martin Winterkorn, VW chief

In addition to the costs of the recall campaign, VW could theoretically also face fines of up to $37,500 per vehicle — a total of more than $18bn — though analysts have said VW is likely to face a much lower penalty.

The case is a rare but not unique example of this type of manipulation by the motor industry. In 1998, a group of truckmakers including Navistar, Renault and Volvo paid more than $1bn to resolve claims they installed defeat devices on heavy duty diesel engines. These devices allowed

an engine to pass the emissions test, but then turn off emission controls when on the road, the EPA said at the time.

The EPA has been active in the past year, securing a record $300m settlement with Hyundai and Kia over claims the Korean affiliates overstated the fuel economy of their cars.

The Guardian:

http://www.theguardian.com/business/2015/sep/20/vw-software-scandal-chief-apologises-for-breaking-public-trust

VW software scandal: chief apologises for breaking public trust

Martin Winterkorn orders external investigation after US regulators found cars gave inaccurate data on toxic emissions

Volkswagen has ordered an external investigation after US regulators found that the carmaker designed software for close to half a million diesel cars that gave false emissions data, its CEO said, adding he was "deeply sorry" for the violation of US rules.

"I personally am deeply sorry that we have broken the trust of our customers and the public," Martin Winterkorn said in a statement published on Sunday by the carmaker on Sunday. "Volkswagen has ordered an external investigation of this matter."

The US Environmental Protection Agency (EPA) said on Friday the software deceived regulators measuring toxic emissions, adding that Volkswagen could face fines of up to $18bn (£11.5bn) as a result. The carmaker could face penalties of $37,500 for each car not in compliance with clean air rules. The diesel-powered models from 2009-2015 are the VW Jetta, Beetle and Golf, the Passat model from 2014-15, and the Audi A3 from 2009 to 2015.

"We do not and will not tolerate violations of any kind of our internal rules or of the law," said Winterkorn, adding the company was fully co-operating with the relevant agencies. He gave no details on who would carry out the external investigation.

Cynthia Giles, an enforcement officer at the EPA, said on Friday that the cars in question "contained software that turns off emissions controls when driving normally and turns them on when the car is undergoing an emissions test".

"VW was concealing the facts from the EPA, the state of California and from consumers. We expected better from VW," she said. "Using a defeat device in cars to evade clean air standards is illegal and a threat to public health."

The EPA accused Volkswagen of using the device in 482,000 four-cyclinder Volkswagen and Audi diesel cars in the US since 2008. VW must recall all the cars, remove the defeat device and improve the cars' NOx emissions, which creates smog and has been linked to increased asthma attacks and other respiratory illnesses.

The feature, which the EPA called a defeat device, masks the true emissions only during testing and therefore when the cars are on the road they emit as much as 40 times the level of pollutants allowed under clean air rules meant to ensure public health is protected, said Giles.

Volkswagen suspended sales of cars containing the company's four-cylinder turbo direct injection (TDI) engine on Friday in light of the investigation. The "clean diesel" engine is commonly used in models including VW's Beetle, Golf, Jetta, Passat and the A3 luxury compact made by VW-owned Audi.

Richard Corey, executive officer of the California Air Resources Board (Carb), said on Friday: "Our goal now is to ensure that the affected cars are brought into compliance, to dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules, and to take appropriate further action."

The EPA and Carb discovered the defeat device software following independent analysis by

researchers at West Virginia University, who were promoted into action by the International Council on Clean Technology, an NGO.

When confronted with the EPA and Carb's evidence, VW admitted that its cars were fitted with the defeat device.

The crackdown on Volkswagen comes as the Obama administration is attempting to cut air pollution from an array of sources, including the vehicle industry, power plants and oil and natural-gas providers. The EPA set new carbon rules for big trucks earlier this year and has told all vehicle makers they must sell light vehicles averaging 54.5 miles a gallon by 2025.

In Europe, new laws have forced manufacturers to test their cars under real world conditions and not in laboratories, helping to reduce unrealistic claims about emissions. By 2017 all new cars will have to be more stringently tested, effectively ending an era when car makers could exaggerate the performance of their machines.

UK car industry group the SMMT claims that, because of European legislation to cut tailpipe pollution, Britain's air quality is better now than it has been for centuries.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 10:26 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

The Hill:

http://thehill.com/policy/energy-environment/254323-volkswagen-head-apologizes-for-epa-accusations

Volkswagen head apologizes after EPA accusations

By Timothy Cama - 09/20/15 01:28 PM EDT

The head of German automaker Volkswagen Group apologized Sunday after allegations surfaced that his company deliberately tried to evade United States air pollution laws.

Martin Winterkorn, the company's chief executive officer, said he was "deeply sorry" for violating the trust of customers and the public, and said that Volkswagen had ordered an external investigation into the matter.

Volkswagen faces up to $18 billion in fines for the violations under the Clean Air Act, under which the Environmental Protection Agency (EPA) sets air pollution rules for motor vehicles.

"We will cooperate fully with the responsible agencies, with transparency and urgency, to clearly, openly, and completely establish all of the facts of this case," Winterkorn said in a Sunday statement

"We do not and will not tolerate violations of any kind of our internal rules or of the law."

Winterkorn stopped short of admitting to the EPA's allegations.

On Friday, the EPA said it had discovered that about 482,000 diesel vehicles sold by VW and its subsidiary Audi in the United States had "defeat devices" that detect when the vehicle is undergoing an EPA emissions test and turn on equipment that controls output of nitrogen oxides to acceptable levels.

At all other times, the EPA said, the vehicles emitted more pollutants, sometimes exceeding allowable volumes by 40 times.

The agency has not yet officially charged Volkswagen with any civil or criminal penalties, nor did it order any recalls of the affected vehicles. California, which has its own emissions regulations, is also accusing the company of violating air rules.

"We at Volkswagen will do everything that must be done in order to re-establish the trust that so many people have placed in us, and we will do everything necessary in order to reverse the damage this has caused," Winterkorn said, adding that the issue is the top priority for him and the entire management team.

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Reuters:

http://www.reuters.com/article/2015/09/21/usa-volkswagen-idUSL1N11R0L020150921

Volkswagen could face $18 billion penalties from EPA

WASHINGTON | BY TIMOTHY GARDNER

Volkswagen AG could face penalties up to $18 billion after being accused of designing software for diesel cars that deceives regulators measuring toxic emissions, the U.S. Environmental Protection Agency said on Friday.

"Put simply, these cars contained software that turns off emissions controls when driving normally and turns them on when the car is undergoing an emissions test," Cynthia Giles, an enforcement officer at the EPA, told reporters in a teleconference.

Volkswagen can face civil penalties of $37,500 for each vehicle not in compliance with federal clean air rules. There are 482,000 four-cylinder VW and Audi diesel cars sold since 2008 involved in the allegations. If each car involved is found to be in noncompliance, the penalty could be $18 billion, an EPA official confirmed on the teleconference.

A U.S. Volkswagen spokesman said the company "is cooperating with the investigation; we are unable to comment further at this time."

The feature in question, which the EPA called a "defeat device," masks the true emissions only during testing and therefore when the cars are on the road they emit as much as 40 times the level of pollutants allowed under clean air rules meant to ensure public health is protected, Giles said.

The EPA accused Volkswagen of using software in four-cylinder Volkswagen and Audi diesel cars from model years 2009 to 2015 made to circumvent emissions testing of certain air pollutants.

The cars are not facing recall at this time, the EPA said.

The diesel-powered vehicles involved from the 2009 to 2015 model years are the VW Jetta, VW Beetle, VW Golf and the Audi A3, as well as the VW Passat from model years 2014 and 2015.

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Christian Post:

http://www.christianpost.com/news/volkswagen-to-recall-almost-500000-cars-in-the-us-over-epa-violation-145778/

Volkswagen to recall almost 500,000 cars in the US over EPA violation

BY LORRAINE CABALLERO , CHRISTIAN POST CONTRIBUTOR

Volkswagen will recall almost 500,000 vehicles released from 2009 to 2015 in the United States after the carmaker allegedly violated the law by using illegal software, which helped it go past environmental restrictions.

The Environmental Protection Agency (EPA) said Volkswagen broke the law by installing a "defeat device" in Volkswagen and Audi units with four-cylinder turbo diesel engines released from the year 2009 to 2015. Under normal driving conditions, the emission control devices installed in the said cars worked with reduced efficacy, according to the Dispatch Times.

In the wake of the violation, Volkswagen chief executive Martin Winterkorn delivered a statement apologizing to their customers and vowing to cooperate with EPA's investigation. However, he did not deny the allegations regarding the illegal software, the International Business Times reports.

"I personally am deeply sorry that we have broken the trust of our customers and the public," said Winterkorn in his statement.

Because of the notice of violation from the EPA, Volkswagen is now facing penalties amounting to more than $18 billion, or around $37,500 per unit, based on the U.S.A. federal Clean Air Act. EPA and CARB discovered the illegal software after researchers at the West Virginia University conducted an independent study in cooperation with the global Council on Clean Transportation, the report adds.

Volkswagen has been struggling to sell cars in the United States because of the rising cases of asthma and other respiratory illnesses caused by air pollutants. The diesel vehicles affected by the recall were being counted on to pull up the company's sales in the United States.

Based on the findings of the EPA, Volkswagen had included a certain algorithm in the cars' emissions software that could detect when an emission test is being conducted.

Owners of the diesel cars affected by the recall will be notified by Volkswagen by next year, EPA said. Until Consumer Reports can "retest" the said cars, the recommended rating for the Passat, Jetta, Golf, Beetle, and Audi A3 luxury compact will remain on hold, the report relays.

From: Gong, Kristiene
Sent: Monday, September 21, 2015 10:14 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/21/2015

AP (via Boston Globe):

https://www.bostonglobe.com/business/2015/09/20/chief-sorry-after-epa-says-firm-skirted-clean-air-law/3NNTCf2cVxUI1qYNBfMe7L/story.html

Volkswagen chief apologizes for rigging tests of emissions

By Paul Wiseman and Tom Krisher ASSOCIATED PRESS SEPTEMBER 21, 2015

WASHINGTON — The chief executive of Volkswagen apologized Sunday and VW customers said they felt duped after the Environmental Protection Agency revealed that the German automaker had skirted clean air rules by rigging emissions tests for about 500,000 diesel cars.

''I personally am deeply sorry that we have broken the trust of our customers and the public,'' Volkswagen chief Martin Winterkorn said in a statement. He said VW has ordered an investigation and promised that the company would cooperate with regulators.

On Friday, the EPA said VW used software that allowed its diesel cars to release fewer smog-causing pollutants during tests than in real-world driving conditions.

The cars, built in the last seven years, include the Audi A3, VW Jetta, Beetle, Golf, and Passat models. The agency ordered VW to fix the cars at its own expense. VW also faces fines that could add up to billions of dollars.

VW edged out Toyota to become the world's top-selling automaker in the first half of 2015. But a hit to its reputation from the emissions revelations could hamper its efforts at a sales rebound in the United States. Between 2013 and 2014, VW sales plummeted 10 percent, even as overall industry sales rose 6 percent. US buyers want SUVs, and Volkswagen doesn't have competitive vehicles to offer them.

The magazine Consumer Reports almost immediately suspended its ''recommended'' rating on the Jetta and Passat diesels until it can get recall repairs and retest the cars.

Volkswagen marketed the diesel-powered cars, which account for about 25 percent of its sales, as being better for the environment. After the EPA acted, VW withdrew ads for its diesel cars from Youtube.com and asked dealers to stop selling 2015 diesel cars with 2.0-liter engines, according to a person familiar with the matter.

Some VW customers were furious.

Zeeshan Shah, 39, of Fulton, Md., said that he bought a Volkswagen Diesel Passat 2015 in July after he totaled his Jetta two years ago.

''The selling point" for the Diesel Passat was that the technology was so good, he said. Now, Shah plans to return the car back to the dealer to have it examined and doesn't want to buy another Volkswagen. ''Once they cheat you on this issue, what other issues can they cheat you on?'' he said. ''You don't trust them.''

John German, senior fellow at the International Council on Clean Transportation, the group that blew the whistle on VW, said it didn't expect to find any violators when it contracted with West Virginia University to test cars with diesel engines.

The council, a research group that helps governments write regulations, did the US tests in an effort to show that automakers were complying with US nitrogen oxide emissions standards,

which are stricter than in other countries, he said.

The EPA said VW faces fines of up to $37,500 per vehicle for the violations, a total of more than $18 billion.

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WSJ:

http://www.wsj.com/articles/volkswagen-ceo-apologizes-after-epa-accusations-1442754877

Volkswagen Halts U.S. Sales of Certain Diesel Cars

Auto maker also begins external probe after EPA accuses company of dodging emissions rules

By WILLIAM BOSTON, AMY HARDER and MIKE SPECTOR

Updated Sept. 20, 2015 8:57 p.m. ET

Volkswagen AG's crisis over allegedly cheating on U.S. emissions tests deepened, with the German auto maker halting American sales of popular diesel-powered cars and issuing a sweeping apology for violating customers' trust.

It also launched an external investigation. Shares in the company slumped more than 20% in early trading Monday in response to the crisis.

The company could face billions of dollars in fines and the crisis could further weaken Volkswagen Chief Executive Martin Winterkorn's position. He narrowly survived efforts by a major shareholder to oust him earlier this year and was passed over for the chairman's job, the company's top post, this month.

"I personally am deeply sorry that we have broken the trust of our customers and the public,"

Mr. Winterkorn said in a statement issued by the company on Sunday, adding that VW is cooperating with authorities and has commissioned an external probe.

The U.S. is crucial in Volkswagen's efforts to become the world's leading auto maker by sales. The German company has built its campaign to grow in the U.S. market on a promise that its clean-diesel engines deliver better performance and low emissions. It is neck-and-neck with reigning sales leader Toyota Motor Corp. and overtook the Japanese car maker during the first half of this year. But the emissions test probes could stall its progress.

Even prior to the emissions issue, the auto maker's namesake Volkswagen brand has been battling declining sales in the U.S. market. And Audi AG, its luxury car maker, is finding it hard to catch up in the U.S. with rivals BMW AG and Daimler AG, which makes Mercedes-Benz vehicles.

On Friday, the U.S. Environmental Protection Agency and the California Air Resources Board alleged that Volkswagen used software, dubbed a "defeat device," in the cars to make diesel-powered engines appear to have lower levels of emissions than they actually did.

About 482,000 Volkswagen diesel-powered cars were affected.

The EPA probe could force Volkswagen and its Audi unit to recall thousands of vehicles that contain the company's "clean diesel" engines. The four-cylinder 2.0-liter turbo direct injection, or TDI, engine is commonly found in Volkswagen's Passat, Jetta, Golf, Beetle and in Audi's A3 luxury compact model.

A Volkswagen spokesman on Sunday said the auto maker halted the sale of all 2015 and 2016 models containing the four-cylinder 2.0 liter TDI engine. The EPA investigation affects cars sold since 2008. The company hasn't issued a recall, the spokesman said.

Realization that Volkswagen may have cheated to get better emissions results could undermine its U.S. recovery and further weaken its shares, which are down 37% from their peak on March 16, said analysts.

"There is no way to put an optimistic spin on this—this is really serious," said Max Warburton, an analyst with Bernstein Research. "The best case for VW is probably still a multi-billion dollar fine."

Consumer Reports, an influential magazine when it comes to car reviews, last week suspended "recommended" ratings on the auto maker's Jetta and Passat diesel-engine models after the EPA disclosed its allegations. Consumer Reports said the recommendations would be suspended until it can retest the vehicles once they are repaired. The magazine said it would then assess whether the cars' fuel economy worsened.

A production line at a Volkswagen plant in Wolfsburg, Germany. ENLARGE

A production line at a Volkswagen plant in Wolfsburg, Germany. PHOTO: REUTERS

Laurie Cleveland, a 54-year-old English teacher from Lowville, N.Y., said she bought a new 2015 VW Passat TDI over the Labor Day weekend. She isn't sure what to do now. She said it is her fourth Volkswagen diesel car since 2006.

"I feel like I've been deceived," she said. "I'm a person who likes to be environmentally friendly," she added.

Mr. Winterkorn on Sunday vowed to do "everything necessary" to regain public trust in the company.

"We do not and will not tolerate violation of any kind of our internal rules or of the law," he said. "This matter has first priority for me."

U.S. officials said Volkswagen violated two parts of the federal Clean Air Act and could face fines of as much as $37,500 per car, or more than $18 billion. It remained unclear whether the government would seek such an onerous penalty.

The EPA in November 2014 hit South Korean auto makers Hyundai Motor Co. and Kia Motors Corp. with a record $100 million penalty for overstating fuel-economy claims and forced the companies to cough up another $200 million in regulatory credits.

The EPA has said the vehicles remain safe and legal to drive. The agency is working with the Justice Department and an investigation is continuing.

Officials alleged that Volkswagen used software that activates full emissions controls only during testing but then reduces their effectiveness during normal driving. The result is that cars can emit nitrogen oxides at up to 40 times the allowable standard, the agency said. Diesel-powered cars are a small part of overall U.S. car and light-truck sales.

Experts say that the software enables cars to get better fuel economy at the expense of higher nitrogen-oxide emissions, which was likely one reason VW was using them, according to Margo Oge, who recently retired as director of the EPA's Office of Transportation and Air Quality after more than 30 years at the agency.

Volkswagen's apparent motivations on the emissions tests were unclear. An EPA spokeswoman has said it would be "premature to speculate on why VW did this."

A Volkswagen spokesman in Wolfsburg, Germany, on Sunday said, "We are now in the investigation phase and have no comment beyond what is in the statement that we published today."

California is separately investigating the auto maker.

The International Council on Clean Transportation, a nonprofit research organization that works with governments to cut air pollution from mobile sources, and West Virginia University researchers uncovered Volkswagen's alleged use of defeat devices in research and testing over the last couple of years.

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Reuters:

http://www.reuters.com/article/2015/09/20/us-usa-volkswagen-ceo-idUSKCN0RK0IK20150920

Volkswagen to halt U.S. sales of some 2015 diesel cars

FRANKFURT/HAMBURG | BY CHRISTOPH STEITZ AND JAN SCHWARTZ

Volkswagen (VOWG_p.DE) told U.S. dealers to halt sales of some 2015 diesel cars after regulators found software it designed for the affected vehicles gave false emissions data, the company said Sunday, announcing it had launched an investigation.

In a statement published by the carmaker on Sunday, Chief Executive Officer Martin Winterkorn said, "I personally am deeply sorry that we have broken the trust of our customers.

"Volkswagen has ordered an external investigation of this matter," he said.

The U.S. Environmental Protection Agency (EPA) said on Friday the software deceived regulators measuring toxic emissions, adding that Volkswagen could face fines of up to $18 billion as a result.

The Detroit News reported late Friday that VW dealers still had some 2015 diesel Jetta, Passat and Beetle cars for sale.

A VW representative on Sunday confirmed the partial halt of sales of the affected vehicles but did not give any numbers.

Winterkorn said, "We do not and will not tolerate violations of any kind of our internal rules or of the law," adding that the company was fully cooperating with the relevant agencies.

He gave no details on who would carry out the external investigation.

"This is not your usual recall issue, an error in calibration or even a serious safety flaw," Bernstein analysts wrote in a note on Sunday. "There is no way to put an optimistic spin on this - this is really serious."

Cynthia Giles, an enforcement officer at the EPA, said on Friday the cars in question "contained software that turns off emissions controls when driving normally and turns them on when the car is undergoing an emissions test".

The feature, which the EPA called a "defeat device," masks the true emissions only during testing. When the cars are on the road, they emit as much as 40 times the level of pollutants allowed under clean air rules meant to ensure public health is protected, Giles said.

"We have admitted to it to the regulator. It is true. We are actively cooperating with the regulator," a Volkswagen spokesman said on Sunday.

Volkswagen could face civil penalties of $37,500 for each vehicle not in compliance with federal clean air rules. Some 482,000 four-cylinder VW and Audi diesel cars sold since 2008 are involved in the allegations.

If each car involved is found to be in noncompliance, the penalty could be $18 billion, an EPA official confirmed during the telephone conference on Friday.

Volkswagen peer Daimler, meanwhile, signaled it may not be subject to the same violation.

"I have a rough idea of what is happening and that it does not apply to us," Daimler Chief Executive Dieter Zetsche said on Sunday at an event in Hamburg.

"But it is much too early to make a final statement on this," he added.

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USA Today:

http://www.usatoday.com/story/money/cars/2015/09/20/volkswagen-ceo-martin-winterkorn-apologizes-epa-clean-air-act-emissions-violations/72519678/

Volkswagen issues sales halt; CEO apologizes on emissions cheating

Nathan Bomey, USA TODAY 8:02 a.m. EDT September 21, 2015

Volkswagen has admitted cheating U.S. diesel emissions tests, sending company shares plunging as much as 23 percent in Frankfurt and potentially leaving the company open to billions of dollars in fines. Bloomberg

Martin Winterkorn ordered an external investigation after the EPA disclosed the violations.

Volkswagen's CEO said he is "deeply sorry" for violating U.S. emissions standards and ordered an external investigation Sunday, two days after the Environmental Protection Agency (EPA) accused the automaker of purposefully manipulating emissions tests for almost 500,000 vehicles.

The German automaker ordered its U.S. dealerships to stop selling cars impacted by the probe until its engineers can deliver a fix.

The EPA accused Volkswagen of installing software on 482,000 diesel cars in the USA that allowed it to cheat emissions tests, potentially exposing people to harmful pollutants at levels of 40 times the acceptable standard and respiratory conditions such as asthma.

"I personally am deeply sorry that we have broken the trust of our customers and the public," Martin Winterkorn, Volkswagen's CEO, said in a statement. "We will cooperate fully with the responsible agencies, with transparency and urgency, to clearly, openly and completely establish all of the facts of this case." Winterkorn pledged to regain the public's trust.

The violations could expose Volkswagen — the world's largest vehicle manufacturer through the first six months of 2015 — to up to $18 billion in federal fines if the EPA assesses the maximum possible penalty of $37,500 per vehicle.

The violations could invite charges of false marketing by regulators, a vehicle recall and payment to car owners, either voluntarily or through lawsuits. Volkswagen advertised the cars under the "Clean Diesel" moniker.

The state of California is investigating the emissions violations.

"We do not and will not tolerate violations of any kind of our internal rules or of the law," Winterkorn said. The company's board takes the allegations "very seriously," he said.

The EPA accused the German automaker of adopting what it called a "defeat device" to trick U.S. regulators into believing its cars met Clean Air Act standards for nitrogen oxides. Volkswagen admitted to investigators it had installed the defeat device, the EPA said.

The EPA said impacted cars include the 2009 to 2014 Volkswagen Jetta, Beetle and Golf, the 2014 and 2015 Volkswagen Passat and the 2009 to 2015 Audi A3.

Volkswagen told dealers they cannot sell the 4-cylinder diesel versions of those cars until a fix is available, Volkswagen spokesman Mario Guerreiro said Sunday.

The sales halt could put a significant dent in the company's September sales performance. About 20% of Volkswagen's vehicle sales are diesel engines, said AutoPacific analyst Dave Sullivan.

"It totally goes against all of the marketing they have had of a clean diesel," Sullivan said of the violations. "That's one of the biggest selling points for Volkswagen."

"The trust of our customers and the public is and continues to be our most important asset," Winterkorn said Sunday. "We at Volkswagen will do everything that must be done in order to re-establish the trust that so many people have placed in us, and we will do everything necessary in order to reverse the damage this has caused. This matter has first priority for me, personally, and for our entire Board of Management."

From: Gong, Kristiene
Sent: Friday, September 18, 2015 3:22 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Sacramento Bee:

http://www.sacbee.com/news/business/article35709432.html

Regulators order Volkswagen recalls over device used to trick smog tests

BY DALE KASLER

In a joint probe with California air regulators, the federal government Friday told Volkswagen to

recall 480,000 diesel-fuel cars, charging the automaker with equipping the cars with software designed to circumvent pollution limits.

The U.S. Environmental Protection Agency and California Air Resources Board sent notices to the German automaker over its alleged use of something called a "defeat device," a piece of software that controls emissions during smog tests but not when the vehicles are actually on the road.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, assistant EPA administrator, in a prepared statement. "Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules."

The EPA sent Volkswagen a "notice of violation" and told car owners they can expect a recall notice. The agency said all repairs will be done at Volkswagen's expense. It added that the cars are safe to drive. The EPA has the authority to order automotive recalls.

Stanley Young, a spokesman for the ARB, said the federal and state agencies were first notified of the problem by independent researchers at West Virginia University and the International Council on Clean Transportation. Months of followup testing, including tests at an ARB lab in El Monte, confirmed the analyses.

Volkswagen officials in early September "admitted to CARB and EPA staff that these vehicles were designed and manufactured with a defeat device," according to an enforcement letter the California agency sent Friday to Volkswagen officials.

Young said "our major goal is to ensure that these cars come into compliance, that they're the same in the real world as they are on the test bench." The automaker eventually could face fines or other enforcement actions, he said.

The agencies plan to "dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules, and to take appropriate further action," said Richard Corey, executive

officer of ARB, in a prepared statement.

The EPA said the recall affects VW Jettas, Beetles, Golfs and Audi A3s made in the 2009 to 2015 model years. It also covers VW Passats made in the 2014 and 2015 model years. Only diesel cars are affected. Young said ARB believes there are as many as 50,000 affected vehicles on the road in California.

Under the federal Clean Air Act, California has the authority to set its own regulatory standards for car emissions.

Volkswagen of America spokesman Darryll Harrison Jr. said the company is cooperating with the federal and state agencies but had no further comment.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 3:10 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

The Atlantic:

http://www.theatlantic.com/technology/archive/2015/09/volkswagens-game-of-make-belief/406159/

Volkswagen's Game of Make-Believe

The company inserted a device into almost 500,000 cars meant to trick emissions testing, the EPA says.

ROBINSON MEYER

One of the great lessons of the pioneering computer scientist Alan Turing is this: Computers are only pretending machines. Software is always just imitating something else.

Volkswagen seems to have taken this maxim to new heights. The Environmental Protection Agency alleges that the company installed "defeat devices" in its four-cylinder Volkswagen and Audi-brand diesel cars from 2009 to 2015.

These devices, essentially, let the cars pretend to not break the law. The software could sense when the car was undergoing emissions testing and activate its pollution-control systems accordingly. When the car was being driven during normal use, these systems largely did not activate—making the car a much heavier polluter in real-life than it looked on paper.

With those systems deactivated, the car's emissions violated the Clean Air Act and California's state pollution-control regulation.

"Using a defeat device in cars to evade clean-air standards is illegal and a threat to public health," said Cynthia Giles, assistant administrator for the EPA's Office of Enforcement and Compliance Assurance, in a statement.

There are almost 500,000 vehicles on American roads with the devices installed, according to the EPA. Volkswagen must now pay to repair the emissions systems in affected cars. The government may also fine the company as much as $18 billion.

The device was discovered by researchers at West Virginia University, who notified the EPA and California state authorities. The two authorities investigated further, and after demanding "an explanation for the identified emission problems, Volkswagen admitted that the cars contained defeat devices," said a statement from the agency.

I reached out to Volkswagen for comment and haven't heard back yet. The Times reports that the company is complying with investigations.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 2:58 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Mashable:

http://mashable.com/2015/09/18/volkswagen-recall-emissions/#uL1ctrM4JZkb

Volkswagen urged to recall cars for allegedly cheating emissions test

BY CHRIS PERKINS

Automakers are under intense pressure to meet emissions regulations put in place by the world's governments. Volkswagen allegedly had a slightly different solution.

The U.S. Environmental Protection Agency (EPA) ordered a recall of almost 500,000 Volkswagen and Audi vehicles equipped with four-cylinder diesel engines, for software designed to sidestep emissions regulations, reports the New York Times.

In total, 482,000 vehicles are being implicated, including the 2009-2015 Volkswagen Golf, Beetle, Jetta and Beetle, the 2014-2015 Volkswagen Passat and the 2009-2015 Audi A3. The cars were possibly installed with a "defeat device," a piece of software designed to detect when the car is undergoing emissions testing and turn on all of the car's emissions control systems then. In normal driving, the systems would turn off, causing 40 times larger nitrogen oxide emissions, according to the E.P.A.

Nitrogen oxide is a major contributor to smog, which can lead to increased respiratory problems and premature death.

The installation of this software is in violation of the Clean Air Act, and as such, the E.P.A, the State of California and the Department of Justice will launch an investigation. The installation of this software is in violation of the Clean Air Act, and as such, the E.P.A, the State of California and the Department of Justice will launch an investigation.

U.S. regulators hope that this recall will send a message to automakers to not develop software to skirt regulations. Last November, Hyundai and Kia were fined $100 million for violating the Clean Air Act. The two companies inflated their fuel economy figures for their 2012 vehicles.

The likely reason why Volkswagen could go the trouble to develop and use software like this is to boost performance; emissions control equipment tends to suck power out of an engine.

Researchers from West Virginia University, working with the International Council on Clean Transportation, discovered the software, according to the EPA's press release.

"Volkswagen Group of America, Inc., Volkswagen AG and Audi AG received today notice from the US Environmental Protection Agency, US Department of Justice and the California Air Resources Board of an investigation related to certain emissions compliance matters. VW is cooperating with the investigation; we are unable to comment further at this time," said a representative for Volkswagen.

A representative for the EPA wasn't immediately available for comment.

It's unclear if this issue only pertains to U.S. model Volkswagens and Audis equipped with four-cylinder diesels, or their world-market counterparts as well.

A report from Jalopnik notes that all of Volkswagen's ads for its diesel models have been deleted from YouTube, apparently at the company's request.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 2:51 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Christian Science Monitor:

http://www.csmonitor.com/Business/In-Gear/2015/0918/Why-the-EPA-is-forcing-Volkswagen-to-recall-nearly-500-000-cars

Why the EPA is forcing Volkswagen to recall nearly 500,000 cars

Volkswagen AG, the German car manufacturer, is under investigation by California and US emissions regulators for allegedly circumventing emission tests with a new device.

By Corey Fedde, Staff SEPTEMBER 18, 2015

Volkswagen AG is under investigation for circumventing clean air rules.

German automotive company Volkswagen AG is under investigation by California and US environmental regulators. The US Environmental Protection Agency told Reuters Volkswagen allegedly used software to circumvent emissions testing of specific air pollutants.

"Put simply, these cars contained software that turns off emissions controls when driving normally and turns them on when the car is undergoing an emissions test," Cynthia Giles, an EPA enforcement officer, told Reuters via teleconference.

The feature, known as a "defeat device," is allegedly present in 4 cylinder Volkswagen and Audi vehicles from 2009-2015, which total nearly 500,000 vehicles. The device is programmed to detect when the car is undergoing an emissions test and turn on the full emissions controls. The

device then turns the emission controls off during normal driving. The result being far more pollution than the company reported, the EPA told The New York Times.

The pollutant the "defeat device" is designed to conceal, nitrogen oxide, has been linked by public health officials to variety of health problems, including asthma.

The 500,000 diesel vehicle models affected include 2009-2015 Volkswagen Jettas, Beetles, Golfs, Passats, and Audi A3s.

The violation and investigation belie a growing trend in more aggressive environmental enforcement from federal regulators. In November 2014, the administration announced its largest ever penalty for a violation of the Clean Air Act on Korean automakers Hyundai Motor and Kia Motors. The fine involved a $300 million settlement for overstating vehicle fuel-economy standards on more than 1 million cars.

According to The New York Times, analysts say the crackdown is meant to send a clear message to automakers that circumventing federal rules will not be tolerated.

California, the EPA, and the Justice Department are working together on the investigation.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health. Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. E.P.A. will continue to investigate these very serious violations," Ms. Giles told the Times.

This report includes material from Reuters.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 2:27 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John;

Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Reuters:

http://www.reuters.com/article/2015/09/18/us-usa-volkswagen-idUSKCN0RI1VK20150918

Volkswagen could face $18 billion penalties from EPA

WASHINGTON | BY TIMOTHY GARDNER

Volkswagen AG (VOWG_p.DE) could face penalties up to $18 billion after being accused of designing software for diesel cars that deceives regulators measuring toxic emissions, the U.S. Environmental Protection Agency said on Friday.

"Put simply, these cars contained software that turns off emissions controls when driving normally and turns them on when the car is undergoing an emissions test," Cynthia Giles, an enforcement officer at the EPA, told reporters in a teleconference.

Volkswagen can face civil penalties of $37,500 for each vehicle not in compliance with federal clean air rules. There are 482,000 four-cylinder VW and Audi diesel cars sold since 2008 involved in the allegations. If each car involved is found to be in noncompliance, the penalty could be $18 billion, an EPA official confirmed on the teleconference.

A U.S. Volkswagen spokesman said the company "is cooperating with the investigation; we are unable to comment further at this time."

The feature in question, which the EPA called a "defeat device," masks the true emissions only during testing and therefore when the cars are on the road they emit as much as 40 times the level of pollutants allowed under clean air rules meant to ensure public health is protected, Giles said.

The EPA accused Volkswagen of using software in four-cylinder Volkswagen and Audi diesel cars from model years 2009 to 2015 made to circumvent emissions testing of certain air pollutants.

The cars are not facing recall at this time, the EPA said.

The diesel-powered vehicles involved from the 2009 to 2015 model years are the VW Jetta, VW Beetle, VW Golf and the Audi A3, as well as the VW Passat from model years 2014 and 2015.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 1:40 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

The Hill:

http://thehill.com/policy/energy-environment/254188-epa-accuses-vw-of-going-around-federal-emissions-standards

Feds accuse VW of going around federal emissions standards

By Devin Henry - 09/18/15 12:50 PM EDT

The Environmental Protection Agency (EPA) is accusing Volkswagen of looking to circumvent federal air pollutant emission standards for the last six years.

EPA officials alleged Friday that about 482,000 VW vehicles sold since 2008 violate the Clean

Air Act due to software installed on the vehicles that turns off required air pollution protections.

Janet McCabe, an acting assistant administrator, said the EPA "intends to hold VW responsible to recall the vehicles" and fix the emissions problem. The company could face up to an $18 billion fine for the violations.

The EPA issued VW a Clean Air Act violation notice Friday, alleging it used a software algorithm on certain vehicles that would turn on emission controls only when they undergo official emissions testing.

This "defeat device," the EPA said, would switch off those controls during normal operation, which means the vehicles could emit up to 40 times the amount of nitrogen oxide allowed under federal air pollution standards.

"These violations are very serious … not only because they result in excess emissions, but also because VW was concealing the fact from EPA, the state of California and from consumers," Assistant Administrator Cynthia Giles said. "We expected better from VW."

Federal law requires manufacturers to certify to the EPA that their cars meet emissions standards before selling their vehicles in the U.S. Cars with defeat devices cannot be certified, the EPA said.

A VW statement said only that the company had received the violation notice and is cooperating with the investigation.

The EPA and the California Air Resources Board discovered the defeat device during an analysis at West Virginia State University, the EPA said. Officials said their investigation into the incident is ongoing and wouldn't give many more details about how it developed or what the outcome might be.

The agency is not ordering a recall or announcing penalties at the moment, and officials said the cars are safe and legal to drive. The Friday announcement, Giles said, was meant to "inform the public right away and to put VW on notice of our continuing investigation."

The EPA said the announcement covers VW Jettas, Beetles, Golfs and Audi A3s with model years between 2009 and 2015, as well as the VW Passat with model years 2014 and 2015.

Fortune:

http://fortune.com/2015/09/18/volkswagen-recall-epa-smog/

Volkswagen ordered to recall almost a half-million cars over emissions trick

by Benjamin Snyder

The Environmental Protection Agency is ordering Volkswagen to recall nearly a half-million cars after the company allegedly used a computer software trick to make the cars seem more environmentally friendly during state emissions tests.

The VW models involved include the diesel versions of the following models: The 2009-15 Volkswagen Jetta, the 2009–15 Beetle, the 2009–15 Golf, the 2014-15 Passat and the 2009-15 Audi A3. The recall affects 482,000 vehicles in total.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, Assistant Administrator for the Office of Enforcement and Compliance Assurance, in a statement. "Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters."

"Volkswagen Group of America, Inc., Volkswagen AG and Audi AG received today notice from

the US Environmental Protection Agency, US Department of Justice and the California Air Resources Board of an investigation related to certain emissions compliance matters," Volkswagen says. "VW is cooperating with the investigation; we are unable to comment further at this time."

Auto Guide:

http://www.autoguide.com/auto-news/2015/09/volkswagen-used-illegal-software-to-cheat-emissions-tests-epa.html

Volkswagen Used Illegal Software to Cheat Emissions Tests: EPA

By Stephen Elmer Sep 18, 2015

Volkswagen may be forced to recall almost 500,000 diesel passenger cars after an investigation revealed illegal software was allowing the vehicles to pass government emissions standards.

A software algorithm, known as a defeat device, used on roughly 482,000 Volkswagen vehicles with four-cylinder diesel engines is able to detect when the car is undergoing official emissions testing, and will activate full emissions controls only during the test.

The EPA says that this results in cars that meet emissions standards while being tested, but emit 40 percent more nitrogen oxides while driving.

Independent analysis at West Virginia University uncovered the defeat devices. After being questioned by the EPA and CARB, Volkswagen admitted that its cars did contain defeat devices.

The EPA says "it is incumbent" on Volkswagen to initiate a recall fix for all the affected cars, although they note that these vehicles are still safe to drive and do not present a safety hazard at this time.

Volkswagen may be liable for civil penalties over the findings, which could total up to $18 billion if the EPA leverages its maximum find of $37,500 per vehicles.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, Assistant Administrator for the Office of Enforcement and Compliance Assurance. "Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters."

Models affected by the issue include the 2009-2015 Volkswagen Jetta, Beetle and Gold. The 2009-2015 Audi A3 is also affected, along with the 2014-2015 Passat.

Volkswagen acknowledged that it has received notice of the investigation. "VW is cooperating with the investigation; we are unable to comment further at this time," said the brand.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 1:36 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Washington Post:

http://www.washingtonpost.com/news/energy-environment/wp/2015/09/18/epa-volkswagen-used-defeat-device-to-circumvent-air-pollution-controls/

EPA: Volkswagen used 'defeat device' to circumvent air pollution controls

By Joby Warrick September 18 at 1:04 PM

The Environmental Protection Agency on Friday accused Volkswagen of installing a software "defeat device" that circumvented pollution controls on nearly a half-million Volkswagens and Audis.

The regulatory agency filed a notice of violation against the German automaker, saying the company deliberately cheated on clean-air rules by installing the software of five of its models since 2008. An EPA statement warned of possible civil penalties and hinted of a future possible recall, saying it was "incumbent on Volkswagen to initiate the process" to fix the affected cars' emissions systems.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, the EPA's assistant administrator for EPA's Office of Enforcement and Compliance Assurance.

EPA officials, in a joint probe with California's regulatory agency, determined that Volkswagen had inserted a sophisticated algorithm in the cars' emissions software that could detect when a vehicle was undergoing emissions testing. The software, which the EPA called a "defeat device," would turn on full emissions controls during testing, and switch them off again under normal driving conditions.

As a result, the cars emitted far more pollution–up to 40 times the federal standard for the pollutant known as NOx, a component in urban smog, the EPA said.

The software was installed in Volkwagen's Golfs, Jettas and Beetles and Audi A3s beginning in the model year 2009, and in Volkswagen's Passat models beginning in 2014. EPA officials said no action was required by owners of the car, but they suggested that Volkswagen would be compelled to address the problem.

"Our goal now is to ensure that the affected cars are brought into compliance, said Richard Corey, the executive officer for California's Air Resources Board." He said federal and state agencies intended to "dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules, and to take appropriate further action."

From: Gong, Kristiene
Sent: Friday, September 18, 2015 1:31 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Wall Street Journal:

http://www.wsj.com/articles/epa-accuses-volkswagen-of-dodging-emissions-rules-1442595129

EPA Accuses Volkswagen of Dodging Emissions Rules

Agency says German auto maker circumvented air-pollution standards with software

By AMY HARDER

WASHINGTON—The U.S. Environmental Protection Agency issued a notice on Friday alleging that Volkswagen AG circumvented air-pollution standards with software installed on nearly a half million cars sold in the U.S. since 2008.

Officials said Volkswagen could face penalties of up to $37,500 per vehicle, or a total of more than $18 billion, though it remained unclear whether the government would eventually levy such a large penalty. Officials said the German auto maker violated the federal Clean Air Act.

The agency said that owners of these cars don't need to take any action right now and that while the cars have emissions exceeding federal standards, "these violations do not present a safety hazard and the cars remain legal to drive," according to the EPA.

Officials said a recall hasn't been announced and an investigation continues. They plan to at some point order Volkswagen to fix the vehicles, officials said.

Top EPA officials made the announcement alongside the California Air Resources Board, which is separately investigating the alleged use of the software, which EPA describes as a "defeat device." The software reduces the effectiveness of a car's emission control system during normal driving conditions and enables the car to emit nitrogen oxides at up to 40 times the allowable standard, according to the EPA.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, Assistant Administrator for the Office of Enforcement and Compliance at the EPA.

"Volkswagen Group of America Inc., Volkswagen AG and Audi AG received today notice from the U.S. Environmental Protection Agency, U.S. Department of Justice and the California Air Resources Board of an investigation related to certain emissions compliance matters," Volkswagen said in a statement. "VW is cooperating with the investigation; we are unable to comment further at this time."

EPA said that its allegations cover roughly 482,000 diesel passenger cars with model years between 2009 and 2015 and sold in the U.S. since 2008. They include the following models: the Jetta, Beetle, Audi A3, Golf and Passat.

The Clean Air Act requires vehicle manufacturers to certify to EPA that their products meet federal air-pollution standards. EPA said Friday that by making and selling vehicles with the "defeat device" software, Volkswagen was violating two parts of the Clean Air Act.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 1:19 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

NPR:

http://www.npr.org/sections/thetwo-way/2015/09/18/441467960/volkswagen-used-defeat-device-to-skirt-emissions-rules-epa-says

Volkswagen Used 'Defeat Device' To Skirt Emissions Rules, EPA Says

BILL CHAPPELL

Saying Volkswagen violated the Clean Air Act, the Environmental Protection Agency says the company's diesel-powered cars have sophisticated software that detects emissions testing – and "turns full emissions controls on only during the test."

Installed on four-cylinder cars, the software, which the EPA calls a "defeat device" that's meant to trick official tests, allowed diesel Jettas, Beetles, and other cars to "emit up to 40 times more pollution" than allowed under U.S. emission standards.

The agency says that after the carmaker was confronted with emission test results this month, it admitted that the cars contain defeat devices.

Volkswagen must now fix the cars' emissions control systems, the agency says, adding that Volkswagen could be liable for civil penalties and other punishment. The cars in question are popular Volkswagen and Audi models that were made from 2009 to this year.

The affected diesel cars include:

- Jetta (Model Years 2009 – 2015)
- Beetle (Model Years 2009 – 2015)
- Audi A3 (Model Years 2009 – 2015)

• Golf (Model Years 2009 – 2015)

• Passat (Model Years 2014-2015)

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, assistant administrator for the Office of Enforcement and Compliance Assurance.

The Verge:

http://www.theverge.com/2015/9/18/9352757/epa-volkswagen-recall-emissions

Volkswagen ordered to recall 500,000 cars for gaming emissions testing

By Colin Lecher

The federal government has ordered Volkswagen to recall almost 500,000 vehicles, saying the company unlawfully used special software to get around missions regulations.

VOLKSWAGEN ALLEGEDLY USED A "DEFEAT DEVICE."

Volkswagen allegedly used a so-called "defeat device" on certain models made in the past six years. The device works by only turning on emissions control when undergoing emissions testing, but not when the car is actually being driven normally and pollution is at its peak. "This results in cars that meet emissions standards in the laboratory or testing station, but during normal operation, emit nitrogen oxides, or NOx, at up to 40 times the standard," the EPA said in a statement.

Using such a device is a violation of the Clean Air Act, which, as The New York Times points out, the EPA has been increasingly cracking down on. In November, the agency hit Hyundai and

Kia with a record $100 million fine for violations under the act.

The cars affected by the recall include the 2009 to 2015 Jetta, Beetle, Golf, and Audi A3. The 2014 and 2015 Passat is also included. According to the EPA, that adds up to 482,000 cars.

Jalopnik:

http://jalopnik.com/epa-orders-volkswagen-to-recall-482-000-diesel-cars-for-1731665972

EPA Orders Volkswagen To Recall 482,000 Diesel Cars For Cheating On Emissions

Patrick George

The New York Times reports Volkswagen has been ordered by the Environmental Protection Agency to recall 482,000 diesel cars in the U.S. over software they say was intentionally designed to circumvent smog regulations.

The cars, all diesels from 2009 to 2015, have a "defeat device" programmed to detect when the car is undergoing official emissions testing that only then turns on the full emissions control systems, the Times reports.

These controls are turned off in other situations, leading to far greater emissions than VW let on — which is against the law. The devices were designed to conceal nitrogen oxide emissions.

It's not immediately clear why VW had such a system on these cars, how the system detected official testing versus normal driving, or if the cars operated differently in normal driving when the defeat device was off. What effect did reducing NOx emissions have on fuel economy or performance?

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, the E.P.A.'s assistant administrator for the Office of Enforcement and Compliance. "Working closely with the California Air Resources Board, E.P.A. is committed to making sure that all automakers play by the same rules. E.P.A. will continue to investigate these very serious violations."

The state of California and the Justice Department are also investigating the violation, the paper reports.

The vehicles affected are the 2009-2015 diesel Jetta, Beetle, Golf, Passat and Audi A3.

More on this as we get it.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 1:10 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Detroit Free Press:

http://www.freep.com/story/money/cars/2015/09/18/epa-volkswagen-used-software-skirt-emissions-rules/72399372/

EPA: Volkswagen used software to skirt emissions rules

By Greg Gardner

The U.S. Environmental Protection Agency and California are accusing Volkswagen of violating the Clean Air Act by using software that allows hundred of thousands of VW and Audi diesel-powered cars to get around emission standards.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, EPA assistant administrator for enforcement and compliance assurance. "Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters."

The agency's notice of violation covers about 482,000 diesel cars sold between 2009 and 2015 model years.

Affected diesel models include:

Jetta (model years 2009 – 2015)

Beetle (model years 2009 – 2015)

Audi A3 (model years 2009 – 2015)

Golf (model years 2009 – 2015)

Passat (model years 2014-2015)

California is separately issuing an In-Use Compliance letter to Volkswagen, and EPA and the California Air Resources Board (CARB) have both initiated investigations based on Volkswagen's alleged actions.

"Working with U.S. EPA we are taking this important step to protect public health thanks to the dogged investigations by our laboratory scientists and staff," said CARB executive officer Richard Corey. "Our goal is to ensure that the affected cars are brought into compliance, to dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules, and to take appropriate further action."

The federal and California regulators say Volkswagen used a sophisticated software algorithm

on certain Volkswagen vehicles that detects when the car is undergoing official emissions testing and turns full emissions controls on only during the test. The effectiveness of these vehicles' pollution emissions control devices is greatly reduced during all normal driving situations.

As a result the cars met emissions standards in the laboratory or testing station, but during normal operation, emit nitrogen oxides, or NOx, at up to 40 times the permissible standard. The software produced by Volkswagen is a "defeat device," as defined by the Clean Air Act.

Corey said testing groups in Europe found information that indicated Volkswagen may have manipulated its emission tests and told California regulators about their suspicions.

NOx pollution contributes to nitrogen dioxide, ground-level ozone and fine particulate matter. Exposure to these pollutants has been linked with a range of serious health effects, including increased asthma attacks and other respiratory illnesses that can be serious enough to send people to the hospital. Exposure to ozone and particulate matter have also been associated with premature death due to respiratory-related or cardiovascular-related effects. Children, elderly people and those with pre-existing respiratory disease are particularly at risk for health effects of these pollutants.

The Clean Air Act requires vehicle manufacturers to certify to EPA that their products will meet applicable federal emission standards to control air pollution, and every vehicle sold in the U.S. must be covered by an EPA-issued certificate of conformity. Motor vehicles equipped with defeat devices, which reduce the effectiveness of the emission control system during normal driving conditions, cannot be certified. By making and selling vehicles with defeat devices that allowed for higher levels of air emissions than were certified to EPA, Volkswagen violated two important provisions of the Clean Air Act.

EPA and CARB uncovered the defeat device software after independent analysis by researchers at West Virginia University, working with the International Council on Clean Transportation, a non-governmental organization. The researchers raised questions about emissions levels, and the agencies began further investigations into the issue. In September, after EPA and CARB demanded an explanation for the emission problems, Volkswagen admitted that the cars contained defeat devices.

VW may be liable for civil penalties of up to $37,500 per vehicle found to be violating the standard, or potentially more than $18 billion.

It is incumbent upon Volkswagen to initiate the process that will fix the cars' emissions systems. Car owners should know that although these vehicles have emissions exceeding standards, these violations do not present a safety hazard and the cars remain legal to drive and resell. Owners of cars of these models and years do not need to take any action at this time.

Wired:

http://www.wired.com/2015/09/epa-accuses-volkswagen-cheating-emissions-testing-482000-cars/

EPA ACCUSES VOLKSWAGEN OF CHEATING EMISSIONS TESTING ON 482,000 CARS

Alex Davies

THE EPA IS accusing Volkswagen of illegally using software to cheat emissions standards, allowing the German automaker to sell half a million cars that produce smog at 40 times the legal limit.

In a notice of violation of the Clean Air Act sent to Volkswagen AG, Audi AG, and Volkswagen Group of America, Inc today, the EPA said diesel-powered VW cars used a "defeat device," a kind of "a sophisticated software algorithm [that] detects when the car is undergoing official emissions testing, and turns full emissions controls on only during the test. The effectiveness of these vehicles' pollution emissions control devices is greatly reduced during all normal driving situations."

The accusation applies to 482,000 diesel-powered, four-cyclinder Jetta, Beetle, Audi A3, Golf, and Passat cars sold between 2008 and 2015 in the US. The news comes as the Frankfurt motor show, one of the biggest events of the year for the automaker, opens to the press. VW will be

required to fix the problem, at no cost to car owners.

The Week:

http://www.theweek.com/speedreads/578080/epa-catches-volkswagen-blatantly-cheating-smog-tests

EPA catches Volkswagen blatantly cheating on smog tests

Jeva Lange

Almost half a million Volkswagen cars, including recent diesel models of Jettas, Beetles, Audi A3s, Golfs, and Passats, may be recalled in an enormous crackdown on the German carmaker's alleged blatant circumvention of smog standards, The New York Times reports.

The Environmental Protection Agency has demanded that the cars be recalled, and specifically accused Volkswagen of installing software, called a "defeat device," in their cars that basically just lies about what a car's emissions are during tests:

The device is programmed to detect when the car is undergoing official emissions testing, and to only turn on full emissions control systems during that testing. Those controls are turned off during normal driving situations, when the vehicles pollute far more heavily than reported by the manufacturer, the E.P.A. said. [The New York Times]

Car emissions contain nitrogen oxide, which creates smog, as well as pollutants that cause asthma.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 12:56 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John;

Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

LA Times:

http://www.latimes.com/business/autos/la-fi-hy-volkswagen-probe-20150918-story.html

Volkswagen is accused of sidestepping emissions rules, 'cheating' pollution tests

By JERRY HIRSCH

Federal and California environmental regulators accused Volkswagen of using software that "cheats" pollution testing in nearly 500,000 recent model VWs and Audis by circumventing emission standards in its diesel cars.

The German automaker will eventually have to recall all of the vehicles and change the emissions systems at its own expense, regulators said. Additionally it could face a fine of about $18 billion, or $35,500 per car, federal environmental officials said.

The Environmental Protection Agency on Friday issued the German automaker a "notice of violation" of the Clean Air Act for both VW models and the company's Audi luxury brand. It covers models equipped with four-cylinder diesel engines. The California Air Resources Board issued a similar letter.

Volkswagen and Audi vehicles from model years 2009-2015 have the software, which uses an algorithm that detects when the vehicle is undergoing pollution tests and changes the way it performs from when it is being driven on the open road.

It "is illegal and a threat to public health," said Cynthia Giles, assistant administrator for the Office of Enforcement and Compliance Assurance. "EPA is committed to making sure that all automakers play by the same rules."

"We expected better from VW," Giles said.

Air Resources Board Executive Officer Richard Corey said the California agency wants to bring the cars "into compliance, to dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules, and to take appropriate further action."

Volkswagen said it is cooperating with the investigation.

"We are unable to comment further at this time," the company said in a statement.

The affected diesel models include: Jetta (model years 2009 – 2015,) Beetle (model years 2009 – 2015,) Audi A3 (model years 2009 – 2015,) Golf (model years 2009 – 2015) and Passat (model years 2014-2015.)

International Business Times:

http://www.ibtimes.com/volkswagen-audi-recall-500000-cars-broke-environmental-rules-white-house-says-2104099

Volkswagen And Audi Recall: 500,000 Cars Broke Environmental Rules, White House Says

By Christopher Harress

The Obama administration Friday forced car manufacturer Volkswagen to recall nearly 500,000 cars after it was discovered the German automaker had fitted its vehicles with special technology that can beat environmental tests for reducing smog, according to a new report.

The recall, which was imposed after an investigation by the Environmental Protection Agency, is expected to affect four-cylinder Volkswagen and Audi cars that were manufactured between 2009 and 2015.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," Cynthia Giles, the E.P.A.'s assistant administrator for the Office of Enforcement and Compliance, told the New York Times.

"Working closely with the California Air Resources Board, E.P.A. is committed to making sure that all automakers play by the same rules. E.P.A. will continue to investigate these very serious violations."

From: Gong, Kristiene
Sent: Friday, September 18, 2015 12:52 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Detroit News:

http://www.detroitnews.com/story/business/autos/foreign/2015/09/18/epa-vw-diesel-vehicles-violated-emissions-rules/72401296/

EPA: 482K VW diesel vehicles violated emissions rules

David Shepardson

Washington — The Environmental Protection Agency and the state of California said Volkswagen AG violated federal law by allowing 482,000 diesel VW and Audi cars sold since 2009 to evade emissions requirements using sophisticated software.

The announcement is a big setback to the German automaker that has made diesel vehicles a big part of its U.S. strategy. VW could face fines or criminal prosecution and must immediately prevent those vehicles from being able to defeat emissions rules.

VW concealed facts but has now admitted wrongdoing, said Cynthia Giles, assistant administrator for the Office of Enforcement and Compliance Assurance. "We expected better from VW," she said.

The agencies allege that four-cylinder Volkswagen and Audi diesel cars from model years 2009-2015 include software that circumvents EPA emissions standards for certain air pollutants. California is separately issuing an In-Use Compliance letter to Volkswagen, and EPA and the California Air Resources Board have initiated investigations based on Volkswagen's alleged actions.

EPA said the vehicles software "detects when the car is undergoing official emissions testing, and turns full emissions controls on only during the test." The vehicles include diesel Golf, Jetta, Sportwagen, Beetle and Audi A3 vehicles built from 2009-2015.

EPA said "the effectiveness of these vehicles' pollution emissions control devices is greatly reduced during all normal driving situations. This results in cars that meet emissions standards in the laboratory or testing station, but during normal operation, emit nitrogen oxides, or NOx, at up to 40 times the standard. The software produced by Volkswagen is a 'defeat device,' as defined by the Clean Air Act."

NOx pollution contributes to nitrogen dioxide, ground-level ozone, and fine particulate matter. EPA said exposure has been linked to serious health issues, including increased asthma attacks and other respiratory illnesses that can be serious enough to send people to the hospital. "Exposure to ozone and particulate matter have also been associated with premature death due to respiratory-related or cardiovascular-related effects. Children, the elderly, and people with pre-existing respiratory disease are particularly at risk for health effects of these pollutants," EPA said.

This is the latest example of automakers not following the miles per gallon and emissions rules.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Giles. "Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters."

The Clean Air Act requires vehicle manufacturers to certify to EPA that their products will meet applicable federal emission standards to control air pollution, and every vehicle sold in the U.S. must be covered by an EPA-issued certificate of conformity. Motor vehicles equipped with defeat devices, which reduce the effectiveness of the emission control system during normal driving conditions, cannot be certified.

"Working with U.S. EPA we are taking this important step to protect public health thanks to the dogged investigations by our laboratory scientists and staff," said Air Resources Board Executive Officer Richard Corey. "Our goal now is to ensure that the affected cars are brought into compliance, to dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules, and to take appropriate further action."

The issue first came to the attention of the agencies in 2014 after independent analysis by researchers at West Virginia University, working with the International Council on Clean Transportation, a non-governmental organization, raised questions about emissions levels, and the agencies began further investigations into the issue.

In September, after EPA and CARB demanded an explanation for the identified emission problems, Volkswagen admitted that the cars contained defeat devices, the agencies said.

EPA said VW must recall the vehicles. EPA said "owners should know that although these vehicles have emissions exceeding standards, these violations do not present a safety hazard and the cars remain legal to drive and resell. Owners of cars of these models and years do not need to take any action at this time."

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AP (via ABC News):

http://abcnews.go.com/Politics/trump-candidates-criticize-donald-muslim-comments/story?id=33858500

EPA Says VW Intentionally Violates Clean Air Standards

By MATTHEW DALY, ASSOCIATED PRESS WASHINGTON — Sep 18, 2015, 12:42 PM ET

The Environmental Protection Agency says nearly 500,000 Volkswagen and Audi diesel cars built in the past seven year are intentionally violating clean air standards by using software that evades EPA emissions standards.

The EPA says the cars include a device programmed to detect when the car is undergoing official emissions testing. The cars only turn on full emissions control systems during that testing. The EPA says the controls are turned off during normal driving situations.

The EPA called the company's use of the device illegal and a threat to public health.

The EPA called on VW to fix the cars' emissions systems, but said car owners do not need to take any immediate action.

VW said in a statement it is cooperating with the investigation.

Bloomberg:

http://www.bloomberg.com/news/articles/2015-09-18/epa-says-volkswagon-software-circumvented-car-emissions-testing

EPA Says Volkswagen Circumvented Car Emissions Tests

Jeff Plungis

Volkswagen AG sold diesel cars with software that circumvented U.S. emissions standards for air pollution, the Environmental Protection Agency said.

The company sold Volkswagen and Audi brand cars from model years 2009-2015 that contained a "sophisticated software algorithm" that detects when the car is undergoing official emissions testing, and turns on full emissions control, the agency said. During normal driving times, the systems don't operate fully, regulators said.

The potential fine is $37,500 per vehicle and 482,000 autos are part of the case, yielding a potential fine of more than $18 billion, Cynthia Giles, EPA assistant administrator for enforcement and compliance, said on a phone call with reporters Friday.

California is also investigating the claims.

Volkswagen said in a statement it is cooperating with the investigation and unable to comment further.

Business Insider:

http://www.businessinsider.com/vw-told-to-recall-500000-cars-after-us-government-accuses-it-of-dodging-clean-air-standards-2015-9

VW told to recall 500,000 cars after US government accuses it of dodging clean air standards

Benjamin Zhang

The Environmental Protection Agency has ordered the recall of 500,000 Volkswagen cars.

According to Coral Davenport of the New York Times, the EPA accused VW of using hidden software — called a "defeat device" — to dodge clean air standard during emissions testing.

“Using a defeat device in cars to evade clean air standards is illegal and a threat to public health,” assistant administrator for the Office of Enforcement and Compliance Assurance said Cynthia Giles said in a statement.

“Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters.”

In response to the recall, Volkswagen issued the following statement to Business Insider.

"Volkswagen Group of America, Inc., Volkswagen AG and Audi AG received today notice from the US Environmental Protection Agency, US Department of Justice and the California Air Resources Board of an investigation related to certain emissions compliance matters. VW is cooperating with the investigation; we are unable to comment further at this time."

The recall affects 482,000 diesel powered cars sold in the US since 2008. They include:

Volkswagen Jetta TDI: 2009-20015

Volkswagen Beetle TDI: 2009-2015

Audi A3 TDI: 2009-2015

Volkswagen Golf TDI: 2009-2015

Volkswagen Passat TDI: 2014-2015

This story is developing. We will update when more information is available.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 12:42 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Washington Examiner:

http://www.washingtonexaminer.com/epa-says-audi-vw-cheating-on-emissions/article/2572404

EPA says Audi, VW cheating on emissions

By JOHN SICILIANO

The Environmental Protection Agency and California regulators charged automakers Volkswagen and Audi on Friday with purposefully violating emission standards in their line of diesel cars.

EPA accused the automakers of using a device in their vehicles to get around the pollution rules. According to EPA, the device regulates emissions, but only turns on and works while emissions are being tested.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, EPA assistant administrator for the agency's enforcement office. "Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters."

Giles said VW was "concealing facts" about the devices. The vehicle models involved include the popular Jetta, Audi A-3, Passat and the iconic Beetle, and in model years 2009-2015. The violations cover 482,000 diesel passenger cars.

The EPA's announcement isn't a final decision, but is a clear sign that the EPA believes it has a case against the automakers, one that could lead to fines as large as $37,000 per vehicle. All together, the combined fines could pile up to $18 billion.

An EPA statement said "California is separately issuing an In-Use Compliance letter to Volkswagen, and EPA and the California Air Resources Board ... have both initiated investigations based on Volkswagen's alleged actions."

"Working with US EPA we are taking this important step to protect public health thanks to the dogged investigations by our laboratory scientists and staff," the California board's CEO Richard Corey said. "Our goal now is to ensure that the affected cars are brought into compliance, to dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules, and to take appropriate further action."

WPTZ:

http://www.wptz.com/money/epa-accuses-vw-of-cheating-on-emission-rules/35352250

EPA accuses VW of cheating on emission rules

Published 12:29 PM EDT Sep 18, 2015

NEW YORK (CNNMoney) —Diesel cars from Volkswagen and Audi cheated on clean air rules by including software that made the cars look cleaner than they actually were, according to federal and California regulators.

The regulators say that the software on the cars turned up the emission controls only when it could tell that the car was being tested.

"The effectiveness of these vehicles' pollution emissions control devices is greatly reduced during all normal driving situations," said the Environmental Protection Agency's notice to the company. "This results in cars that meet emissions standards in the laboratory or testing station, but during normal operation, emit nitrogen oxides at up to 40 times the standard."

There are nearly 500,000 of the diesel cars on U.S. roads. The models include the VW Jetta, the Beetle and the Golf from model years 2009 through 2015, the Passat from 2014-2015 as well as the Audi A3, model years 2009-2015. The luxury brand is owned by Volkswagen.

Owners of the affected cars do not face health risks according to the EPA and can to continue to drive or sell the cars. But the EPA says that VW will be responsible for fixing the problem.

Volkwagen did not immediately respond to a request for comment.

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City AM:

http://www.cityam.com/224676/volkswagen-told-recall-500000-vehicles-over-emissions

Volkswagen told to recall 500,000 vehicles over emissions

by Catherine Neilan

Volkswagen has been ordered to recall nearly half a million cars in the US by the Obama administration, which claims the German car group used software that was purposely designed to dodge environmental standards for reducing smog.

The US government's Environmental Protection Agency issued the company a notice of violation this afternoon, accusing Volkswagen of having installing a "defeat device" into its four-cylinder Volkswagen and Audi vehicles between 2009 and 2015, according to the New York Times.

The device is programmed to detect when the car is undergoing emissions test, during which time it will turn on its full emissions control systems. These controls are reportedly then turned off when the car is driving in "normal" situations, when the cars pollute more heavily than reported by Volkswagen, the EPA claims.

The government agency estimates that 482,000 diesel passenger vehicles are affected.

Volkswagen could not be contacted at the time of publication.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 12:33 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

Washington Times:

http://www.washingtontimes.com/news/2015/sep/18/epa-volkswagen-used-software-cheat-emissions-tests/

EPA: Volkswagen used 'sophisticated software' to cheat emissions tests

By Ben Wolfgang - The Washington Times - Friday, September 18, 2015

The Obama administration on Friday accused Volkswagen of using a "sophisticated software algorithm" to cheat on emissions testing and mask the fact that some models emit too much harmful pollution.

Some Volkswagen cars from model years 2009 to 2015, the Environmental Protection Agency said, include software that can detect when they're undergoing emissions testing. Full emissions controls were activated only during testing and then automatically shut down during normal operation, the agency charged.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, assistant administrator for the EPA's Office of Enforcement and Compliance Assurance. "Working closely with the California Air Resources Board, EPA is committed to making sure that all automakers play by the same rules. EPA will continue to investigate these very serious matters."

During normal operation, the "defeat device" allowed Volkswagen cars to emit nitrogen oxides at up to 40 times the federal threshold as laid out in the Clean Air Act.

The EPA has issued "a notice of violation" to the automaker, and the state of California has launched its own investigation into the matter. Volkswagen could face civil penalties for the violations, the agency said.

The allegations apply to about 482,000 diesel passenger cars sold since 2008, including Jettas, Beetles, Audi A3s, Golfs and other models.

From: Gong, Kristiene

Sent: Friday, September 18, 2015 12:26 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: RE: Volkswagen Clips 9/18/2015

USA Today:

http://www.usatoday.com/story/money/cars/2015/09/18/epa-accuses-volkswagen-audi-evading-emission-laws/72400018/

EPA accuses Volkswagen, Audi of evading emission laws

Nathan Bomey, USA TODAY 12:12 p.m. EDT September 18, 2015

The German automaker adopted a "defeat device" to trick regulators, the EPA said.

The Environmental Protection Agency on Friday accused Volkswagen of installing software on certain cars in the U.S. to evade federal emission regulations, potentially exposing people to harmful pollutants.

The German automaker adopted what the EPA called a "defeat device" to trick U.S. regulators into believing that its cars met Clean Air Act standards, the federal agency said in a statement.

The agency said 482,000 cars violated federal standards, including four-cylinder Volkswagen cars from 2009-15 and Audi diesel cars from the same period. They included the Volkswagen Jetta, Beetle, Golf and Passat, and the Audi A3.

Volkswagen, whose brands include the luxury Audi lineup, may face fines or other penalties, the EPA said.

The cars are still safe to drive, the EPA said, and owners do not need to take immediate action. But the agency will require Volkswagen to fix the cars for free.

Newsweek:

http://www.newsweek.com/epa-volkswagen-software-cheat-clean-air-rules-373869

EPA: Volkswagen Used Software in Cars to Cheat on Clean Air Rules

BY ZOË SCHLANGER 9/18/15 AT 12:14 PM

A U.S. Environmental Protection Agency investigation has concluded that for years Volkswagen has been installing software in its vehicles that circumvents federal emissions standards for air pollution, the agency announced Friday.

EPA alleges that Volkswagen installed a "sophisticated software algorithm on certain Volkswagen vehicles" that could detect when the car was being tested for emissions. The software would turn full emissions controls on only during the official test. "This results in cars that meet emissions standards in the laboratory or testing station, but during normal operation, emit nitrogen oxides, or NOx, at up to 40 times the standard," EPA said in a press release. They called the software a "defeat device," deliberately installed to evade the Clean Air Act standards.

This "defeat device" was found in several car models, from 2009 models up to 2015 models, according to EPA:

Jetta (Model Years 2009 – 2015)

Beetle (Model Years 2009 – 2015)

Audi A3 (Model Years 2009 – 2015)

Golf (Model Years 2009 – 2015)

Passat (Model Years 2014-2015)

In total, this includes about 482,000 passenger cars.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," Cynthia Giles, EPA's Assistant Administrator for the Office of Enforcement and Compliance Assurance, said in a statement emailed Friday. The agency worked with California regulators to investigate the automobile manufacturer and issue a notice of violation.

"Our goal now is to ensure that the affected cars are brought into compliance, to dig more deeply into the extent and implications of Volkswagen's efforts to cheat on clean air rules, and to take appropriate further action," California Air Resources Board Executive Officer Richard Corey said in the statement.

Volkswagen has yet to respond publicly to the EPA allegations. Newsweek has reached out to the company for comment, and we will update if they respond.

From: Gong, Kristiene
Sent: Friday, September 18, 2015 12:20 PM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert
Cc: Smith, Roxanne
Subject: Volkswagen Clips 9/18/2015

NY Times:

http://www.nytimes.com/2015/09/19/business/volkswagen-is-ordered-to-recall-nearly-500000-vehicles-over-emissions-software.html?_r=0

Volkswagen Is Ordered to Recall Nearly 500,000 Vehicles Over Emissions Software

By CORAL DAVENPORT SEPT. 18, 2015

WASHINGTON — The Obama administration on Friday ordered Volkswagen to recall nearly a half million cars from the road, saying the German automaker used software intentionally designed to circumvent environmental standards for reducing smog.

The Environmental Protection Agency issued the company a notice of violation and accused the company of breaking the law by installing software known as a "defeat device" in 4-cylinder Volkswagen and Audi vehicles from model years 2009-15. The device is programmed to detect when the car is undergoing official emissions testing, and to only turn on full emissions control systems during that testing. Those controls are turned off during normal driving situations, when the vehicles pollute far more heavily than reported by the manufacturer, the E.P.A. said.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," said Cynthia Giles, the E.P.A.'s assistant administrator for the Office of Enforcement and Compliance. "Working closely with the California Air Resources Board, E.P.A. is committed to making sure that all automakers play by the same rules. E.P.A. will continue to investigate these very serious violations."

The software was designed to conceal the cars' emissions of the pollutant nitrogen oxide, which contributes to the creation of ozone and smog. The pollutants are linked to a range of health problems, including asthma attacks and other respiratory diseases.

The state of California has issued a separate notice of violation to the company. California, the E.P.A. and the Justice Department are working together on an investigation of the allegations.

The allegations cover roughly 482,000 diesel passenger cars sold in the United States since 2009.

Affected diesel models include the Volkswagen Jetta (model years 2009-15), Volkswagen Beetle (model years 2009–15), Audi A3 (model years 2009–15), Volkswagen Golf (model years 2009–15) and Volkswagen Passat (model years 2014-15).

The notice of violation is part of a broader, more aggressive enforcement effort by federal environmental regulators on the auto industry. Analysts said it was meant to send a clear message to automakers that they will be harshly treated for compromising federal rules.

It follows a November 2014 announcement of the administration's largest-ever penalty for a violation of the Clean Air Act, in which the government fined the Korean automakers Hyundai Motor and Kia Motors a combined $300 million as part of a settlement for overstating vehicle fuel-economy standards on 1.2 million cars.

"They want to make it clear that they're going to crack down on cheaters," said Frank O'Donnell, president of the environmental advocacy group Clean Air Watch. "They're cheating not only car buyers but the breathing public. They want to lay down the law, enforce the law, and show they're not going to tolerate cheaters. The laws and regulation are only as good as the enforcement."

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To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: EnergyGuardian
Sent: Mon 10/5/2015 9:24:48 PM
Subject: Feds, Gulf states to jointly administer $8B restoration fund from BP settlement

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Energy and environment headlines for the afternoon of Monday, October 5, 2015

Feds, Gulf states to jointly administer $8B restoration fund from BP settlement

By Kevin Rogers

The federal government and five Gulf of Mexico states will jointly administer a 15-year, $8 billion program to restore the gulf in connection with the settlement, announced Monday, of their lawsuits against BP for its 2010 Deepwater Horizon oil spill.

More than five years after the explosion that killed 11 workers and spilled 134 million gallons of crude into the gulf, the federal government on Monday unveiled its final

settlement with the company, worth $20.8 billion. Concurrently, BP settled with the five Gulf states directly affected by the spill, agreeing to pay them $4.9 billion, as well as up to $1 billion to local governments. The states involved are Florida, Texas, Mississippi, Louisiana and Alabama.

The settlement, subject to final court approval and a public comment period, includes $5.5 billion in Clean Water Act penalties, $8.1 billion in damages for the harm done to the Gulf's natural resources, up to $700 million for undetected natural resources damage, and $600 million to cover any additional uncompensated federal expenses. It is the largest single-entity settlement the Justice Department has ever pursued.

While the federal and state settlements are separate, approval of the federal settlement is conditioned on approval of the state agreement, the Justice Department said.

"Taken as a whole, this resolution is a strong and fitting response," Attorney General Loretta Lynch said at a news conference. "BP is receiving the punishment it deserves, while also providing critical compensation for the injuries it caused to the environment and the economy of the Gulf region."

In a statement, BP spokesman Geoff Morrell welcomed the agreement.

"The government has announced a number that includes amounts previously spent or disclosed by BP," he said. "As BP said in July, this settlement resolves the largest litigation liabilities remaining from the tragic accident, providing BP certainty with respect to its financial obligations and allowing us to focus on safely delivering the energy the world needs."

Environmental Protection Agency Administrator Gina McCarthy, speaking at the news conference with Lynch, said the penalties would be spent on recovery efforts.

"Justice is not about dumping a pile of money and walking away," she said. "It's about investing in sustainable ways that empower and strengthen the Gulf communities over the long term."

In that connection, the federal government unveiled a draft plan outlining how the settlement money — $8.1 billion in natural resources damages and the $700 million to cover unidentified costs — will be used over the next 15 years. The plan, to be administered by federal agencies and the five states, will focus on restoring habitats destroyed by the spill; improving water quality; repairing coastal damage; improving recreational opportunity access; and working to improve environmental monitoring and management.

The plan's proposed governance creates eight trustee implementation groups, each focused on a specific restoration effort.

- Five, consisting of federal and state officials, are focused on state-specific restoration projects. Louisiana would receive $5 billion, Alabama would receive $206 million,

Florida would receive $680 million, Mississippi would receive $295 million, and Texas would receive $238 million.

- One, consisting of federal officials, is focused on ocean-wide restoration efforts and would oversee $1.29 billion.
- One, consisting of representatives from the five states and the federal government, will focus on $349.8 million in region-wide projects.
- One, consisting of representatives from the five states and the federal government, will administer the $700 million contingency fund for handling hidden natural resource impacts.

"The Trustees will continue to work with people along the coast to ensure they have every opportunity to be engaged in these meaningful recovery and restoration efforts that will generate jobs, improve water quality, support our tribal responsibilities and result in an improved wildlife habitat for migratory birds and hundreds of vulnerable species," Interior Secretary Sally Jewell said in a statement.

The plan is subject to court approval, as well as a 60-day public comment period. Environmental groups voiced cautious optimism with the draft plan, but said they would closely monitor it to make sure the funding was well spent.

Bethany Carl Kraft, director of the Ocean Conservancy's Gulf Restoration Program, in a statement said the group's reaction to the settlement and the restoration plan was "largely positive." However, she highlighted some potential issues, including the governance model, which she said could prove unwieldy and "appears to decrease funding" for ocean-specific projects.

"Given the extent of known impacts in the Gulf waters, it is imperative that every restoration dollar available is allocated to projects that actually restore impacted resources," she said.

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Suncor targets Canadian Oil Sands

Upcoming Events

United States, 11 Pacific Rim countries reach trade deal

By Paul Wisemand and Christopher S. Rugaber

WASHINGTON (AP) — The United States and 11 other Pacific Rim countries have agreed to an ambitious and contentious trade pact that cuts trade barriers, sets labor and environmental standards and protects multinational corporations' intellectual property.

The agreement on the Trans-Pacific Partnership was reached Monday after marathon negotiating sessions in Atlanta through the weekend.

The road ahead may be even tougher: The agreement must get through a skeptical U.S. Congress.

The TPP is designed to encourage trade between the United States, Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam. Together, the countries account for 40 percent of world economic output.

More

US, Chile declare new marine reserves, fight overfishing

By Bradley Klapper

VALPARAISO, Chile (AP) — President Barack Obama declared new marine sanctuaries in Lake Michigan and the tidal waters of Maryland on Monday, while Chile blocked off more than 200,000 square miles of the Pacific Ocean near the world-famous Easter Island from commercial fishing and oil and gas exploration.

The announcements came as top officials, including U.S. Secretary of State John Kerry, attended an international conference on marine protection in the Chilean port city of Valparaiso. Several nations also outlined plans for tracing seafood imports to combat overfishing and stemming increased pollution in the ocean.

The new protected waters in the United States are the first to be designated as such in 15 years, the White House said in a statement.

The 875-square mile area of Wisconsin's Lake Michigan extends from Port Washington to Two Rivers, containing a collection of 39 known shipwrecks. Fifteen are listed on the National Register of Historic Places.

The Mallows Bay-Potomac River in Maryland encompasses a 14-square mile area of the tidal Potomac River next to Charles County. Nearly 200 vessels, some dating to the Revolutionary War, are found in the largely undeveloped area that provides habitat for endangered species of wildlife and fish.

More

Court orders EPA to revise ship ballast dumping regulations

By John Flesher

TRAVERSE CITY, Mich. (AP) — A federal appeals court has ordered the government to rewrite regulations of ballast water discharges from ships, one of the leading culprits in the spread of invasive species across U.S. waterways.

The ruling Monday by the 2nd U.S. Circuit Court of Appeals came in a lawsuit filed by environmental groups against the U.S. Environmental Protection Agency.

The groups say an EPA permit issued in 2013 isn't strong enough to prevent vessels from introducing more harmful organisms such as zebra mussels, which have caused heavy damage in the Great Lakes and spread as far as the West Coast.

The court says the EPA erred in numerous ways, including by adopting international limits on live organisms in ballast water when technology was available to require tougher standards.

Boehner: House to vote for speaker Oct. 29, other jobs after

By Erica Werner

WASHINGTON (AP) — Speaker John Boehner on Monday scheduled the House election to replace him for Oct. 29 and delayed votes for lower-level posts until after that — a move widely seen as benefiting his preferred successor, Majority Leader Kevin McCarthy.

House Republicans, reeling and divided in the aftermath of Boehner's resignation last month, had planned to vote Thursday by secret ballot for a new leadership team. But a number of members wanted more time to weigh their options and pursue rule changes.

Under the new plan, Thursday's vote by Republican members will only involve their nominee for speaker. That will be followed by a floor vote in the full House on Oct. 29.

It will then be up to the new speaker to set an elections date for lower-level GOP posts from majority leader on down. The speaker is the only job in the House that's voted on by members of both parties in open session; the other jobs are selected internally by the party caucuses.

More

VW tells lawmakers 8M cars in Europe hit by emissions probe

By David Rising and Frank Jordans

BERLIN (AP) — Volkswagen says 8 million cars in the European Union are affected by an investigation into whether the automaker manipulated emissions tests, according to a letter received Monday by German lawmakers.

Volkswagen has previously said that 11 million diesel vehicles worldwide had engines fitted with software that can help them cheat U.S. emissions tests.

"Rest assured that at the moment we are working hard and coordinating closely with the authorities and the (German) federal government on a technical solution for the vehicles concerned," Volkswagen told lawmakers in the letter, which was obtained by The Associated Press.

"In the European Union eight million type EA 189 EU5 diesel engines with a 1.2 liter, 1.6 liter and 2.0 liter engine capacity are affected," said the letter, which was signed by VW lobbyists Thomas Steg and Michael Jansen.

More

A message from the American Petroleum Institute

America is now the world's #1 natural gas producer and will soon be #1 in oil. Now more than ever, abundant energy means abundant prosperity, opportunity and security for all Americans.

Learn more at EnergyTomorrow.org

UN releases a draft for potential agreement on climate

By Sylvie Corbet

PARIS (AP) — The United Nations on Monday released a first draft of the negotiating text for the major conference on climate taking place in Paris in December.

The document is a step forward for the talks, slimming down the text from more than 90 pages earlier this year to just 20.

Negotiators from 195 countries are to gather for a new session of talks Oct. 19-23 in Bonn, Germany.

A large number of proposals in the text are in parentheses, meaning they are still to be negotiated. The document notably includes a long-term goal for reduction in global greenhouse gas emissions, but details and deadline remain to be discussed.

More

Rare ferrets to find new home on former toxic site in Denver

By Dan Elliott

DENVER (AP) — Rare black-footed ferrets will be released Monday at the Rocky Mountain Arsenal National Wildlife Refuge — a milestone for the highly endangered animals and for the former toxic waste site on the industrial edge of Denver.

The U.S. Fish and Wildlife Service plans to turn 30 ferrets loose on the 25-square-mile refuge where chemical weapons and pesticides were once manufactured.

It became a wildlife refuge in 2010 after a $2.1 billion cleanup.

Black-footed ferrets were once thought to be extinct, but a small colony was discovered in 1981 in Wyoming. Researchers have been trying to restore the population since then.

More

Trian becomes one of top GE investors, buying $2.5B stake

By The Associated Press

NEW YORK (AP) — Trian Fund Management is now one of General Electric's biggest shareholders after the firm led by activist investor Nelson Peltz placed its largest bet to date, about $2.5 billion, as it positions itself to play a role in the transformation of the industrial conglomerate.

General Electric Co. has refocused its trajectory on its industrial roots — making large, complicated equipment for other companies — and selling off its financial operations. That, in a large part, is due to stricter federal oversight by federal regulators in the wake of the financial crisis.

That push continued Monday with the $2.5 billion sale of GE's corporate aircraft financing unit to Global Jet Capital. The private company based in Boca Raton, Florida, will get a portfolio of loans and leases, more than 300 aircraft and a team of GE employees.

Trian acquired 98.5 million shares, or about 1 percent of the Fairfield, Connecticut, company. The fund's executives, Peltz and Ed Garden, have a longstanding relationship with GE CEO Jeff Immelt. Rather than seeking to force corporate changes from GE, it appeared the Trian investment was in support of Immelt's goals.

More

DuPont CEO Kullman retiring effective Oct. 16

By Randall Chase

DOVER, Del. (AP) — The DuPont Co. has announced the sudden retirement of Ellen Kullman as chairwoman and CEO.

The company said Kullman, 59, will step down at the end of next week.

Edward Breen, a DuPont board member, will serve as Kullman's interim replacement.

DuPont also downgraded its operating earnings outlook on Monday, saying it now expects operating earnings per share for the full year of about $2.75, compared with prior guidance of $3.10.

More

Runaway NY oil tanker tips, spills 100 gallons; no injuries

By The Associated Press

YONKERS, N.Y. (AP) — A fire official says a runaway oil tanker truck has crashed into the side of an apartment building, tipped on its side and spilled 100 gallons of oil in suburban New York.

Yonkers Fire Department Deputy Chief Kevin Ford says nobody was injured in the mishap Monday.

Ford says the truck's brakes gave way while it was stopped to make a delivery. The driver wasn't in it at the time.

Ford says the 4,000-gallon tanker descended a hill, hit a car and struck the building. He says the vehicle then tilted onto its side.

More

Polish government indicates commitment to coal over nuclear

By The Associated Press

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WARSAW, Poland (AP) — Poland's prime minister says she does not consider nuclear energy a priority and is instead focused on strengthening the coal mining industry.

Ewa Kopacz's comments indicated a U-turn from earlier government plans to add nuclear energy to Poland's mix in the coming years.

Kopacz said Monday that Poland's energy security is based on coal. The country has rich deposits of the fossil fuel and the government is currently taking steps to preserve coal mines and thousands of jobs in the industry.

A few years ago, the government, then led by Donald Tusk, said a nuclear plant would be built and be operational around 2020.

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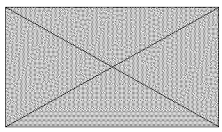

Week in Review – End to Biofuel Mandates Sought

EPA Sets Tighter Ozone Standards.

Click here to read the brief

We need more time for carbon rule compliance, N.D., Wyoming say

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Upcoming Events

- Oct. 6, Washington: The Senate Energy and Natural Resources Committee to hold a hearing on updates to the Strategic Petroleum Reserve and other energy security issues. Energy Secretary Ernest Moniz to testify. 10:00 am , 366 Dirksen.

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To: Wehrly, Linc[wehrly.linc@epa.gov]
From: EnergyGuardian
Sent: Mon 10/5/2015 9:25:04 PM
Subject: Feds, Gulf states to jointly administer $8B restoration fund from BP settlement

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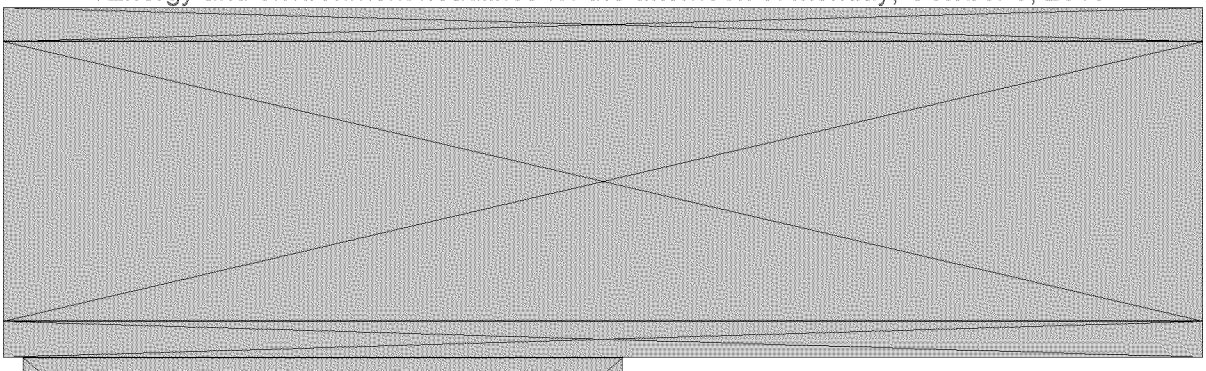
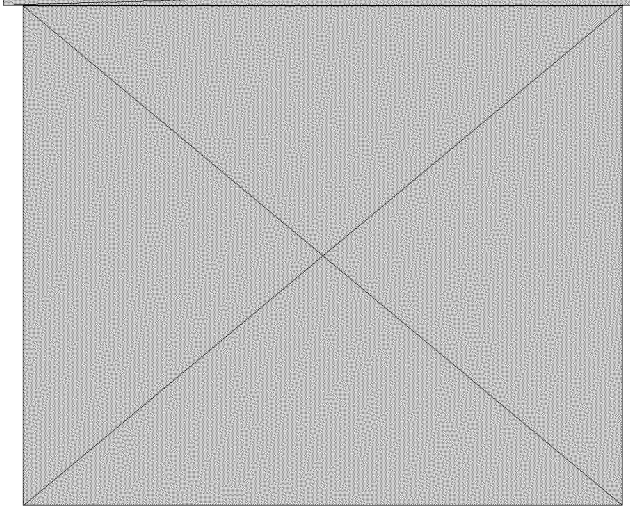
Energy and environment headlines for the afternoon of Monday, October 5, 2015





Feds, Gulf states to jointly administer $8B restoration fund from BP settlement

By Kevin Rogers

The federal government and five Gulf of Mexico states will jointly administer a 15-year, $8 billion program to restore the gulf in connection with the settlement, announced Monday, of their lawsuits against BP for its 2010 Deepwater Horizon oil spill.

More than five years after the explosion that killed 11 workers and spilled 134 million gallons of crude into the gulf, the federal government on Monday unveiled its final

settlement with the company, worth $20.8 billion. Concurrently, BP settled with the five Gulf states directly affected by the spill, agreeing to pay them $4.9 billion, as well as up to $1 billion to local governments. The states involved are Florida, Texas, Mississippi, Louisiana and Alabama.

The settlement, subject to final court approval and a public comment period, includes $5.5 billion in Clean Water Act penalties, $8.1 billion in damages for the harm done to the Gulf's natural resources, up to $700 million for undetected natural resources damage, and $600 million to cover any additional uncompensated federal expenses. It is the largest single-entity settlement the Justice Department has ever pursued.

While the federal and state settlements are separate, approval of the federal settlement is conditioned on approval of the state agreement, the Justice Department said.

"Taken as a whole, this resolution is a strong and fitting response," Attorney General Loretta Lynch said at a news conference. "BP is receiving the punishment it deserves, while also providing critical compensation for the injuries it caused to the environment and the economy of the Gulf region."

In a statement, BP spokesman Geoff Morrell welcomed the agreement.

"The government has announced a number that includes amounts previously spent or disclosed by BP," he said. "As BP said in July, this settlement resolves the largest litigation liabilities remaining from the tragic accident, providing BP certainty with respect to its financial obligations and allowing us to focus on safely delivering the energy the world needs."

Environmental Protection Agency Administrator Gina McCarthy, speaking at the news conference with Lynch, said the penalties would be spent on recovery efforts.

"Justice is not about dumping a pile of money and walking away," she said. "It's about investing in sustainable ways that empower and strengthen the Gulf communities over the long term."

In that connection, the federal government unveiled a draft plan outlining how the settlement money — $8.1 billion in natural resources damages and the $700 million to cover unidentified costs — will be used over the next 15 years. The plan, to be administered by federal agencies and the five states, will focus on restoring habitats destroyed by the spill; improving water quality; repairing coastal damage; improving recreational opportunity access; and working to improve environmental monitoring and management.

The plan's proposed governance creates eight trustee implementation groups, each focused on a specific restoration effort.

- Five, consisting of federal and state officials, are focused on state-specific restoration projects. Louisiana would receive $5 billion, Alabama would receive $206 million,

Florida would receive $680 million, Mississippi would receive $295 million, and Texas would receive $238 million.

- One, consisting of federal officials, is focused on ocean-wide restoration efforts and would oversee $1.29 billion.
- One, consisting of representatives from the five states and the federal government, will focus on $349.8 million in region-wide projects.
- One, consisting of representatives from the five states and the federal government, will administer the $700 million contingency fund for handling hidden natural resource impacts.

"The Trustees will continue to work with people along the coast to ensure they have every opportunity to be engaged in these meaningful recovery and restoration efforts that will generate jobs, improve water quality, support our tribal responsibilities and result in an improved wildlife habitat for migratory birds and hundreds of vulnerable species," Interior Secretary Sally Jewell said in a statement.

The plan is subject to court approval, as well as a 60-day public comment period. Environmental groups voiced cautious optimism with the draft plan, but said they would closely monitor it to make sure the funding was well spent.

Bethany Carl Kraft, director of the Ocean Conservancy's Gulf Restoration Program, in a statement said the group's reaction to the settlement and the restoration plan was "largely positive." However, she highlighted some potential issues, including the governance model, which she said could prove unwieldy and "appears to decrease funding" for ocean-specific projects.

"Given the extent of known impacts in the Gulf waters, it is imperative that every restoration dollar available is allocated to projects that actually restore impacted resources," she said.

Quick Links

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United States, 11 Pacific Rim countries reach trade deal

By Paul Wisemand and Christopher S. Rugaber

WASHINGTON (AP) — The United States and 11 other Pacific Rim countries have agreed to an ambitious and contentious trade pact that cuts trade barriers, sets labor and environmental standards and protects multinational corporations' intellectual property.

The agreement on the Trans-Pacific Partnership was reached Monday after marathon negotiating sessions in Atlanta through the weekend.

The road ahead may be even tougher: The agreement must get through a skeptical U.S. Congress.

The TPP is designed to encourage trade between the United States, Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam. Together, the countries account for 40 percent of world economic output.

More

US, Chile declare new marine reserves, fight overfishing

By Bradley Klapper

VALPARAISO, Chile (AP) — President Barack Obama declared new marine sanctuaries in Lake Michigan and the tidal waters of Maryland on Monday, while Chile blocked off more than 200,000 square miles of the Pacific Ocean near the world-famous Easter Island from commercial fishing and oil and gas exploration.

The announcements came as top officials, including U.S. Secretary of State John Kerry, attended an international conference on marine protection in the Chilean port city of Valparaiso. Several nations also outlined plans for tracing seafood imports to combat overfishing and stemming increased pollution in the ocean.

The new protected waters in the United States are the first to be designated as such in 15 years, the White House said in a statement.

The 875-square mile area of Wisconsin's Lake Michigan extends from Port Washington to Two Rivers, containing a collection of 39 known shipwrecks. Fifteen are listed on the National Register of Historic Places.

The Mallows Bay-Potomac River in Maryland encompasses a 14-square mile area of the tidal Potomac River next to Charles County. Nearly 200 vessels, some dating to the Revolutionary War, are found in the largely undeveloped area that provides habitat for endangered species of wildlife and fish.

More

Court orders EPA to revise ship ballast dumping regulations

By John Flesher

TRAVERSE CITY, Mich. (AP) — A federal appeals court has ordered the government to rewrite regulations of ballast water discharges from ships, one of the leading culprits in the spread of invasive species across U.S. waterways.

The ruling Monday by the 2nd U.S. Circuit Court of Appeals came in a lawsuit filed by environmental groups against the U.S. Environmental Protection Agency.

The groups say an EPA permit issued in 2013 isn't strong enough to prevent vessels from introducing more harmful organisms such as zebra mussels, which have caused heavy damage in the Great Lakes and spread as far as the West Coast.

The court says the EPA erred in numerous ways, including by adopting international limits on live organisms in ballast water when technology was available to require tougher standards.

Boehner: House to vote for speaker Oct. 29, other jobs after

By Erica Werner

WASHINGTON (AP) — Speaker John Boehner on Monday scheduled the House election to replace him for Oct. 29 and delayed votes for lower-level posts until after that — a move widely seen as benefiting his preferred successor, Majority Leader Kevin McCarthy.

House Republicans, reeling and divided in the aftermath of Boehner's resignation last month, had planned to vote Thursday by secret ballot for a new leadership team. But a number of members wanted more time to weigh their options and pursue rule changes.

Under the new plan, Thursday's vote by Republican members will only involve their nominee for speaker. That will be followed by a floor vote in the full House on Oct. 29.

It will then be up to the new speaker to set an elections date for lower-level GOP posts from majority leader on down. The speaker is the only job in the House that's voted on by members of both parties in open session; the other jobs are selected internally by the party caucuses.

More

VW tells lawmakers 8M cars in Europe hit by emissions probe

By David Rising and Frank Jordans

BERLIN (AP) — Volkswagen says 8 million cars in the European Union are affected by an investigation into whether the automaker manipulated emissions tests, according to a letter received Monday by German lawmakers.

Volkswagen has previously said that 11 million diesel vehicles worldwide had engines fitted with software that can help them cheat U.S. emissions tests.

"Rest assured that at the moment we are working hard and coordinating closely with the authorities and the (German) federal government on a technical solution for the vehicles concerned," Volkswagen told lawmakers in the letter, which was obtained by The Associated Press.

"In the European Union eight million type EA 189 EU5 diesel engines with a 1.2 liter, 1.6 liter and 2.0 liter engine capacity are affected," said the letter, which was signed by VW lobbyists Thomas Steg and Michael Jansen.

More

A message from the American Petroleum Institute

America is now the world's #1 natural gas producer and will soon be #1 in oil. Now more than ever, abundant energy means abundant prosperity, opportunity and security for all Americans.

Learn more at EnergyTomorrow.org

UN releases a draft for potential agreement on climate

By Sylvie Corbet

PARIS (AP) — The United Nations on Monday released a first draft of the negotiating text for the major conference on climate taking place in Paris in December.

The document is a step forward for the talks, slimming down the text from more than 90 pages earlier this year to just 20.

Negotiators from 195 countries are to gather for a new session of talks Oct. 19-23 in Bonn, Germany.

A large number of proposals in the text are in parentheses, meaning they are still to be negotiated. The document notably includes a long-term goal for reduction in global greenhouse gas emissions, but details and deadline remain to be discussed.

More

Rare ferrets to find new home on former toxic site in Denver

By Dan Elliott

DENVER (AP) — Rare black-footed ferrets will be released Monday at the Rocky Mountain Arsenal National Wildlife Refuge — a milestone for the highly endangered animals and for the former toxic waste site on the industrial edge of Denver.

The U.S. Fish and Wildlife Service plans to turn 30 ferrets loose on the 25-square-mile refuge where chemical weapons and pesticides were once manufactured.

It became a wildlife refuge in 2010 after a $2.1 billion cleanup.

Black-footed ferrets were once thought to be extinct, but a small colony was discovered in 1981 in Wyoming. Researchers have been trying to restore the population since then.

More

Trian becomes one of top GE investors, buying $2.5B stake

By The Associated Press

NEW YORK (AP) — Trian Fund Management is now one of General Electric's biggest shareholders after the firm led by activist investor Nelson Peltz placed its largest bet to date, about $2.5 billion, as it positions itself to play a role in the transformation of the industrial conglomerate.

General Electric Co. has refocused its trajectory on its industrial roots — making large, complicated equipment for other companies — and selling off its financial operations. That, in a large part, is due to stricter federal oversight by federal regulators in the wake of the financial crisis.

That push continued Monday with the $2.5 billion sale of GE's corporate aircraft financing unit to Global Jet Capital. The private company based in Boca Raton, Florida, will get a portfolio of loans and leases, more than 300 aircraft and a team of GE employees.

Trian acquired 98.5 million shares, or about 1 percent of the Fairfield, Connecticut, company. The fund's executives, Peltz and Ed Garden, have a longstanding relationship with GE CEO Jeff Immelt. Rather than seeking to force corporate changes from GE, it appeared the Trian investment was in support of Immelt's goals.

More

DuPont CEO Kullman retiring effective Oct. 16

By Randall Chase

DOVER, Del. (AP) — The DuPont Co. has announced the sudden retirement of Ellen Kullman as chairwoman and CEO.

The company said Kullman, 59, will step down at the end of next week.

Edward Breen, a DuPont board member, will serve as Kullman's interim replacement.

DuPont also downgraded its operating earnings outlook on Monday, saying it now expects operating earnings per share for the full year of about $2.75, compared with prior guidance of $3.10.

More

Runaway NY oil tanker tips, spills 100 gallons; no injuries

By The Associated Press

YONKERS, N.Y. (AP) — A fire official says a runaway oil tanker truck has crashed into the side of an apartment building, tipped on its side and spilled 100 gallons of oil in suburban New York.

Yonkers Fire Department Deputy Chief Kevin Ford says nobody was injured in the mishap Monday.

Ford says the truck's brakes gave way while it was stopped to make a delivery. The driver wasn't in it at the time.

Ford says the 4,000-gallon tanker descended a hill, hit a car and struck the building. He says the vehicle then tilted onto its side.

More

Polish government indicates commitment to coal over nuclear

By The Associated Press

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WARSAW, Poland (AP) — Poland's prime minister says she does not consider nuclear energy a priority and is instead focused on strengthening the coal mining industry.

Ewa Kopacz's comments indicated a U-turn from earlier government plans to add nuclear energy to Poland's mix in the coming years.

Kopacz said Monday that Poland's energy security is based on coal. The country has rich deposits of the fossil fuel and the government is currently taking steps to preserve coal mines and thousands of jobs in the industry.

A few years ago, the government, then led by Donald Tusk, said a nuclear plant would be built and be operational around 2020.

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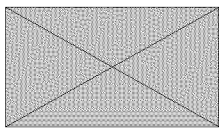

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To: Giles, Michael (EEO)[michael.giles@vw.com]
From: Snyder, Jim
Sent: Mon 10/5/2015 9:36:26 PM
Subject: RE: VW Group - e-tron cert request

Done.

From: Giles, Michael (EEO) [mailto:michael.giles@vw.com]
Sent: Monday, October 05, 2015 4:41 PM
To: Snyder, Jim
Cc: Rodgers, William (EEO); Allen, Gregory (EEO)
Subject: VW Group - e-tron cert request

Hi Jim,

I need to make a correction to the test group dataset for the e-tron (MY2016 GVGAV01.43B). However, I believe there is an active cert request; could you reject this one? Then I will re-submit after corrections.

Regards,

Mike

Michael Giles

Certification Engineer

Engineering & Environmental Office (EEO)

Volkswagen Group of America, Inc.

3800 Hamlin Road

Auburn Hills, MI 48326

Phone: 248 754 4229

Fax: 248 754 4207

mailto: Michael.Giles@VW.com

To: McCabe, Janet[McCabe.Janet@epa.gov]
From: Grundler, Christopher
Sent: Mon 10/5/2015 10:03:56 PM
Subject: Fwd: October 8 VW hearing update

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

Begin forwarded message:

From: "Levine, Carolyn" <Levine.Carolyn@epa.gov>
Date: October 5, 2015 at 4:56:46 PM CDT
To: "Brooks, Phillip" <Brooks.Phillip@epa.gov>, "Grundler, Christopher" <grundler.christopher@epa.gov>
Cc: "Haman, Patricia" <Haman.Patricia@epa.gov>, "Bunker, Byron" <bunker.byron@epa.gov>, "Cohen, Janet" <cohen.janet@epa.gov>, "Belser, Evan" <Belser.Evan@epa.gov>, "Werner, Jacqueline" <Werner.Jacqueline@epa.gov>, "Emmerson, Caroline" <Emmerson.Caroline@epa.gov>, "Sutton, Tia" <sutton.tia@epa.gov>
Subject: October 8 VW hearing update

Hi all,

Here is the latest, and hopefully last update:

Panel 1 will convene at 10am Thursday and the Committee will move forward with both panels on Thursday. They will likely need to recess the hearing around noon for floor action and reconvene at approximately 2:30pm to finish EPA panel questioning.

Assuming this works for Chris and Phil's schedules, this may work out well. Please let me know any concerns.

Thanks,

Carolyn

Carolyn Levine

Office of Congressional and Intergovernmental Relations

U.S. EPA

(202) 564-1859

levine.carolyn@epa.gov

To: Birgfeld, Erin[Birgfeld.Erin@epa.gov]; Greuel, Justin[Greuel.Justin@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Moulis, Charles[moulis.charles@epa.gov]
Cc: Cohen, Janet[cohen.janet@epa.gov]; Hengst, Benjamin[Hengst.Benjamin@epa.gov]
From: Sutton, Tia
Sent: Mon 10/5/2015 10:07:54 PM
Subject: RE: DDL: maybe next week, not set; Reuters; re: some of the conditions that seem to pushed Volkswagen to 'defeat' emissions tests are at play with trains

Ex. 5

From: Birgfeld, Erin
Sent: Monday, October 05, 2015 4:37 PM
To: Greuel, Justin; Bunker, Byron
Cc: Cohen, Janet; Hengst, Benjamin; Sutton, Tia
Subject: FW: DDL: maybe next week, not set; Reuters; re: some of the conditions that seem to pushed Volkswagen to 'defeat' emissions tests are at play with trains

Justin and Byron,

Ex. 5

Thanks,

Erin

From: Valentine, Julia
Sent: Monday, October 05, 2015 4:17 PM
To: Birgfeld, Erin; Senn, John

Cc: Hengst, Benjamin; Millett, John; Allen, Laura; Conger, Nick
Subject: VW: DDL: maybe next week, not set; Reuters; re: some of the conditions that seem to pushed Volkswagen to 'defeat' emissions tests are at play with trains

Patrick Rucker

Reuters News Energy Reporter

Desk: 202 354 5858

Cell: 202 415 4075

There's an interesting diesel trains wrinkle in the 'defeat device' issue

In short, some of the conditions that seem to pushed Volkswagen to 'defeat' emissions tests are at play with trains

And it would be helpful to have an informal chat with someone there about train emissions and compliance to see if there might be something here

The emissions rules just got though for trains

NOx emissions must come down by 75 pct; hydrocarbon levels by 80 percent

That's a huge jump and train manufacturers are struggling to match that

Caterpillar – one of the two leading locomotive manufactures – could not meet those standards

They've been pushed out of the diesel locomotive sector and left the field to General Electric

Caterpillar now says they can have a 'conforming' engine on the market next year – a move that's surprised some in the industry

Judging by this org chat, I can imagine a few people here at Transportation and Air Quality might be able to help

But if you could help me with that informal chat, grateful

To: Levine, Carolyn[Levine.Carolyn@epa.gov]
Cc: Grundler, Christopher[grundler.christopher@epa.gov]; Haman, Patricia[Haman.Patricia@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Cohen, Janet[cohen.janet@epa.gov]; Belser, Evan[Belser.Evan@epa.gov]; Werner, Jacqueline[Werner.Jacqueline@epa.gov]; Emmerson, Caroline[Emmerson.Caroline@epa.gov]; Sutton, Tia[sutton.tia@epa.gov]
From: Brooks, Phillip
Sent: Mon 10/5/2015 10:09:18 PM
Subject: Re: October 8 VW hearing update

Ok for me.

Sent from my iPhone

On Oct 5, 2015, at 5:56 PM, Levine, Carolyn <Levine.Carolyn@epa.gov> wrote:

> Hi all,
>
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>
> Thanks,
>
> Carolyn

Carolyn Levine

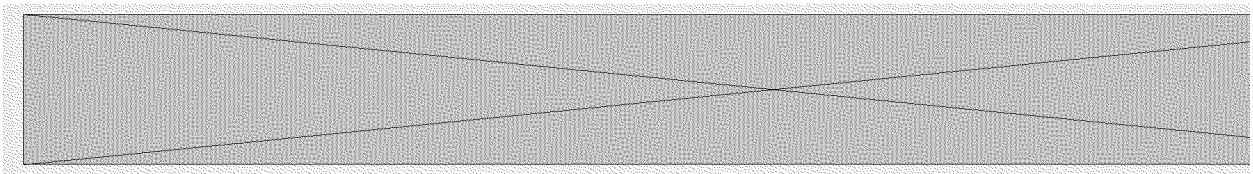
Office of Congressional and Intergovernmental Relations

U.S. EPA

(202) 564-1859

levine.carolyn@epa.gov

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: The Hill
Sent: Mon 10/5/2015 11:31:42 PM
Subject: Overnight Energy & Environment: Feds finalize BP settlement



A RECORD SETTLEMENT: Federal officials finalized an over $20 billion deal with BP on Monday to settle lawsuits stemming from the company's 2010 oil spill.

Attorney General Loretta Lynch and a host of cabinet secretaries shared the settlement on Monday, more than three months after announcing the deal this summer.

"This resolution is strong and fitting," Lynch said. "BP is receiving the punishment it deserves while also providing critical compensation to the damage to the Gulf region."

Under the settlement, BP will spend $5.5 million to settle Clean Water Act claims, $7.1 million for environmental restoration work, and $5.9 million to state and local governments affected by the spill.

Officials also announced a Gulf of Mexico restoration fund, which will put BP money to work on coastal and habitat repair, water quality improvement in wetlands and recreational projects.

The settlement was less than the maximum fine BP could have owed. But Lynch said the final deal was an appropriate response.

"This is still the largest environmental penalty under the Clean Water Act and Oil Pollution Act, ever," she said.

Read more here.

ON TAP TUESDAY I: Energy Secretary Ernest Moniz will testify before the Senate Energy and Natural Resources Committee on the Strategic Petroleum Reserve.

ON TAP TUESDAY II: The North American Gas Forum will wrap up Tuesday with a schedule that includes a keynote address by Tony Clark, a commissioner on the Federal Energy Regulatory Commission. Reps. Ted Poe (R-Texas) and Bill Johnson (R-Ohio) will also speak, as will Sen. Heidi Heitkamp (D-N.D.).

Rest of Tuesday's agenda ...

The Energy Information Administration's Howard Gruenspecht will present the agency's winter fuels outlook Tuesday at the National Press Club.

AROUND THE WEB:

The Organization of Petroleum Exporting Countries is considering turning to Twitter to improve its international image, The Wall Street Journal reports.

Citigroup Inc. is pledging various steps to reduce its financing of coal mining, Bloomberg Business reports.

Federal officials in Canada are concerned about Montreal's plans to dump 8 billion liters of sewage into the St. Lawrence River, CBC News reports.

IN CASE YOU MISSED IT:

Check out Monday's stories ...

-Court rules against EPA's invasive species rule
-House Dems press for Volkswagen emission hearing
-West Virginia sues VW over emissions scandal
-Obama doubles down on Arctic drilling regs
-Feds, BP reach $20B settlement over Gulf spill
-Obama proposes two marine sanctuaries
-Obama's ozone evolution
-Week ahead: House to vote on crude oil ban

Please send tips and comments to Timothy Cama, tcama@thehill.com; and Devin Henry, dhenry@thehill.com. Follow us on Twitter: @Timothy_Cama, @dhenry, @thehill

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From: Ex. 7
Location: ARB Conference Room 100 (AN3)
Importance: Normal
Subject: Meeting –In- Use Compliance Section/ARB and VW
Start Date/Time: Thur 10/8/2015 6:00:00 PM
End Date/Time: Thur 10/8/2015 9:00:00 PM

....
;;;;
Meeting –In- Use Compliance Section/ARB and VW
ORGANIZER: Ex. 7

Ex. 7

MEETING PURPOSE: Meeting to Address Questions Related to VW Recall Action
CONFERENCE ROOM: El Monte – ARB Conference Room 100 (AN3)
Agenda and Conference Call Number to be provided

Join Skype Meeting

This is an online meeting for Skype for Business, the professional meetings and communications app formerly known as Lync.

Join by phone

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To: Brooks, Phillip[Brooks.Phillip@epa.gov]
Cc: Levine, Carolyn[Levine.Carolyn@epa.gov]; Haman, Patricia[Haman.Patricia@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Cohen, Janet[cohen.janet@epa.gov]; Belser, Evan[Belser.Evan@epa.gov]; Werner, Jacqueline[Werner.Jacqueline@epa.gov]; Emmerson, Caroline[Emmerson.Caroline@epa.gov]; Sutton, Tia[sutton.tia@epa.gov]
From: Grundler, Christopher
Sent: Tue 10/6/2015 12:43:16 AM
Subject: Re: October 8 VW hearing update

This is welcome news

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

On Oct 5, 2015, at 6:09 PM, Brooks, Phillip <Brooks.Phillip@epa.gov> wrote:

> Ok for me.
>
> Sent from my iPhone
>
> On Oct 5, 2015, at 5:56 PM, Levine, Carolyn <Levine.Carolyn@epa.gov> wrote:
>
> > Hi all,
> >
> > Here is the latest, and hopefully last update:
> >
> > Panel 1 will convene at 10am Thursday and the Committee will move forward with both panels on Thursday. They will likely need to recess the hearing around noon for floor action and reconvene at approximately 2:30pm to finish EPA panel questioning.
> >
> > Assuming this works for Chris and Phil's schedules, this may work out well. Please let me know any concerns.
> >
> > Thanks,

Carolyn

Carolyn Levine

Office of Congressional and Intergovernmental Relations

U.S. EPA

(202) 564-1859

levine.carolyn@epa.gov

To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: Ex. 7
Sent: Tue 10/6/2015 2:16:52 AM
Subject: Per our discussion
2015-10-05 FINAL 07 Responses to Peter Spencer-CLEAN_Post Call.docx

See attached.

Ex. 7

To: Good, David[good.david@epa.gov]
From: Thomas, Richard (EEO)
Sent: Tue 10/6/2015 10:01:38 AM
Subject: Relabel Index #022

Hi Dave;

Last Friday I relabeled the automatic Golf R as we discussed last week. I would like to make sure that all is in order with the label before I forward to the our group that print Monroney labels. Could you do an audit of the 2016 fuel economy labels and send to me please?

If you have any questions, please feel free to contact me.

Best regards,

Richard

Richard E. Thomas

Senior Emission Certification Specialist

Engineering & Environmental Office (EEO)

Volkswagen Group of America, Inc.

3800 Hamlin Road

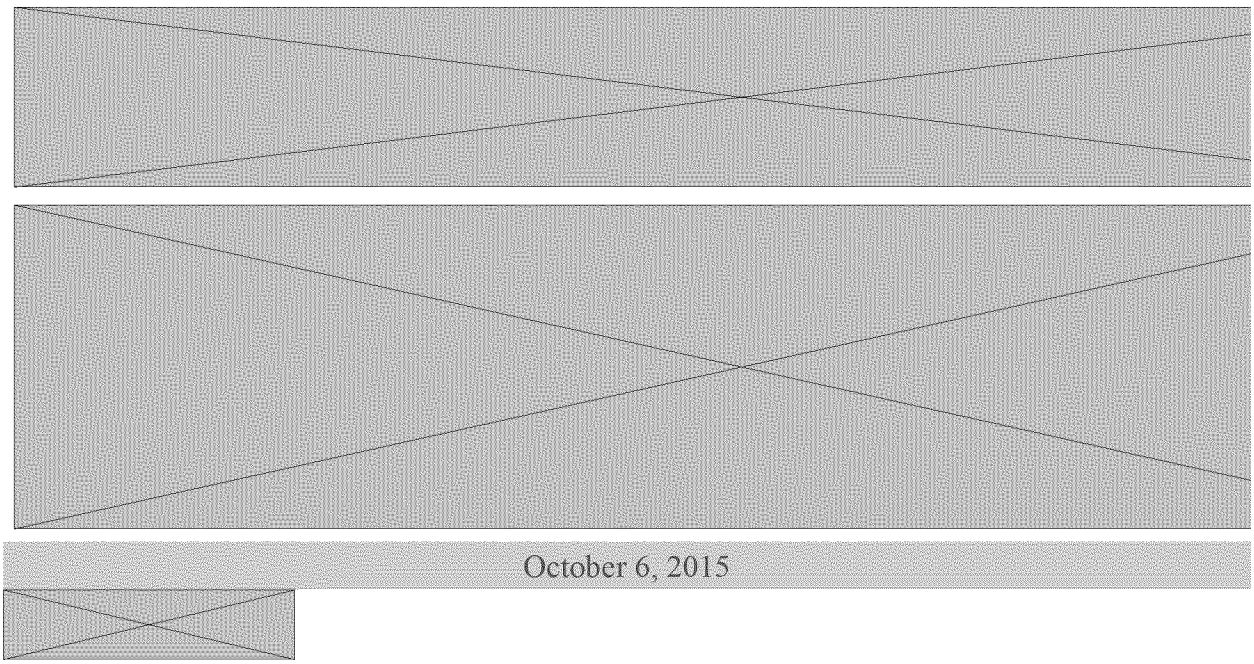
Auburn Hills, MI 48326

Phone: 248 754 4213

Fax: 248 754 4207

mailto: Richard.Thomas@VW.com

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: The Hill
Sent: Tue 10/6/2015 11:06:22 AM
Subject: The Hill's E-news: October 6, 2015



Clinton searches for a theme

By Niall Stanage and Amie Parnes

"Voters will have a tough time digesting a campaign with about a hundred policies."

Clinton on offense in nationally televised NH town hall

By Jonathan Easley

She ripped Republicans for politicizing the Benghazi terror attack.

The overbroad language of the PATENT Act and Innovation Act sets frightening limits on U.S. inventors. Tell Congress to oppose both H.R.9 and S.1137 or risk weakening America's competitive edge. www.savetheinventor.com

SPONSOR-GENERATED CONTENT

Fresh twists roil House GOP races

By Scott Wong

House GOP leadership races took new twists and turns on Monday.

McConnell navigates Senate with eye on vulnerable allies Ayotte, Portman

By Alexander Bolton

Two of Mitch McConnell's closest allies are in serious danger of losing their seats.

Hassan, Ayotte to battle for New Hampshire Senate seat

By Jonathan Easley

Democrats landed their top recruit for the New Hampshire Senate on Monday.

Deadly bombing at hospital clouds Afghanistan decisions

By Kristina Wong, Kevin Cirilli and Rebecca Kheel

A Senate panel is expected on Tuesday to grill the commander of the military coalition in Afghanistan.

Democrats up ante with Benghazi leak

By Julian Hattem

Democrats on the House Select Committee on Benghazi are going on offense.

Obama's trade deal faces stiff headwinds

By Vicki Needham

The White House's announcement Monday of an international trade deal covering 40 percent of the world's economy sets the stage for a bruising, months-long congressional battle.

Reid slams GOP 'puppets of the NRA'

By Jordain Carney

Reid blasted his Republican colleagues, saying that by not taking action "lawmakers all around this country pander to the extreme right-wing lobby."

Watchdog reopens probe into Secret Service's targeting of Chaffetz

By Julian Hattem

The move follows Secret Service Director Joseph Clancy's acknowledgement that he was revising how much he knew about the incident.

The New York Times: Bernie Sanders, a hunting-state senator, treads lightly with guns

By Thomas Kaplan

Senator Bernie Sanders's more moderate views are facing scrutiny among a Democratic field that is pushing hard for strict controls after a mass shooting in Oregon.

The Washington Post: Sanders campaign apologizes for threatened arrest of pro-

Palestine activists outside Boston rally

By John Wagner

The Vermont senator has been a longtime advocate for a two-state solution in the region.

Bloomberg: Can Hillary Clinton be a normal presidential candidate?

By Arit John

In New Hampshire, the Democratic front-runner demonstrates how she has perfected the art of ignoring questions from the media.

The Associated Press: The Trump swagger is seen, not always loved, worldwide

By Gregory Katz

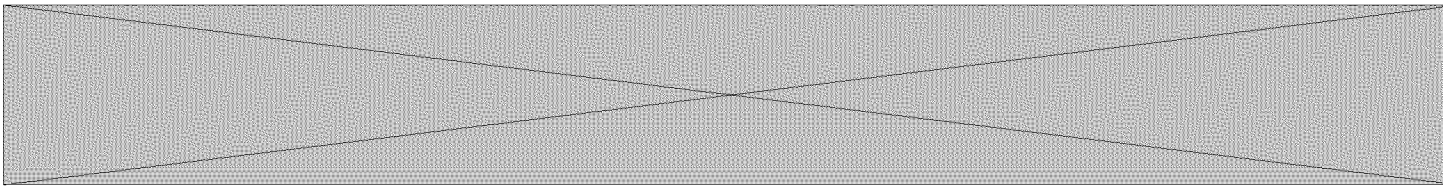
BALMEDIE, Scotland (AP) -- Republican presidential front-runner Donald Trump is well-known in this serene coastal section of Scotland, where shimmering golden sand dunes meet the ice-blue North Sea and people play on his golf course. He's known in the Himalayas, too, far from any sign with his name on it. And in the Middle East, Africa and beyond.

USA Today: House Republicans look to rewrite rules to give members more voice

By Paul Singer

House Republicans are using the coming departure of Speaker John Boehner to agitate for new structures and procedures that may limit the power of whoever takes the gavel from him.

Not signed up to receive our newsletters? Click here to join our list and get our daily emails in your inbox, too.



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To: Belser, Evan[Belser.Evan@epa.gov]; Brooks, Phillip[Brooks.Phillip@epa.gov]; Bunker, Byron[bunker.byron@epa.gov]; Cohen, Janet[cohen.janet@epa.gov]; Cook, Leila[cook.leila@epa.gov]; Haman, Patricia[Haman.Patricia@epa.gov]; Levine, Carolyn[Levine.Carolyn@epa.gov]; Simon, Karl[Simon.Karl@epa.gov]; Sutton, Tia[sutton.tia@epa.gov]
Cc: Birgfeld, Erin[Birgfeld.Erin@epa.gov]; Brooks, Phillip[Brooks.Phillip@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]
From: Hengst, Benjamin
Sent: Tue 10/6/2015 11:33:22 AM
Subject: Agenda for today's 10am hearing prep session

Hi All,

Here's an agenda for today's 10am hearing prep. We will meet in Chris Grundler's office Non-Responsive call in is Non-Responsive Please let me know if you'd like to add anything. Ben

Schedule for Ex. 5

OCIR update from Pat, Carolyn (hearing logistics, Intel, etc)

Status of hearing statement

Materials check-in : what is still needed, review what is in progress

General discussion: VW update, key questions Ex. 5

To: Caldwell, Amy[caldwell.amy@epa.gov]; Wasenko, Barbara[Wasenko.Barbara@epa.gov]; Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Betty Stendel[stendel.betty@epa.gov]; Kolowich, Bruce[kolowich.bruce@epa.gov]; Grundler, Christopher[grundler.christopher@epa.gov]; Mylan, Christopher[Mylan.Christopher@epa.gov]; Haugen, David[haugen.david@epa.gov]; Miller, Debra L.[Miller.DebraL@epa.gov]; Watkins, Erica[Watkins.Erica@epa.gov]; Birgfeld, Erin[Birgfeld.Erin@epa.gov]; Galano, Fidel[Galano.Fidel@epa.gov]; Johnson, Francene[Johnson.Francene@epa.gov]; Stewart, Gwen[Stewart.Gwen@epa.gov]; Jones, Jacqueline[Jones.Jacqueline@epa.gov]; Blubaugh, Jim[Blubaugh.Jim@epa.gov]; Weihrauch, John[Weihrauch.John@epa.gov]; Iffland, JoNell[Iffland.JoNell@epa.gov]; Berrier, Judi[Berrier.Judi@epa.gov]; Greuel, Justin[Greuel.Justin@epa.gov]; Simon, Karl[Simon.Karl@epa.gov]; Sargeant, Kathryn[sargeant.kathryn@epa.gov]; Vawters, Katie[Vawters.Katie@epa.gov]; Derksen, Kimberly[derksen.kimberly@epa.gov]; Cook, Leila[cook.leila@epa.gov]; McQueen, Lyndia[mcqueen.lyndia@epa.gov]; Le, Madison[Le.Madison@epa.gov]; Peralta, Maria[Peralta.Maria@epa.gov]; Brusstar, Matt[brusstar.matt@epa.gov]; Michael Horowitz[horowitz.michael@epa.gov]; Sabourin, Michael[sabourin.michael@epa.gov]; Haley, Mike[Haley.Mike@epa.gov]; Cooper, Nanette[cooper.nanette@epa.gov]; Paff, Patricia[paff.patricia@epa.gov]; Shaffer, Patricia[Shaffer.Patricia@epa.gov]; Argyropoulos, Paul[Argyropoulos.Paul@epa.gov]; Curtis, Rhonda[Curtis.Rhonda@epa.gov]; Larson, Robert[larson.robert@epa.gov]; Waite, Sherry[waite.sherry@epa.gov]; Patterson, Susan[Patterson.Susan@epa.gov]; Nelson, Suzanne[nelson.suzanne@epa.gov]; Meekins, Tanya[Meekins.Tanya@epa.gov]; Moore, Theresa[Moore.Theresa@epa.gov]; Bradish, Tracey[bradish.tracey@epa.gov]
Cc: Gonzalez, Gail[Gonzalez.Gail@epa.gov]; White, SharonB[White.SharonB@epa.gov]
From: Stewart, Gwen
Sent: Tue 10/6/2015 11:57:17 AM
Subject: Grundler, Christopher Calendar
Grundler Christopher Calendar.ics

CHRISTOPHER GRUNDLER

TUESDAY, OCTOBER 6, 2015

CALENDAR

DC OFFICE

10:00 AM – 11:00 AMVW HEC Hearing

Location: RM. 6520 DC/RM. C-174 DOD AA

By Telephone: 866 299-3188

Access Code: Ex. 6

12:00 PM – 1:00 PM Management Time

1:00 PM – 2:00 PM Weekly Pre-Brief for Janet RFS Meetings

Location: RM. 6520 DC/RM. C-174 DOD AA

3:00 PM – 3:30 PM Motor pool from EPA Hot Dog Stand to Department of Transportation

White Chevy Van, Tag# Ex. 6

3:30 PM – 5:00 PM EPA/DOT Team Meeting

Location: DOT HQ – Suite W42-300

1200 New Jersey Avenue, S.E.

Washington, DC

5:00 PM – 5:30 PM Motor pool from the Department of Transportation to EPA

Motor pool – White Chevy Van Tag #G431598K

Gwen Stewart

Office of Transportation and Air Quality

202 564-1682 – Telephone

202 564-1686 – Fax Number

Stewart.gwen@epa.gov

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: energy@morningconsult.cpro30.com
Sent: Tue 10/6/2015 12:02:57 PM
Subject: Morning Consult Energy: Regulators Ready to Approve $7 Billion U.S. Gas Export Terminal After TPP Deal; BP to Pay $20 Billion in Fines for Gulf of Mexico Oil Spill

By Deirdra O'Regan

Today's Washington Brief

- Federal regulators are prepared to sign off on the country's first natural gas export terminal after Pacific Rim nations agreed to a landmark trade deal Monday that would increase U.S. gas exports to Asia. The $7 billion facility in Oregon is expected to receive final approval in December. (Washington Examiner)

- The Obama administration reiterated its plans to issue regulations for oil and natural gas drilling in the Arctic Ocean. Regulators are moving forward with the rules, despite Royal Dutch Shell's decision to abandon drilling efforts in the region "for the foreseeable future." (The Hill)

- The lobbying effort to repeal the 40-year-old U.S. crude oil export ban has gathered considerable support, a testament to the industry's influence in Washington. Two Senate committees have already endorsed the legislation and a House vote may occur later this week. (The New York Times)

Today's Business Brief

- The U.S. said BP will pay more than $20 billion in fines to resolve claims from the 2010 Gulf of Mexico oil spill. The agreement adds to the $43.8 billion BP previously set aside for penalties and cleanup costs, constituting the largest corporate settlement of its kind in U.S. history. (Reuters)

- Citigroup became the third major bank this year to slash its lending to coal-mining companies. Coal companies must now gain "senior approval" for credit and pass more rigorous ethics guidelines, the latest blow to an industry which has seen borrowing costs soar this year. (The Huffington Post)

- Nuclear power plants around the world are failing to protect themselves against cyber attacks, a new report warns. The report cites 50 digital security incidents globally, most which were not made public. (Financial Times)

Today's Chart Review

Concentration of global fuel production
International Energy Agency

Mark Your Calendars (All Times Eastern)

Tuesday
Congressional Hispanic Caucus Institute annual Public Policy Conference @ 8 a.m.
AFPM Q&A technology forum @ 8 a.m.
FERC environmental review & compliance for natural gas facilities seminar @ 8 a.m.
NRC ACRS Fukushima Subcommittee meeting @ 8:30 a.m.
USEA talk on C02 recycling @ 10 a.m.
Sen. Energy & Nat. Resources hearing on the SPR @ 10:30 a.m.
SXSW Eco discussion of sustainable supply chains @ 10:30 a.m.
EPA seminar on nutrient trading in the Shenandoah Valley Soil and Water Conservation District @ 11 a.m.
Heritage Foundation discussion on the Iran deal and U.S. foreign policy @ 12 p.m.
Environmental Law Institute lecture on environmental peace building @ 3 p.m.
Columbia Center on Global Energy Policy discussion of the future of Arctic energy @ 3 p.m.
Wilson Center discussion of the role of technology in marine biodiversity and sustainable fisheries @ 3 p.m.

Wednesday
AFPM Q&A technology forum @ 7:30 a.m.
Congressional Hispanic Caucus Institute annual Public Policy Conference @ 8 a.m.
FERC environmental review & compliance for natural gas facilities seminar @ 8 a.m.
Society of Environmental Journalists annual conference @ 9 a.m.
USEA annual energy supply forum @ 9:30 a.m.
Senate EPW oversight of the NRC @ 10 a.m.
House E&C hearing on the Clean Power Plan @ 10 a.m.
House Science, Space, & Technology Environment Subcommittee and Oversight Hearing Subcommittee hearing on EPA's new ozone standard @ 10 a.m.
Resources for the Future seminar on shipping in the Arctic @ 12:45 p.m.
NRC Advisory Committee on Reactor Safeguards meeting @ 2 p.m.
House Oversight Interior Subcommittee hearing on invasive species policy @ 2 p.m.

Thursday
Society of Environmental Journalists annual conference @ 5:30 a.m.
FERC environmental review & compliance for natural gas facilities seminar @ 8 a.m.
NRC Advisory Committee on Reactor Safeguards meeting @ 8:30 a.m.
Congressional Hispanic Caucus Institute annual Public Policy Conference @ 9 a.m.
USEA annual energy supply forum @ 9 a.m.
Sen. Energy & Nat. Resources hearing on six bills @ 9:30 a.m.

House E&C Oversight and Investigations Subcommittee hearing on Volkswagen's emissions scandal @ 10 a.m.
House Small Business Investigations, Oversight and Regulations Subcommittee hearing on DOL's overtime rule @ 10 a.m.
Clean Energy States Alliance webinar on fuel cells for educational facilities @ 1 p.m.
Sen. Energy & Nat. Resources Public Lands, Forests and Mining Subcommittee legislative hearing @ 2:30 p.m.
EESI webinar on energy efficiency in Iowa @ 2:30 p.m.

Friday
NRC Advisory Committee on Reactor Safeguards meeting @ 8:30 a.m.
Society of Environmental Journalists annual conference @ 9 a.m.
CATO talk on regressive regulation to boost U.S. economic growth @ 12 p.m.

General

Deal reached on Pacific Rim trade pact in boost for Obama economic agenda
David Nakamura, The Washington Post

President Obama hailed the completion Monday of a historic 12-nation Pacific Rim trade deal that he said "reflects America's values," as his administration turned quickly from the global negotiating table to selling the deal on Capitol Hill. Obama pledged that the Trans-Pacific Partnership, the largest free-trade accord in a generation, would open new markets abroad for U.S. goods and services.

West Virginia sues VW over emissions scandal
Devin Henry, The Hill

West Virginia has sued Volkswagen (VW) over allegations the car manufacturer skirted federal emissions requirements. In a lawsuit filed Monday, West Virginia Attorney General Patrick Morrisey alleged the company violated a state consumer protection law by advertising "clean diesel" vehicles, even as they were equipped with devices to deceive required emissions controls.

Governors of N.D., Wyo. push for more time to deal with Clean Power Plan
Elizabeth Harball et al., E&E

The governors of two coal-dependent Western states, Wyoming and North Dakota, believe they have a strong case to make to the Obama administration about the extra time they need to comply with U.S. EPA's new rule to slash CO2 emissions from power plants… Last week the two Western governors told E&E Publishing they felt blindsided when the federal agency announced in August that both states will have to meet much steeper greenhouse gas reduction targets than initially proposed.

U.S. Index Futures Signal S&P 500 to Halt 2015's Longest Rally

Alex Longley, Bloomberg News

The longest winning streak for U.S. stocks this year may come to an end, if index futures are any indication. Standard & Poor's 500 Index E-mini contracts expiring in December fell 0.3 percent to 1,968.5 at 7:26 a.m. in New York, paring an earlier drop of as much as 0.6 percent. Dow Jones Industrial Average contracts lost 37 points to 16,622.

Oil & Natural Gas

Oil Halts Advance After German Data Weighs on Recovery Outlook
Angelina Rascouet, Bloomberg News

Oil's gain halted near $46 a barrel as German factory orders unexpectedly fell in a sign that Europe's economy is vulnerable to weaker growth in China and other emerging markets. Futures fell as much as 1.2 percent in New York after rising 1.6 percent on Monday. Factory orders in Europe's biggest economy dropped 1.8 percent in August compared with an estimate for a 0.5 percent gain, according to the German Economy Ministry.

Obama doubles down on Arctic drilling regs
Timothy Cama, The Hill

The Obama administration still plans to issue regulations for oil and natural gas drilling in the Arctic Ocean despite Royal Dutch Shell's decision to abandon its drilling efforts "for the foreseeable future." Brian Salerno, director of the Interior Department's Bureau of Safety and Environmental Enforcement (BSEE), said regulators are moving forward with their rules, even though drilling is not likely to return to the Arctic for years, or even decades.

U.S. says BP to pay $20 billion in fines for 2010 oil spill
Susan Heavey et al., Reuters

BP Plc will pay more than $20 billion in fines to resolve nearly all claims from its deadly Gulf of Mexico oil spill five years ago, marking the largest corporate settlement of its kind in U.S. history, Attorney General Loretta Lynch said on Monday. The agreement, first outlined in July, adds to the $43.8 billion BP had previously set aside for criminal and civil penalties and cleanup costs.

Feds set to approve first natural gas export facility to Asia
John Siciliano, Washington Examiner

Federal utility regulators are poised to sign off on the nation's first natural gas export terminal in the West, as Pacific Rim nations agree to a landmark trade deal Monday that would increase U.S. gas exports to Asia. The $7 billion Jordan Cove terminal on

Coos Bay in Oregon is slated to receive final approval by the Federal Energy Regulatory Commission in December, after receiving a positive environmental review Friday.

Oil Industry Gaining in Push for Repeal of U.S. Ban on Petroleum Exports
Eric Lipton and Clifford Krauss, The New York Times

A dozen top executives from some of the nation's largest oil exploration companies flew to Washington late last winter on an urgent mission: push Congress and the White House to allow unlimited exports of American crude oil. Now, their long-shot lobbying effort to repeal the 40-year-old export ban has gathered considerable momentum.

Global Oil to Cut Spending by $130 Billion, OPEC Says
Benoît Faucon, The Wall Street Journal

Global oil investments are set to be slashed by a staggering $130 billion this year, crimping supplies and ultimately boosting prices, OPEC's chief said Tuesday, and added that he was open to discuss the current oil market turmoil with the U.S. The remarks come as many members of the Organization of the Petroleum Exporting Countries have been running deficits as they fight for market share against American tight oil instead of oil prices.

Russia Oil Giant Selling Assets
Andrew Kramer, The New York Times

With a powerful ally of President Vladimir V. Putin at the helm, Rosneft has for more than a decade grown rapaciously inside Russia and abroad, as a company coming to symbolize the wealth and might of Russia during the oil boom. But that changed this year. Rosneft, though still the world's largest publicly traded oil company when measured by production, has been unloading assets while struggling to pay down debt.

Utilities & Infrastructure

Energy storage grabs spotlight in Southeast utility tech plays
Kristi E. Swartz, E&E

Leaders of the Southeast's utilities are making bold statements about where they see their companies heading when it comes to advanced energy storage, a corner of the technology world that even die-hard enthusiasts say is nascent. Energy storage is fast becoming the next step in the continuing transformation of the electric utility sector.

Renewables

Global Renewable Energy Capacity To Increase By 700 GW Over Next 5 Years, IEA
Joshua S Hill, Clean Technica

With costs falling and emerging economies stepping into the game, the International Energy Agency is predicting renewable energy capacity additions to grow 700 GW over the next five years. This growth is set to be driven by well-publicized falling costs of renewable energy technologies, and the increasing role of emerging economies, which are turning to renewable energy for much-needed electricity generation expansion.

SunEdison to layoff workers following spending spree & stock slump
Katie Fehrenbache, Fortune

Following a series of big acquisitions and months of slumping shares, clean energy giant SunEdison plans to lay off part of its workforce. The company put out a release on Monday morning that said the company plans to: "Simplify its business structure by removing duplicative activities created as a result of recent M&A activities and business growth…"

California Leads a Quiet Revolution
Beth Gardiner, The New York Times

California is cruising toward its 2020 goal for increasing renewable energy and is setting far more ambitious targets for the future. Its large-scale solar arrays produced more energy in 2014 than those in all other states combined.

Companies Struggle to Make Carbon Capture Viable
Mark Scott, The New York Times

Since the mid-2000s, several demonstration projects, from the United States to Spain, have received hundreds of millions of combined government support — and additional private funding — to show that the technology can significantly reduce carbon emissions from the world's dirtiest power and industrial plants. So far, however, few projects have proved their worth.

Royal Dutch Shell CEO to Call for Effective System for Pricing Carbon
Sarah Kent, The Wall Street Journal

The chief executive of oil firm Royal Dutch Shell PLC will tell a gathering of industry executives Tuesday that the world must find economic ways to reduce its dependence on the most polluting fossil fuels, calling on governments to institute an effective system for pricing carbon. The boss of one of the world's biggest oil and gas companies is promoting a carbon-pricing plan that will encourage investment in renewables and favor cleaner-burning natural gas over more carbon-intensive coal.

Coal

Why Another Big Bank Is Jumping On The Anti-Coal Bandwagon
Alexander C. Kaufman and Ben Walsh, The Huffington Post

Citigroup on Monday became the third banking giant this year to slash its lending to coal-mining companies. The move, which follows similar pledges this year from Bank of America and Crédit Agricole, will make it more difficult for companies producing coal, a major source of pollution and contributor to climate change, to finance future projects.

Nuclear

Nuclear power plants in 'culture of denial' over hacking risk
Sam Jones, Financial Times

Nuclear power plants around the world are harbouring a "culture of denial" about the risks of cyber hacking, with many failing to protect themselves against digital attacks, a review of the industry has warned. A focus on safety and high physical security means that many nuclear facilities are blind to the risks of cyber attacks, according to the report by think-tank Chatham House, citing 50 incidents globally of which only a handful have been made public.

Kazakhstan becomes top uranium supplier to US nuclear reactors
Phil Allan, Energy Voice

Kazakhstan became the leading supplier of uranium for the 100 operating US nuclear power reactors in 2014, according to US Energy Information Administration. The former Soviet republic supplied 12 million pounds, or 23%, of the 53.3 million pounds of uranium purchased by owners and operators of American reactors – nearly double the 6.5 million pounds of Kazakh-origin uranium purchased in 2013.

Climate

What the historic South Carolina floods can — and can't — tell us about climate change
Chris Mooney, The Washington Post

In 2013, after some controversy, South Carolina's Department of Natural Resources released a report on risks the state could face due to climate change. One of those risks? "A predicted result of climate change is the increase in intense storm events causing greater water inputs in shorter periods of time, affecting flood frequency and

duration," the report noted.

Opinions, Editorials & Perspectives

The Case for Compromise
Joe Nocera, The New York Times

The Frank R. Lautenberg Chemical Safety for the 21st Century Act — is the result of (shudder!) compromise. Those compromises were originally hammered out by Lautenberg, a liberal Democratic senator, and David Vitter, a right-wing Republican senator allied with the chemical industry. The two men co-sponsored a bill in May 2013. Then Lautenberg died.

Environmentalists: The Trans-Pacific Trade Agreement Is A Disaster For Climate Change
Samantha Page, ThinkProgress

If adopted, the TPP will eliminate or reduce tariffs between Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam. But while it specifically addresses some environmental concerns — such as trade of illegally harvested resources or wildlife trafficking — climate change activists saw Monday's announcement as the culmination of a long-watched train wreck.

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Climate

What the historic South Carolina floods can — and can't — tell us about climate change
Chris Mooney, The Washington Post

In 2013, after some controversy, South Carolina's Department of Natural Resources released a report on risks the state could face due to climate change. One of those risks? "A predicted result of climate change is the increase in intense storm events causing greater water inputs in shorter periods of time, affecting flood frequency and

duration," the report noted.

Opinions, Editorials & Perspectives

The Case for Compromise
Joe Nocera, The New York Times

The Frank R. Lautenberg Chemical Safety for the 21st Century Act — is the result of (shudder!) compromise. Those compromises were originally hammered out by Lautenberg, a liberal Democratic senator, and David Vitter, a right-wing Republican senator allied with the chemical industry. The two men co-sponsored a bill in May 2013. Then Lautenberg died.

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What the historic South Carolina floods can — and can't — tell us about climate change
Chris Mooney, The Washington Post

In 2013, after some controversy, South Carolina's Department of Natural Resources released a report on risks the state could face due to climate change. One of those risks? "A predicted result of climate change is the increase in intense storm events causing greater water inputs in shorter periods of time, affecting flood frequency and

duration," the report noted.

Opinions, Editorials & Perspectives

The Case for Compromise
Joe Nocera, The New York Times

The Frank R. Lautenberg Chemical Safety for the 21st Century Act — is the result of (shudder!) compromise. Those compromises were originally hammered out by Lautenberg, a liberal Democratic senator, and David Vitter, a right-wing Republican senator allied with the chemical industry. The two men co-sponsored a bill in May 2013. Then Lautenberg died.

Environmentalists: The Trans-Pacific Trade Agreement Is A Disaster For Climate Change
Samantha Page, ThinkProgress

If adopted, the TPP will eliminate or reduce tariffs between Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam. But while it specifically addresses some environmental concerns — such as trade of illegally harvested resources or wildlife trafficking — climate change activists saw Monday's announcement as the culmination of a long-watched train wreck.

A Big Boost for the Climate Summit
The Editorial Board, The New York Times

The major task before the negotiators who will gather in Paris on Nov. 30 will be to follow up on the pledges with a plan for steady progress over the next few decades, so the 3.6-degree target remains in sight — as well as an agreed-upon scheme for monitoring and reporting each country's performance. Transparency — a divisive issue at the last big climate summit meeting, in Copenhagen in 2009 — is critical.

We need an insurance policy for climate change
Michael Green, The Hill

On Sept. 25, Rhode Island Sen. Sheldon Whitehouse (D) detailed his plan for combating climate change in the United States: put a price on the main instigator, carbon dioxide. Whitehouse is the sponsor of legislation that would put a fee on greenhouse gas emissions nationwide.

Research Reports, Issue Briefs & Case Studies

Cyber Security at Civil Nuclear Facilities: Understanding the Risks

Caroline Baylon et al., The Royal Institute of International Affairs

The report finds that the trend to digitization, when combined with a lack of executive-level awareness of the risks involved, means that nuclear plant personnel may not realize the full extent of their cyber vulnerability and are thus inadequately prepared to deal with potential attacks.

Renewables to lead world power market growth to 2020
International Energy Agency

Renewable energy will represent the largest single source of electricity growth over the next five years, driven by falling costs and aggressive expansion in emerging economies, the IEA said Friday. Pointing to the great promise renewables hold for affordably mitigating climate change and enhancing energy security, the report warns governments to reduce policy uncertainties that are acting as brakes on greater deployment.

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Morning Consult, P.O. Box 27068
Washington District of Columbia 20038
United States

This email is intended for brooks.phillip@epa.gov.
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To: Grundler, Christopher[grundler.christopher@epa.gov]
From: Automotive News
Sent: Tue 10/6/2015 12:42:05 PM
Subject: A.M. NEWSCAST: Toyota self-driving tech by 2020 | VW weighs options, offers loyalty spiff, gets sued in W. Va. | Court rejects Chrysler-dealer case | Benz learns from Apple

October 6, 2015

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From: Stewart, Gwen
Importance: Normal
Subject: VW HEARING
Categories: Purple Category
Start Date/Time: Thur 10/8/2015 1:00:00 PM
End Date/Time: Thur 10/8/2015 10:00:00 PM

To: Evan Belser[Belser.Evan@epa.gov]
From: Brooks, Phillip
Sent: Tue 10/6/2015 1:27:25 PM
Subject: VW -- From CARB -
2015-10-05 FINAL 07 Responses to Peter Spencer-CLEAN_Post Call.docx

Ex. 5, 7

From: Ex. 7
Sent: Monday, October 05, 2015 10:17 PM
To: Brooks, Phillip
Subject: Per our discussion

See attached.

Ex. 7

To: Brooks, Phillip[Brooks.Phillip@epa.gov]
From: Tim Cheyne
Sent: Tue 10/6/2015 2:20:07 PM
Subject: Expert Briefing: The VW diesel emissions crisis

VW market share, impacts and original emissions test data

No Images? **Click here**

NEW from Integer Research - Expert Briefing: The VW Diesel Emissions Crisis

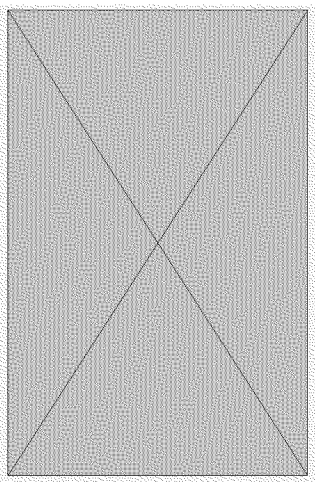
Dear Phillip,

Volkswagen's (VW) recent 'defeat device' admission is one of the biggest scandals to hit the global emissions control market. This shock development is causing a great deal of uncertainty for all industry players.

Our emissions team have reacted quickly to prepare a comprehensive Expert Briefing exploring the issues in greater detail, offering vital primary research data and covering key areas, including:

- The implications of the recall remedy for VW and its US customers
- Regulations and test cycles for emissions and fuel economy
- How the rest of VW's business is likely to be affected
- The structure of emissions and CO2/fuel economy regulation in Europe
- The likelihood of active use of defeat devices by VW and others in Europe
- Implications for emissions regulations and diesel technology in Europe

The report also includes original test data from Emissions Analytics, based on the most comprehensive EU and US real world PEMS emissions tests conducted by any independent group to date.



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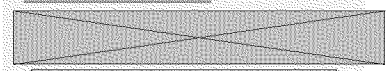

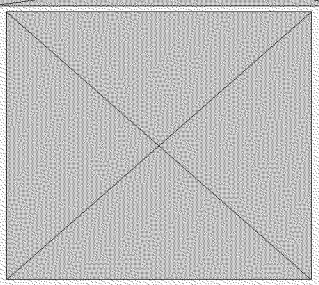

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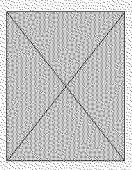


Cut through the media noise - acquire independent market data and expert analysis

We have seen much reported so far, and no doubt there will be more to come. All of which reinforces the need across the industry for trusted (no irony intended) data on what is actually happening and more importantly what it all means.

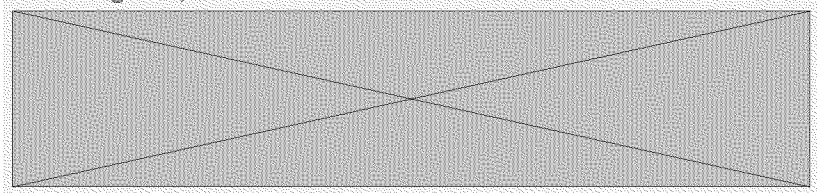
Why Integer?
Integer Research has spent over a decade analysing the diesel emissions sector. Our suite of leading conferences and range of high-quality publications and expert consulting services act as our credentials. Investing in our new Expert Briefing: The VW diesel emissions crisis >> will help answer your questions and provide vital clarity for your business.

You can order the briefing securely online today >> or alternatively, email us or call on +44 20 7503 1265.

I also look forward to seeing as many of you as possible at our forthcoming Integer Emissions Summit & DEF Forum USA 2015 >> in Chicago, 27-29 October, where we will also have a member of the VW emissions team presenting at the event.

If you have any questions regarding the impact of the VW story please don't hesitate to get in touch.

Kind regards,



Tim Cheyne
Director - Environment & Emissions

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.

To: Ex. 7
Cc: Snyder, Jim[Snyder.Jim@epa.gov]; Ex. 7
From: Good, David
Sent: Tue 10/6/2015 3:05:41 PM
Subject: RE: Correction and Relabel 2016 Golf R automatic

Ex. 7

Thanks for your email. I agree with the relabeling approach you described in your email.

Dave

From: Ex. 7
Sent: Friday, October 02, 2015 12:58 PM
To: Good, David
Cc: Snyder, Jim; Ex. 7
Subject: Correction and Relabel 2016 Golf R automatic

Hi Dave;

Following our discussion I am providing this summary. A new curb weight after production vehicles were weighed resulted in an increased ETW class for the 2016 2.0L Volkswagen Golf R with automatic transmission. Testing was performed and submitted to EPA for this new configuration at 3750 ETW and the EPA confirmatory testing was waived by Jim Snyder, and manufacturer's confirmatory testing was not needed. The original specific 5-cycle label results, to a tenth of a MPG, when compared to the new tests resulted in only a 0.4 MPG lower specific label city and highway label value. The rounded whole label values results in the same city and highway values, while the combined value dropped one MPG to 25 MPG from 26 MPG.

We agreed I would relabel this model with only the new data and the application for certification description for the Golf R automatic will be corrected. The curb weight of the manual 6-speed transmission configuration will also be corrected, however the ETW has not changed. I have relabeled this model in Verify (index #022) and the model type values on fuel economy labels will carry the new values going forward.

If you have any questions or concern please let me know.

Best regards,

Ex. 7

Volkswagen Group of America, Inc.

3800 Hamlin Road

Auburn Hills, MI 48326

Ex. 7

To: Bunker, Byron[bunker.byron@epa.gov]; Haman, Patricia[Haman.Patricia@epa.gov]; Cohen, Janet[cohen.janet@epa.gov]; Hengst, Benjamin[Hengst.Benjamin@epa.gov]; Birgfeld, Erin[Birgfeld.Erin@epa.gov]; Cook, Leila[cook.leila@epa.gov]; Sutton, Tia[sutton.tia@epa.gov]; Simon, Karl[Simon.Karl@epa.gov]; Brooks, Phillip[Brooks.Phillip@epa.gov]
From: Grundler, Christopher
Sent: Tue 10/6/2015 3:16:43 PM
Subject: HEC Briefing memo to members
HHRG-114-IF02-20151008-SD002.pdf
ATT00001.txt

http://docs.house.gov/meetings/IF/IF02/20151008/104046/HHRG-114-IF02-20151008-SD002.pdf

U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON ENERGY AND COMMERCE

October 6, 2015

TO: Members, Subcommittee on Oversight and Investigations

FROM: Committee Majority Staff

RE: Hearing on "Volkswagen's Emissions Cheating Allegations: Initial Questions"

I. INTRODUCTION

On Thursday, October 8, 2015, at 10:00 a.m. in 2123 Rayburn House Office Building, the Subcommittee on Oversight and Investigations will hold a hearing entitled "Volkswagen's Emissions Cheating Allegations: Initial Questions." This hearing will examine the available facts and the initial compliance and consumer issues stemming from Volkswagen AG's reported use of engine software that would reduce the effectiveness of emissions control systems in certain make and model year diesel passenger vehicles in the United States, in apparent violation of the Clean Air Act and its implementing regulations.

II. WITNESSES

There will be two witness panels:

Panel 1:

- Michael Horn, President and Chief Executive Officer, Volkswagen Group of America

Panel 2:

- Christopher Grundler, Director, Office of Transportation and Air Quality, Office of Air and Radiation; and

- Phillip Brooks, Director , Air Enforcement Division, Office of Enforcement and Compliance Assurance, U.S. Environmental Protection Agency

III. SUMMARY

On September 18, 2015, the Environmental Protection Agency (EPA) issued a Notice of Violation (NOV) to Volkswagen AG, Audi AG, and Volkswagen Group of America (collectively, VW) based on a determination "that VW manufactured and installed defeat

devices" in certain model year Volkswagen and Audi diesel passenger cars.[1] The agency alleged that VW installed engine software that "sensed" when the vehicles were undergoing emissions testing and ensured emissions control systems were operating to pass the tests. During normal vehicle use, according to the agency, the software would "switch" to a different mode that produced emissions of nitrogen oxides (NOx) up to 10 to 40 times above current EPA standards. The California Air Resource Board (CARB), which investigated the matter with EPA, issued its own "In-Use Compliance Letter" to VW at the same time.[2]

The installation and use of a component — in this case engine software — to "bypass, defeat, or render inoperative elements of the vehicles' emission control system," would violate the Clean Air Act (CAA) and EPA regulations.[3] The alleged violations involve MY2009 to MY2015 VW and Audi vehicles equipped with 2.0 liter diesel engines, a vehicle population of approximately 480,000 in the United States.[4] Press reports in the wake of EPA's announcement suggest the violations could affect approximately 11 million vehicles worldwide.[5]

EPA and CARB have initiated enforcement investigations, which are ongoing. No fines or recalls to bring the vehicles into compliance have been announced to date. EPA also is expanding its review of other vehicles. The agency notified automakers on September 25, 2015, that it would add to its regimen of "confirmatory testing additional evaluations to look for additional defeat devices."[6] Multiple agencies and foreign governments also have launched their own investigations into VW's conduct.

VW has publically admitted and apologized for violating EPA's regulations and currently is conducting its own investigation and examining solutions to fix the software. The company also has announced significant changes to its leadership and corporate structure. On September 23, 2015, the company's CEO, Dr. Martin Winterkorn, resigned.[7] He was replaced by Matthias Muller, who most recently led the company's Porsche division. In addition, on September 25, 2015, the company has suspended the leaders of the VW, Audi, and Porsche research and development divisions and announced a restructuring of its North American business unit. The company has set aside more than $7 billion to address this alleged violation.

---

[1] Notice of Violation, EPA to Volkswagen AG, Audi AG and Volkswagen Group of America (September 18, 2015) *available at* http://www3.epa.gov/otaq/cert/documents/vw-nov-caa-09-18-15.pdf, at 1 (hereinafter, NOV).
[2] Letter from Cal. Air Resources Board to VW (September 18, 2015) *available at* http://www.arb.ca.gov/newsrel/in_use_compliance_letter.htm, at 1 (Hereinafter, CARB Letter)
[3] NOV, at 1-2.
[4] Affected U.S. diesel models, according to EPA: MY2009 VW Jetta, Jetta Sportwagen; MY2010 VW Golf, Jetta, Jetta Sportwagen, Audi A3; MY2011 VW Golf, Jetta, Jetta Sportwagen, Audi A3; MY2012 to MY2015 VW Beetle, Beetle Convertible, Golf, Jetta, Jetta Sportwagen, Passat, and Audi A3.
[5] Mark Thompson and Ivana Kottasova, CNN Money, *Volkswagen scandal widens* (September 22, 2015) *available at,* http://money.cnn.com/2015/09/22/news/vw-recall-diesel/.
[6] EPA Update on Recent Volkswagen Announcement (September 25, 2015) *available at* http://yosemite.epa.gov/opa/admpress.nsf/Press%20Releases%20from%20Headquarters?OpenView
[7] Jack Ewing, N.Y. Times, *Volkswagen C.E.O. Martin Winterkorn Resigns Amid Emissions Scandal* (Sept. 23, 2015) *available at* http://www.nytimes.com/2015/09/24/business/international/volkswagen-chief-martin-winterkorn-resigns-amid-emissions-scandal.html?_r=0

IV. BACKGROUND

A. Clean Air Act and EPA Regulations

The Clean Air Act and its implementing regulations are intended to protect human health and the environment by limiting pollution caused by emissions from various sources. Title II of the CAA grants EPA the authority to establish and regulate emissions standards for mobile sources, including automobiles. Among the pollutants regulated under Title II, significant attention is placed on NOx.[8] In combination with volatile organic compounds (VOCs), NOx contributes to the production of ground-level ozone.

Current emissions requirements for new motor vehicles, known as "Tier 2" standards, were promulgated in 2000 and phased in beginning in MY2004 vehicles, with full compliance required by MY2009.[9] The Tier 2 standards required manufacturers to reduce NOx emissions by 88% to 95%, depending on vehicle type, though compliance is based on fleet-wide emissions, rather than certification of each individual vehicle.[10] In 2014, new Tier 3 standards went into effect and will generally be phased in between MY2017 and MY2025.[11]

Compliance with EPA's motor vehicle emissions standards is governed by section 203 of the CAA. Prior to introducing a vehicle for sale in the United States, manufacturers must demonstrate that the vehicle meets emissions standards and obtain a certificate of conformity (COC) from the EPA. In the COC application submitted to the EPA, the manufacturer must list all auxiliary emission control devices (AECDs) installed on the vehicle.[12] An AECD is defined as "any element of design which senses temperature, vehicle speed, engine RPM, transmission gear, manifold vacuum, or any other parameter for the purpose of activating, modulating, delaying or deactivating the operation of any part of the emission control system."[13] The manufacturer must also justify each AECD and explain why it is not a "defeat device."[14] An AECD is considered a "defeat device" if it:

> . . . reduces the effectiveness of the emission control system under conditi ons which may reasonably be expected to be encountered in normal vehicle operation and use, unless: (1) Such conditions are substantially included in the Federal emission test procedure; (2) The need for the AECD is justified in terms of protecting the veh icle against damage or accident; (3) The AECD does not go beyond the requirements of engine starting; or (4) The AECD applies only to emergency vehicles . . . .[15]

It is a violation of the CAA to manufacture or sell any part or component if it will:

---

[8] The EPA estimates that on-road vehicles account for 38% of NOx emissions.
[9] CRS Report R43497, *Tier 3 Motor Vehicle Standards* (April 28, 2014) at 1-2.
[10] *Id.*, at 2.
[11] *Id.,* at 3-4.
[12] NOV, at 2.
[13] 40 C.F.R. § 86.1803-01
[14] 40 C.F.R. § 86.1844-01(d)(11).
[15] 40 C.F.R. § 86.1803-01.

> . . . bypass, defeat, or render inoperative any device or element of design installed on or in a motor vehicle or motor vehicle engine in compliance with regulations under this subchapter, and where the person knows or should know that such part or component is being offered for sale or installed for such use or put to such use.[16]

It is also a violation to sell, market, or import any new motor vehicle if it is not covered by a valid EPA-issued COC.[17] Violations of these provisions are subject to civil penalties of up to $3,750 and $37,500, respectively, for any vehicle sold, marketed, or imported on or after January 13, 2009.[18]

EPA's Office of Transportation and Air Quality (OTAQ) oversees a broad set of compliance activities to ensure that vehicles manufacturers satisfy regulatory requirements. These include the review of COC applications and a variety of testing and other requirements that occur over the life a vehicle. In addition to review of manufacturer supplied testing data, EPA's own testing may include so-called "confirmatory testing," both random and targeted, and in use compliance testing. In addition, OTAQ conducts defect reporting programs and recall programs. According to available historical data, emissions recalls affect about three million vehicles annually.[19]

B. Timeline

Set forth below is a timeline of key events related to the VW emissions allegations. Note that the Committee's investigation is ongoing; the Committee will be receiving documents and collecting information in coming weeks that will illuminate the facts and circumstances of these events.[20] The information in this timeline is largely drawn from public sources and is presented to assist Committee Members during the hearing before the Subcommittee.

- May 2014: A study conducted by independent researchers at West Virginia University (WVU) on behalf of the International Council for Clean Transportation (ICCT) identified significantly higher on-road NOx emissions from two VW vehicles – a 2012 Jetta and a 2013 Passat.[21] The results of this study were brought to the attention of the EPA, CARB, and VW.

- May 2014 to December 2014: CARB and EPA launched investigations into the higher emissions in VW vehicles. VW initiated testing to replicate the ICCT/WVU research and

[16] CAA Section 203(a)(3)(B), 42 U.S.C. § 7522(a)(3)(B).
[17] CAA Section 203(a)(1), 42 U.S.C. § 7522(a)(1).
[18] NOV, at 5.
[19] *See* Vehicle & Engine Compliance Activities: 2009-2011 Compliance Report, *EPA, December 2013, available at http://www3.epa.gov/otaq/documents/cert/420r13006.pdf*.
[20] See Committee letters to VW and EPA, available at http://energycommerce.house.gov/letter/letters-volkswagen-and-epa-regarding-volkswagen-emissions-issues.
[21] NOV, at 4.

identify technical causes for the higher on-road emissions observed by the researchers.[22] VW asserted to EPA and CARB that "increased emissions from these vehicles could be attributed to various technical issues and unexpected in-use conditions."[23]

- December 2, 2014: VW shared testing results with EPA and CARB and proposed a "recalibration fix for the Gen1 (Lean NOx Trap technology) and Gen2 (Selective Catalytic Reduction (SCR) Technology) . . ."[24]

- December 2014: VW initiated a voluntary recall of approximately 500,000 vehicles in the United States. The recall included MY2009 to MY2014 diesel vehicles equipped with Gen1 and Gen2 technology.[25]

- May 6, 2015: CARB commenced testing to confirm that VW's recall solution addressed the higher on-road emissions.[26]

- May 6, 2015 to July 2015: CARB conducted laboratory and on-road testing to confirm the efficacy of the recall.[27] The testing showed limited improvement, prompting CARB to expand its investigation.[28]

- July 8, 2015: CARB shared test results with VW and the EPA, prompting a series of technical meetings. According to CARB, in the course of those meetings, "VW disclosed that Gen1, Gen2, and the 2015 model-year improved SCR vehicle (known as Gen3) had a second calibration intended to run only during confirmatory testing."[29]

- August 2015: EPA and CARB informed VW that they would not issue certificates of conformity for 2016 vehicles until VW could explain the higher emissions and provide assurance that they would not occur in 2016 vehicles.[30,31]

- September 3, 2015: VW admitted to EPA and CARB that it had designed and installed what was effectively a defeat device into these vehicles.

- September 18, 2015: EPA sent VW a Notice of Violation. CARB sent VW an in-use compliance letter.

- September 21, 2015: VW CEO, Dr. Martin Winterkorn, issued a public apology.

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[22] CARB Letter.
[23] NOV, at 4.
[24] CARB Letter, at 2.
[25] *Id.*
[26] *Id.*
[27] NOV, at 4.
[28] *Id.*
[29] CARB, at 2.
[30] NOV, at 4.
[31] EPA has not certified MY2016 vehicles and will not do so until it understands this issue.

- September 23, 2015: Dr. Winterkorn resigned from VW.

- September 25, 2015: EPA announced it is adding additional confirmatory testing of passenger vehicles intended as an effort to identify any additional defeat devices.

- September 25, 2015: VW suspended the leaders of the VW, Audi, and Porsche research and development divisions and announced a restructuring of its North American business unit.

V. Questions and Issues:

The following issues may be addressed at the hearing:

- What has been Volkswagen's response to the EPA allegations?
- What are the available facts concerning VW's violations?
- What is EPA's role in any measures to bring affected VW's into compliance?
- What can VW consumers expect going forward?

VI. Staff Contacts

If you have any questions regarding this hearing, please contact Peter Spencer or John Ohly of the majority Committee staff at (202) 225-2927.

U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON ENERGY AND COMMERCE

October 6, 2015

TO: Members, Subcommittee on Oversight and Investigations

FROM: Committee Majority Staff

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[3] NOV, at 1-2.
[4] Affected U.S. diesel models, according to EPA: MY2009 VW Jetta, Jetta Sportwagen; MY2010 VW Golf, Jetta, Jetta Sportwagen, Audi A3; MY2011 VW Golf, Jetta, Jetta Sportwagen, Audi A3; MY2012 to MY2015 VW Beetle, Beetle Convertible, Golf, Jetta, Jetta Sportwagen, Passat, and Audi A3.
[5] Mark Thompson and Ivana Kottasova, CNN Money, *Volkswagen scandal widens* (September 22, 2015) *available at,* http://money.cnn.com/2015/09/22/news/vw-recall-diesel/.
[6] EPA Update on Recent Volkswagen Announcement (September 25, 2015) *available at* http://yosemite.epa.gov/opa/admpress.nsf/Press%20Releases%20from%20Headquarters?OpenView
[7] Jack Ewing, N.Y. Times, *Volkswagen C.E.O. Martin Winterkorn Resigns Amid Emissions Scandal* (Sept. 23, 2015) *available at* http://www.nytimes.com/2015/09/24/business/international/volkswagen-chief-martin-winterkorn-resigns-amid-emissions-scandal.html?_r=0

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A. Clean Air Act and EPA Regulations

The Clean Air Act and its implementing regulations are intended to protect human health and the environment by limiting pollution caused by emissions from various sources. Title II of the CAA grants EPA the authority to establish and regulate emissions standards for mobile sources, including automobiles. Among the pollutants regulated under Title II, significant attention is placed on NOx.[8] In combination with volatile organic compounds (VOCs), NOx contributes to the production of ground-level ozone.

Current emissions requirements for new motor vehicles, known as "Tier 2" standards, were promulgated in 2000 and phased in beginning in MY2004 vehicles, with full compliance required by MY2009.[9] The Tier 2 standards required manufacturers to reduce NOx emissions by 88% to 95%, depending on vehicle type, though compliance is based on fleet-wide emissions, rather than certification of each individual vehicle.[10] In 2014, new Tier 3 standards went into effect and will generally be phased in between MY2017 and MY2025.[11]

Compliance with EPA's motor vehicle emissions standards is governed by section 203 of the CAA. Prior to introducing a vehicle for sale in the United States, manufacturers must demonstrate that the vehicle meets emissions standards and obtain a certificate of conformity (COC) from the EPA. In the COC application submitted to the EPA, the manufacturer must list all auxiliary emission control devices (AECDs) installed on the vehicle.[12] An AECD is defined as "any element of design which senses temperature, vehicle speed, engine RPM, transmission gear, manifold vacuum, or any other parameter for the purpose of activating, modulating, delaying or deactivating the operation of any part of the emission control system."[13] The manufacturer must also justify each AECD and explain why it is not a "defeat device."[14] An AECD is considered a "defeat device" if it:

> . . . reduces the effectiveness of the emission control system under conditi ons which may reasonably be expected to be encountered in normal vehicle operation and use, unless: (1) Such conditions are substantially included in the Federal emission test procedure; (2) The need for the AECD is justified in terms of protecting the veh icle against damage or accident; (3) The AECD does not go beyond the requirements of engine starting; or (4) The AECD applies only to emergency vehicles . . . .[15]

It is a violation of the CAA to manufacture or sell any part or component if it will:

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[8] The EPA estimates that on-road vehicles account for 38% of NOx emissions.
[9] CRS Report R43497, *Tier 3 Motor Vehicle Standards* (April 28, 2014) at 1-2.
[10] *Id.*, at 2.
[11] *Id.,* at 3-4.
[12] NOV, at 2.
[13] 40 C.F.R. § 86.1803-01
[14] 40 C.F.R. § 86.1844-01(d)(11).
[15] 40 C.F.R. § 86.1803-01.

> . . . bypass, defeat, or render inoperative any device or element of design installed on or in a motor vehicle or motor vehicle engine in compliance with regulations under this subchapter, and where the person knows or should know that such part or component is being offered for sale or installed for such use or put to such use.[16]

It is also a violation to sell, market, or import any new motor vehicle if it is not covered by a valid EPA-issued COC.[17] Violations of these provisions are subject to civil penalties of up to $3,750 and $37,500, respectively, for any vehicle sold, marketed, or imported on or after January 13, 2009.[18]

EPA's Office of Transportation and Air Quality (OTAQ) oversees a broad set of compliance activities to ensure that vehicles manufacturers satisfy regulatory requirements. These include the review of COC applications and a variety of testing and other requirements that occur over the life a vehicle. In addition to review of manufacturer supplied testing data, EPA's own testing may include so-called "confirmatory testing," both random and targeted, and in use compliance testing. In addition, OTAQ conducts defect reporting programs and recall programs. According to available historical data, emissions recalls affect about three million vehicles annually.[19]

B. Timeline

Set forth below is a timeline of key events related to the VW emissions allegations. Note that the Committee's investigation is ongoing and the Committee will be receiving documents and collecting information in coming weeks that will illuminate the facts and circumstances of these events.[20] The information in this timeline is largely drawn from public sources and is presented to assist Committee Members during the hearing before the Subcommittee.

- May 2014: A study conducted by independent researchers at West Virginia University (WVU) on behalf of the International Council for Clean Transportation (ICCT) identified significantly higher on-road NOx emissions from two VW vehicles – a 2012 Jetta and a 2013 Passat.[21] The results of this study were brought to the attention of the EPA, CARB, and VW.

- May 2014 to December 2014: CARB and EPA launched investigations into the higher emissions in VW vehicles. VW initiated testing to replicate the ICCT/WVU research and

[16] CAA Section 203(a)(3)(B), 42 U.S.C. § 7522(a)(3)(B).
[17] CAA Section 203(a)(1), 42 U.S.C. § 7522(a)(1).
[18] NOV, at 5.
[19] *See* Vehicle & Engine Compliance Activities: 2009-2011 Compliance Report, *EPA, December 2013, available at http://www3.epa.gov/otaq/documents/cert/420r13006.pdf*.
[20] See Committee letters to VW and EPA, available at http://energycommerce.house.gov/letter/letters-volkswagen-and-epa-regarding-volkswagen-emissions-issues.
[21] NOV, at 4.

identify technical causes for the higher on-road emissions observed by the researchers.[22] VW asserted to EPA and CARB that "increased emissions from these vehicles could be attributed to various technical issues and unexpected in-use conditions."[23]

- December 2, 2014: VW shared testing results with EPA and CARB and proposed a "recalibration fix for the Gen1 (Lean NOx Trap technology) and Gen2 (Selective Catalytic Reduction (SCR) Technology) . . ."[24]

- December 2014: VW initiated a voluntary recall of approximately 500,000 vehicles in the United States. The recall included MY2009 to MY2014 diesel vehicles equipped with Gen1 and Gen2 technology.[25]

- May 6, 2015: CARB commenced testing to confirm that VW's recall solution addressed the higher on-road emissions.[26]

- May 6, 2015 to July 2015: CARB conducted laboratory and on-road testing to confirm the efficacy of the recall.[27] The testing showed limited improvement, prompting CARB to expand its investigation.[28]

- July 8, 2015: CARB shared test results with VW and the EPA, prompting a series of technical meetings. According to CARB, in the course of those meetings, "VW disclosed that Gen1, Gen2, and the 2015 model-year improved SCR vehicle (known as Gen3) had a second calibration intended to run only during confirmatory testing."[29]

- August 2015: EPA and CARB informed VW that they would not issue certificates of conformity for 2016 vehicles until VW could explain the higher emissions and provide assurance that they would not occur in 2016 vehicles.[30,31]

- September 3, 2015: VW admitted to EPA and CARB that it had designed and installed what was effectively a defeat device into these vehicles.

- September 18, 2015: EPA sent VW a Notice of Violation. CARB sent VW an in-use compliance letter.

- September 21, 2015: VW CEO, Dr. Martin Winterkorn, issued a public apology.

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[22] CARB Letter.
[23] NOV, at 4.
[24] CARB Letter, at 2.
[25] *Id.*
[26] *Id.*
[27] NOV, at 4.
[28] *Id.*
[29] CARB, at 2.
[30] NOV, at 4.
[31] EPA has not certified MY2016 vehicles and will not do so until it understands this issue.

- September 23, 2015: Dr. Winterkorn resigned from VW.

- September 25, 2015: EPA announced it is adding additional confirmatory testing of passenger vehicles intended as an effort to identify any additional defeat devices.

- September 25, 2015: VW suspended the leaders of the VW, Audi, and Porsche research and development divisions and announced a restructuring of its North American business unit.

V. Questions and Issues:

The following issues may be addressed at the hearing:

- What has been Volkswagen's response to the EPA allegations?
- What are the available facts concerning VW's violations?
- What is EPA's role in any measures to bring affected VW's into compliance?
- What can VW consumers expect going forward?

VI. Staff Contacts

If you have any questions regarding this hearing, please contact Peter Spencer or John Ohly of the majority Committee staff at (202) 225-2927.

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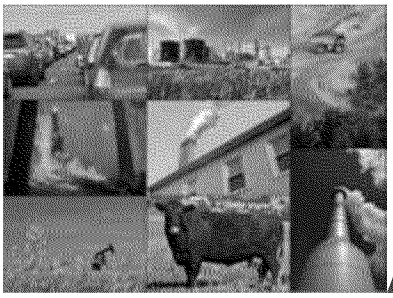
From: Turley, Jennifer
Sent: Tue 10/6/2015 3:27:46 PM

Subject: Air & Radiation Law News for October 6, 2015



Air & Radiation Law News for October 6, 2015

Bloomberg BNA Daily Environment Report™

Air Pollution

Cement Industry Challenges Monitoring Specifications

A set of specifications for hydrogen chloride monitoring at cement kilns contains numerous errors and unnecessary requirements that will be difficult to meet, an industry group told a federal appeals court (Portland Cement Ass'n v....

Air Pollution

Illinois Rule Requires Four Coal Plants to Switch Fuels

Hoping to significantly reduce emissions of sulfur dioxide and other air pollutants, the Illinois Pollution Control Board has adopted clean air rules to implement federal national ambient air quality standards (NAAQS), including a requirement...

Air Pollution

West Virginia Sues Volkswagen Over Emissions Scandal

The West Virginia Attorney General's Office filed a lawsuit against Volkswagen of America Inc. over alleged violations of state consumer protection law related to the sale of diesel-engine vehicles outfitted with defeat devices (State...

Coal Mining

Interior Should Update Coal Lease Program: Report

The Interior Department should "modernize" its federal coal leasing program to account for the market and the social and environmental costs of mining, a New York University School of Law report released Oct. 5 said. Specifically,...

Coal Mining

Murray Energy Sues Interior for Ignoring FOIA Request

Murray Energy Corp. sued the Interior Department Oct. 5 in a federal court for allegedly ignoring a Freedom of Information Act request regarding the agency's recently proposed stream protection rule (Murray Energy Corp. v. Interior...

Congress

Barrasso: Obama's Agenda Prioritizes 'Ideology'

Sen. John Barrasso (R-Wyo.) on Oct. 3 took to the airwaves to warn the American public of what he called the Obama administration's "aggressive" environmental regulatory agenda, which he said prioritizes "ideology over...

Corporate Responsibility

Citigroup to Reduce Financing for Coal, Cites Warming

Citigroup Inc., the third-biggest U.S. bank, said it will cut back on financing for coal mining projects, in the latest blow to the industry that is viewed as a key contributor of global warming....

Courts

Supreme Court Decision in FERC Case Could Affect EPA

The U.S. Supreme Court's treatment of a case asking whether the Federal Energy Regulatory Commission has authority to compensate demand-response programs in the wholesale electricity market might signal how the court will treat...

Energy

DOE Official: Technology Can Help Address Changing Climate

Recent Western forest fires are a sign of things to come if carbon emissions aren't reduced, but new energy technology will help address climate change, an Energy Department official said Oct. 5. ...

Energy

FERC Defends Demand Response in Supreme Court Reply Brief

The Federal Energy Regulatory Commission defended its authority to regulate demand response programs in the wholesale electricity markets in a response to arguments made by the Electric Power Supply Association at the U.S. Supreme Court...

Energy

John Kotek Nominated as Secretary of DOE's Nuclear Energy Office

President Barack Obama nominated John Kotek, currently principal deputy assistant secretary of nuclear energy at the Energy Department, to serve as assistant secretary of the office....

Enforcement

Court Remediation Order Must Meet Connecticut Law Standards

Although a trial court properly found that operators of a motor vehicle recycling facility and junkyard violated two water quality laws, the court abused its discretion when it ordered vague relief that did not meet remediation standard regulations,...

Fuel Efficiency

Ambition of Truck Efficiency Standards Questioned

Proposed federal efficiency standards for medium- and heavy-duty trucks rely on overly optimistic predictions for the deployment of new technologies and will be prohibitively expensive, the trucking industry and some engine manufacturers...

International Climate

EIB Links Green Bonds to Projects in Second Push for Climate

The European Investment Bank is the first issuer to link its individual green bonds to the projects they finance, its second move to respond to the call from world leaders to scale up finance for projects related to climate change....

International Climate

UN Releases Significantly Shorter Paris Climate Text

The United Nations Oct. 5 released a dramatically shortened draft negotiating text of what it hopes will become the world's first global climate deal at an international summit in Paris in December....

Inside EPA's **Risk Policy Report,** 10/06/2015

http://insideepa.com/newsletters/risk-policy-report

Latest News

District Court Ruling Highlights EPA Dilemma On Appealing NSR Suit Losses

A federal district court's ruling dismissing the bulk of an EPA Clean Air Act new source review (NSR) enforcement action against a Texas utility underscores the dilemma the agency faces in deciding whether

to appeal a series of losses in NSR cases, observers say, as adverse decisions on appeal could further limit EPA's NSR enforcement.

EPA, Environmentalists Oppose Texas' Bid For Parallel SSM Rule Lawsuits

EPA and environmentalists are opposing Texas' bid for an appellate court to create two parallel suits over the agency's rule forcing states to scrap Clean Air Act emissions limit exemptions during facility startups, shutdowns and malfunctions (SSM) from their air plans, saying none of Texas' attacks on the rule warrant it having a separate suit.

EPA Faces Competing Calls Over New NOx Standard In Truck GHG Rule

California regulators and environmentalists are urging EPA to "commit" to strict new nitrogen oxide (NOx) limits for medium- and heavy-duty trucks to limit increased emissions as a result of the agency's proposed greenhouse gas rule for the vehicles -- a request that may intensify in the wake of the scandal surrounding Volkswagen's installation of NOx "defeat devices" in millions of its diesel passenger cars that led to NOx violations but lowered GHG emissions.

News Briefs

Cement Sector Sues Over EPA Air Monitoring Rule

The Portland Cement Association (PCA) is suing EPA over the agency's emissions monitoring requirements for acid gases emitted by stationary sources such as cement production plants, disputing the technical characteristics of EPA's rule and saying the monitoring mandates contain major errors and conflict with other agency policies.

Greenwire

CAMPAIGN 2016:

Clintons court coal miners with talk of safety, benefits

Manuel Quiñones, E&E reporter

Published: Monday, October 5, 2015

Former President Bill Clinton and former Secretary of State Hillary Clinton, the front-runner for the Democratic presidential nomination, spent the weekend making comments apparently meant to woo coal miners.

A traditional Democratic constituency, coal miners and their backers have been turning to the Republican Party as the Obama administration has cracked down on coal-fired power plants and pollution from mining.

But Democrats have tried to get an edge by promoting worker benefits and safety. The Clintons took that tack.

Speaking Friday at the West Virginia Democratic Party's Jefferson-Jackson dinner fundraiser, former President Clinton stressed the importance of helping displaced miners from coal's downturn.

At least some of that displacement comes because of recent rules. The Obama White House has proposed a plan involving grants and other aid to help hard-hit Appalachian communities.

Clinton noted that coal mining has long been on the decline. "We know that at some pace or another there is a trend underway that probably cannot be reversed," he said, according to the *Charleston Gazette-Mail*. "Nobody has a right to claim anybody's life over it, to take the best years of their life away."

He continued, "We can't turn our back on mining communities. If we're going to go into the future, shouldn't we give preference to the places that have benefited us in the past?"

Clinton praised the likes of Sen. Joe Manchin (D-W.Va.) for introducing legislation to help miners obtain black lung disease benefits. Manchin was another top speaker at the fundraiser.

"That ought to pass. That bill should pass," said Clinton, recalling his own experience helping miners obtain black lung benefits as a young attorney.

Clinton also took issue with part of Patriot Coal Corp.'s proposed bankruptcy reorganization plan. "The last thing we should do is allow money set aside for coal miners in bankruptcy to be claimed by the lawyers," he said.

Former Secretary of State Clinton, great-granddaughter of a Welsh coal miner, has touched on similar themes during her campaign, including during remarks to Senate Democrats in July (*E&E Daily*, July 16).

But her support for the Obama administration's Clean Power Plan to cut greenhouse gas emissions from coal power plants has given pro-coal Democrats like Manchin pause (*E&E Daily*, Sept. 25).

Clinton complemented her husband's remarks in statements exclusive to the Reuters news service, where she also took aim at Patriot's bankruptcy plan. She said it was "outrageous and must be stopped."

She said, "Patriot Coal is trying to take $18 million of the $22 million put aside for retired coal miners, wives and widows and use it to pay its lawyers instead. Ensuring health care and retirement security should be the first priority in a bankruptcy proceeding, not the last."

Patriot has defended its bankruptcy plan, under review by U.S. Bankruptcy Court in Richmond, Va., including the sale of some assets to Blackhawk Mining LLC, as the best for miners, retirees and creditors.

The United Mine Workers of America has been in talks with Blackhawk Mining and the Virginia Conservation Legacy Fund, which also wants to buy Patriot assets, on worker agreements.

The union is also pressing lawmakers in Congress to help beef up retiree benefits, imperiled by the industry downturn. The UMWA benefits plan receives interest dollars from the abandoned coal mine reclamation fund.

UTILITIES:

D.C. mayor said to reach agreement on Exelon-Pepco merger

Published: Monday, October 5, 2015

Washington, D.C., Mayor Muriel Bowser (D) is circulating a draft agreement to allow Exelon Corp. to buy utility Pepco Holdings Inc., officials who have seen the proposal said.

If approved, the deal would provide more customer bill credits than first proposed and would require Exelon to set up a second corporate headquarters in the nation's capital.

Exelon has sought an agreement with Washington officials after its bid to purchase Pepco was rejected by the Public Service Commission of the District of Columbia in August. The commission said that the merger would harm consumers and run counter to the city's goal of increasing its use of clean energy.

The companies appealed the commission's decision last month. At the time, the utilities said the rejection "fails to recognize the substantial immediate and long-term benefits of our merger proposal to citizens, businesses and communities in the District of Columbia" (*Greenwire*, Sept. 1).

Bowser spokeswoman Olivia Dedner and spokesmen for Exelon and Pepco declined to comment (Mark Chediak, Bloomberg, Oct. 2). **-- SP**

DOE:

Marine vet, deputy IG named acting watchdog

Kevin Bogardus, E&E reporter

Published: Monday, October 5, 2015

Rickey Hass has been named acting inspector general for the Department of Energy.

Hass, a longtime member of the department's internal watchdog office, started in the position yesterday. He was first appointed deputy inspector general for audits and inspections in December 2010.

Hass has signed off on some of the most attention-grabbing reports from the IG office in recent times.

He was the signatory on IG audits that have exposed major department failings, such as finding missing uranium on a laundry truck at the Y-12 National Security Complex (*Greenwire*, Sept. 4). He also poked holes in DOE's management of its renewable energy funds (*Greenwire*, June 20, 2014).

Hass also signed off on a DOE inspector general report once hidden from the public and obtained by *Greenwire* under the Freedom of Information Act. That report detailed fights and death threats at the Office of Secure Transportation, which is responsible for transporting America's nuclear weapons (*Greenwire*, April 1).

As IG, Hass replaces Gregory Friedman.

Friedman said in July this year that he would step down as inspector general this month. He held the position for 17 years, beginning in 1998, after having first joined the federal government in 1968 as an auditor for the Defense Department (*Greenwire*, July 15).

Hass has over 20 years of experience performing federal audits, according to the IG's website. He has directed the department's consolidated financial statements audits as well as developing the office's technology audits, which investigate cybersecurity and information technology at DOE.

Hass also served for 22 years in the Marine Corps, earning several commendations such as the Meritorious Service, Navy Commendation and Navy Achievement medals. After he retired from active duty, he joined the DOE IG office in 1991.

For his work at the department, Hass also has been the recipient of the Presidential Rank Award and has been recognized by the Council of Inspectors General on Integrity and Efficiency several times.

He graduated magna cum laude from Chaminade University of Honolulu with a bachelor's degree in accounting and is a certified public accountant licensed in Maryland.

AIR POLLUTION:

EPA outlines steps for implementing ozone standard

Amanda Reilly, E&E reporter

Published: Monday, October 5, 2015

U.S. EPA's top air official expressed confidence that most areas of the country will be able to meet the new ozone standard and outlined agency plans in a memo to regional offices last week.

Acting EPA air chief Janet McCabe laid out a schedule for meeting the new limit of 70 parts per billion that gives states about five years to submit plans for lowering ozone levels.

She also sought to reassure states and local areas that EPA will be a willing partner in reducing ground-level ozone concentrations.

"I want to emphasize that we will work with our state, local, federal and tribal partners," McCabe wrote, "to carry out the duties of ozone air quality management in a manner that maximizes common sense, flexibility and cost-effectiveness."

EPA announced Thursday that it was lowering the national ambient air quality standard from 75 ppb -- the level set in 2008 during the George W. Bush administration -- to 70 ppb based on a review of public health data (*Greenwire*, Oct. 1).

In the memo, McCabe said EPA will release a guidance document early next year laying out the process of designating which areas of the country are not meeting the 70 ppb limit and must take actions to reduce their pollution levels.

Under the Clean Air Act, EPA is required to finalize a list of areas that are in "nonattainment" with the new standard by Oct. 1, 2017. The agency will likely rely on 2014-2016 data to develop that list, McCabe said.

According to EPA, 213 counties with air quality monitors, excluding California, will measure ozone concentrations higher than 70 ppb based on 2012-2014 data.

EPA will propose a rule to address implementation issues, as well as update existing air quality rules and permitting guidelines to reflect the new standard, McCabe wrote.

"We recognize that the owners and operators of emissions sources need clarity and certainty about regulatory requirements, especially when there are changes in air quality standards that may affect their construction and operations," she wrote.

States won't be expected to submit to EPA formal implementation plans laying out how they will achieve the new ozone standard until 2020 or 2021, the memo says.

"The goal," McCabe said, "is achieving clean air, while recognizing the many other activities underway and the resource constraints that we and our co-regulators face."

The agency says it expects all but 14 counties will achieve the standard by 2025 thanks to other air quality regulations that are already in place.

Green groups have dismissed the new standard as not providing enough protection against the negative health effects associated with ozone pollution (*Greenwire*, Oct. 2).

Business and industry have argued that it will impose steep compliance costs.

Bill Becker, executive director of the National Association of Clean Air Agencies, said EPA had "threaded the needle" with its choice of a 70 ppb standard. NACAA represents state and local air regulators nationwide.

"The agency has appropriately balanced the views of divergent stakeholders with the public's right to breathe clean air," Becker said. "By following the expert advice of its independent science advisers, EPA has set the stage for state and local air pollution control agencies to begin implementing this important program."

Most areas around the country, Becker said, are on a path toward compliance with the 70 ppb limit. Businesses will have nearly a decade to meet any new requirements stemming from the new standard, based on EPA's schedule, he noted.

In California, EPA said meeting the new ozone standard will prove difficult in some of the state's most polluted air basins that are surrounded by mountains, including the Los Angeles region. Under the Clean Air Act, however, those areas will have longer to come into attainment with the new limit.

The California Air Resources Board applauded the new limit in a statement last week.

"The new standard will mean a reduction in premature mortality, hospitalizations, emergency room visits for asthma, and lost work and school days," said board Chairwoman Mary Nichols. "This is especially critical in the South Coast and San Joaquin Valley, where nearly two-thirds of our state's residents live, including large numbers of people who work outside and who have asthma and other chronic heart and lung diseases."

The Air Resources Board said its strategy for cleaning up pollution from cars and trucks would help it achieve the 70 ppb standard. It urged EPA to adopt a new national standard for nitrogen oxide from heavy-duty trucks. NOx is a key ingredient of ground-level ozone.

"ARB will develop new heavy-duty diesel engine emissions standards within the next several years," the regulatory agency said, "while simultaneously petitioning U.S. EPA to establish a corresponding national standard."

Some states are warning that the new limit will be challenging to achieve due to the transport of ozone across state lines, as well as because of "background ozone" coming to the United States from overseas.

"Implementation of this new, lower standard will be difficult in Arizona," said Arizona Department of Environmental Quality Air Quality Division Director Eric Massey in a statement. "Emissions and options to reduce them are few, particularly in rural areas."

In a document released with the new standard, EPA said it will work "closely" with states to address high ozone concentrations in rural areas and due to background ozone.

The agency said it plans this fall to release proposed revisions to its exceptional events rule -- through which states can submit data to EPA to show that an air quality violation is beyond their control -- to make it easier to use in the face of a tighter ozone standard.

EPA is also planning to release a guidance for addressing high ozone levels due to wildfires.

AIR POLLUTION:

VW knowingly installed defeat devices -- aides

Published: Monday, October 5, 2015

Aides with knowledge of an internal inquiry being conducted by Volkswagen AG say the automaker started installing defeat devices in 2008 after it built a new engine at great expense, only to learn it could not meet air pollution standards in the United States and elsewhere.

Managers decided to cheat on the tests rather than throw out years of work on the engines, the aides said.

"We are working intensively to clarify what occurred," a Volkswagen spokesman said. "Thoroughness comes before speed. We will provide information as soon as we have facts" (Jack Ewing, *New York Times*, Oct. 4).

A new analysis by the Associated Press shows Volkswagen's efforts did not simply avoid costs to the company -- it could have killed between five and 20 people in the United States each year, because of the increased air emissions generated.

VW's emissions let the cars spew enough pollution to cause between 16 and 94 deaths over seven years, with the toll increasing as more of the vehicles hit U.S. roads. The company sells far more diesel cars in Europe, which likely saw greater health impacts from the excess emissions.

"Statistically, we can't point out who died because of this policy, but some people have died or likely died as a result of this," said Carnegie Mellon University environmental engineering professor Peter Adams, who helped calculate the figures (Seth Borenstein, AP/*U.S. News and World Report*, Oct. 5).

The finding that Volkswagen may have cheated on emissions tests is bringing new scrutiny to its only pollution testing center in the United States.

The test center in Oxnard, Calif., near the coast, was opened in 2012. At the time, VW bragged the air inside was cleaner than the strawberry fields nearby.

Now questions are mounting over whether staff at the California site were aware the automaker was cheating on the emissions tests or whether the deception occurred without their knowledge. At the site, VW tested its vehicles to determine if they met pollution standards.

"That would be one of the top facilities on my list to get inside of, whether through a subpoena or a search warrant," said William Carter, a former federal prosecutor in Los Angeles. "You'd want to explore what's there" (Flaccus/Pritchard, AP/ABC News, Oct. 5). **-- SP**

RAIL:

Amtrak train partially derails in Vt.

Published: Monday, October 5, 2015

Two cars of an Amtrak train en route to Washington, D.C., derailed in Vermont this morning, injuring several passengers, according to news reports.

The derailment occurred at about 10:30 a.m. today when two rain cars went over an embankment, according to Montpelier, Vt., fire officials. CNN reported that at least four passengers were injured, though Amtrak said in a tweet that it had not heard of any life-threatening ones.

The train was traveling from St. Albans in northern Vermont.

"We are aware of the derailment of train 55 in VT," Amtrak said in a tweet. "Emergency personnel are on the scene & we are assessing the situation" (Brad Evans, WPTZ, Oct. 5). **-- BTP**

FRANCE:

Government mulls ending diesel tax break

Published: Monday, October 5, 2015

France is considering phasing out tax breaks for diesel fuel over the next five years to encourage drivers to choose cleaner cars, Environment Minister Ségolène Royal said.

Health warnings and the revelation last month that Volkswagen cheated om emissions tests in the United States have put diesel-promoting countries such as France in an awkward position in recent years (*ClimateWire*, Sept. 21).

Royal had rejected calls to ban diesel or raise taxes on it in recent weeks, but relented yesterday.

"We need to start preparing our move out of diesel right now," she told France 5 television. "We should phase out diesel's [tax] advantage over five years." The diesel tax is currently 15 euro cents per liter lower than that on gasoline.

Diesel exhaust was classified as carcinogenic in 2012 by the World Health Organization (*E&ENews PM*, June 12, 2012).

Diesel vehicles currently make up more than half of French cars, though sales have fallen in the past three years (Trompiz/Labbe, Reuters, Oct. 4). **-- BTP**

POWER PLAN HUB:

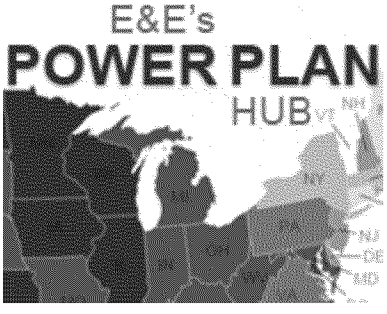
3 states kick off stakeholder planning meetings

Emily Holden and Rod Kuckro, E&E reporters

Published: Monday, October 5, 2015

Arkansas, Georgia and Minnesota are among the states that this week will begin stakeholder meetings on the Clean Power Plan.

Today, the Missouri Energy Initiative will host a conference in St. Louis, and two sessions will focus on the Clean Power Plan. One will feature the chairman of the Missouri Public Service Commission, Daniel Hall, and the chairman of the Michigan PSC, John Quackenbush. The other will examine grid reliability with officials from the Southwest Power Pool and the Midcontinent Independent System Operator. E&E's Jeff Tomich will report on the event.



On Wednesday, U.S. EPA acting Assistant Administrator Janet McCabe will be the sole witness at a hearing of the House Energy and Commerce Subcommittee on Energy and Power on the agency's carbon rules. In announcing the hearing, subcommittee Chairman Ed Whitfield (R-Ky.) said he expects a "thoughtful discussion" on the effective imposition of cap-and-trade requirements on the power sector.

Also Wednesday, the North Carolina Sustainable Energy Association's annual "Making Energy Work" conference in Raleigh will feature a session on the state's "next steps" on the Clean Power Plan. Panelists will include officials from the North Carolina Utilities Commission and the Arkansas Department of Environmental Quality. E&E's Kristi Swartz will be reporting.

On Thursday, Georgia's Environmental Protection Division will host a stakeholder meeting "examining the final Clean Power Plan." Speakers include Karen Hays, EPD's air branch chief; Judson Turner, head of the EPD; Public Service Commission Chairman Chuck Eaton; and David Hoppock from the Nicholas Institute for Environmental Policy Solutions. They are going to review the EPD and PSC's role in developing a state plan, as well as compliance options and EPA's Clean Energy Incentive Program. E&E's Swartz will be reporting.

Also Thursday, the Minnesota Pollution Control Agency will convene a stakeholder meeting in St. Paul. It will include an analysis of the rule and an update on multistate meetings. E&E's Daniel Cusick will be there.

On Friday, a trio of Arkansas agencies will begin meeting with stakeholders to discuss the final EPA carbon "emission standards for existing power plants, study the efficacy and economic impacts of potential carbon reduction measures from the power sector, and develop a state strategy for Arkansas." The Little Rock meeting is hosted by the Department of Environmental Quality, the Public Service Commission and the Arkansas Economic Development Commission. E&E's Edward Klump will be there.

The latest Clean Power Plan news

In case you missed it:

- Texas utility regulator Brandy Marty Marquez says writing a compliance plan would be a "waste" of time (*EnergyWire*, Oct. 2).

- Southern state lawmakers urged attorneys general to sue EPA and governors to reject submitting a compliance plan (*EnergyWire*, Oct. 2).

- A federal appeals court rejected another effort by Clean Power Plan opponents to stymie the rule (*Greenwire*, Sept. 30).

- State officials cautioned about the consequences of just saying no to EPA (*ClimateWire*, Sept. 30).

- A Georgia air official says the state will develop a compliance plan that allows interstate trading of carbon (*EnergyWire*, Sept. 30).

- North Carolina's Energy Policy Council is exploring the construction of new nuclear plants as a means to comply with the Clean Power Plan (*EnergyWire*, Sept. 28).

CLIMATE:

C2ES report examines business resilience to impacts of climate change

Published: Monday, October 5, 2015

Are businesses in the United States successfully translating climate change data into action to reduce risk? During today's OnPoint, Janet Peace, senior vice president at the Center for Climate and Energy Solutions, discusses a new report examining businesses' resilience to the impacts of climate change. She talks about the public infrastructure challenges facing businesses and explains how public-private partnerships could help facilitate the planning process.

Click here to watch today's OnPoint.

AN E&E PUBLISHING SERVICE

CLIMATEWIRE — Tue., October 6, 2015

READ FULL EDITION

1.PUBLIC HEALTH:

Study links dengue epidemics to high temperatures in Southeast Asia

High temperatures are the driving factor behind massive dengue outbreaks in Southeast Asia, researchers have found.

2.ENERGY EFFICIENCY:

3 universities get into hot water, cut emissions and save money

As school resumes this fall, nearly all dorm rooms and classrooms on the University of British Columbia's Vancouver campus are being heated by hot water, not steam.

TODAY'S STORIES

3.EXTREME WEATHER:

Dams burst after 2 weather systems dumped water on S.C.

4.FORESTS:

Historical record links warming with massive wildfires in Rockies

5.FINANCE:
Citigroup becomes the latest bank to slash coal industry lending
6.NATIONS:
Africa could meet 20% of its power with renewables by 2030 -- report
7.SCIENCE:
Researchers unveil global estimates of bacteria-generated hydrocarbons. Some see a new source of fuels
8.NATIONS:
Germany pledges more than $2B for renewable power in India
9.AGRICULTURE:
Winemakers turn to 'dry' farming of grapes in drought-ridden Calif.
10.CANADA:
Report urges Alberta to curb fugitive methane emissions from oil and gas
11.PEOPLE:
6 scientists in running to be IPCC's new leader after Pauchauri's departure

AN E&E PUBLISHING SERVICE

ENERGYWIRE — Tue., October 6, 2015

READ FULL EDITION

1.SECURITY:
DOE cold case shows limits of U.S.-China cyber cooperation

In January 2013, hackers stole over 200 gigabytes of Department of Energy data -- enough to fill an average laptop at the time. In the days following the breach, agency officials made the investigation their top priority, and the FBI and the Department of Homeland Security became involved. But the case hit a snag when DOE's Office of Inspector General suggested chasing the hackers back to their suspected home base: China.

TOP STORIES

2.GRID:
Friendly hackers break into a utility and make a point
3.ENFORCEMENT:
Texas regulators issued more penalties in 2015 despite drop in serious cases
4.SUSTAINABILITY:
Can standardization help more reports get beyond 'puppies' and 'rainbows'?

ELECTRICITY

5.COAL:
Xcel to retire two Minn. units, accelerate carbon-cutting target
6.PEOPLE:
2 top Entergy executives to retire
7.SECURITY:
Nuclear power plant's hacking risks exposed

OIL AND GAS

8.GAS EXPORTS:
Coal emits twice the climate pollution of LNG -- industry study

9.OIL:
Rig count takes a dramatic plunge
10.EAGLE FORD SHALE:
Gas exports drive new projects in South Texas
11.NATURAL GAS:
Advocates see new argument to supplant climate claims
12.ARCTIC:
BLM, Alaska gear up for dual lease sales
13.PEOPLE:
Oil tech firm announces replacement for retiring CEO
14.LAW:
Halliburton pays out for rocket fuel in groundwater
15.OIL:
Saudi Arabia deepens discounts for crude
16.BUSINESS:
Suncor makes $3.3B strong-arm bid for Canadian Oil Sands

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To: Thomas, Richard (EEO)[Richard.Thomas@vw.com]
From: Good, David
Sent: Tue 10/6/2015 3:50:48 PM
Subject: RE: Relabel Index #022

Richard,

I'll run our query in an hour or so.

Dave

From: Thomas, Richard (EEO) [mailto:Richard.Thomas@vw.com]
Sent: Tuesday, October 06, 2015 6:02 AM
To: Good, David
Subject: Relabel Index #022
Importance: High

Hi Dave;

Last Friday I relabeled the automatic Golf R as we discussed last week. I would like to make sure that all is in order with the label before I forward to the our group that print Monroney labels. Could you do an audit of the 2016 fuel economy labels and send to me please?

If you have any questions, please feel free to contact me.

Best regards,

Richard

Richard E. Thomas

Senior Emission Certification Specialist

Engineering & Environmental Office (EEO)

Volkswagen Group of America, Inc.

3800 Hamlin Road

Auburn Hills, MI 48326

Phone: 248 754 4213

Fax: 248 754 4207

mailto: Richard.Thomas@VW.com

To: Good, David[good.david@epa.gov]
From: Thomas, Richard (EEO)
Sent: Tue 10/6/2015 3:51:45 PM
Subject: RE: Relabel Index #022

Thanks Dave.

From: Good, David [mailto:good.david@epa.gov]
Sent: Tuesday, October 06, 2015 11:51 AM
To: Thomas, Richard (EEO)
Subject: RE: Relabel Index #022

Richard,

I'll run our query in an hour or so.

Dave

From: Thomas, Richard (EEO) [mailto:Richard.Thomas@vw.com]
Sent: Tuesday, October 06, 2015 6:02 AM
To: Good, David
Subject: Relabel Index #022
Importance: High

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Richard

Richard E. Thomas

Senior Emission Certification Specialist

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Phone: 248 754 4213

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mailto:

Richard.Tho

To: Belser, Evan[Belser.Evan@epa.gov]; Kaul, Meetu[Kaul.Meetu@epa.gov]; Werner, Jacqueline[Werner.Jacqueline@epa.gov]
From: Senn, John
Sent: Tue 10/6/2015 4:07:56 PM
Subject: FW: Volkswagen Clips 10/6/2015

FYI on the latest batch of news stories.

From: Gong, Kristiene
Sent: Tuesday, October 06, 2015 11:21 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia; Grantham, Nancy
Subject: RE: Volkswagen Clips 10/6/2015

AP (via Canadian Business): ***Reports: Volkswagen investigation focusing on development managers***

The Associated Press 10/5/15

AP (via OC Register): ***Volkswagen pollution test site in Oxnard under scrutiny amid cheating scandal***

Gillian Flaccus and Justin Pritchard 10/5/15

AP (via Register-Herald): ***West Virginia files complaint over Volkswagen emissions***

10/5/15

Bloomberg: ***Evoking 'Think Small' Urged as Primary VW Message Post-Crisis***

Kristen Schweizer and Elisabeth Behrmann 10/5/15

Bloomberg: ***Schwarzman Says 'Heroic' Volkswagen Scandal Will Be Temporary***

Devin Banerjee Margaret Collins 10/5/15

Bloomberg: ***Fiat Chrysler Offers $1,700 Cash to Lure Volkswagen Drivers***

Tommaso Ebhardt 10/5/15

Daily Herald: ***Pyke: Volkswagen cheating bomb hits VW owners hard***

Marni Pyke

Edmunds: ***Volkswagen's Top U.S. Executive To Face Lawmakers This Week***

Anita Lienert 10/5/15

Fortune: ***Circling the Volkswagens***

The German automaker has a very big problem on its hands.

Alan Murray 10/5/15

Fortune: ***These 2 Volkswagen engineers are at the center of the emissions probe***

Daniel Roberts 10/5/15

Huffington Post UK: ***Volkswagen's 'Diesel Dupe': A Scandal of Public Health and Government Policy***

Harry Quilter-Pinner 10/5/15

International Business Times: ***Volkswagen Emissions Scandal: New Chief Warns Of 'Existence-Threatening Crisis For The Company'***

Suman Varandani 10/5/15

Jalopnik.com: ***Volkswagen Wiped Diesels From Their U.S. Website***

David Tracy 10/05/15

Reuters (via CNBC): ***Volkswagen admits rigging of 8M cars in EU: Report***

Reuters 10/5/15

Reuters: ***VW has no evidence against suspended top engineers: source***

10/5/15

Wall Street Journal: ***At Volkswagen, a Familiar Figure Returns***

William Boston 10/5/15

-

AP (via Canadian Business)

http://www.canadianbusiness.com/business-news/reports-volkswagen-investigation-focusing-on-development-managers/

Reports: Volkswagen investigation focusing on development managers

The Associated Press 10/5/15

BERLIN – As the U.S. Congress prepares to question Volkswagen officials in Washington over its manipulation of American emissions tests, German media are reporting the company itself is

focusing on three development managers who have been suspended.

Bild newspaper reported Sunday that Heinz-Jakob Neusser, head of development at VW, and engineers Ulrich Hackenberg and Wolfgang Hatz had been put on forced vacation in the wake of the scandal. Other newspapers had similar reports.

Hatz declined comment through a spokesman and neither of the other two responded to emails seeking comment. VW spokesman Eric Felber on Monday refused to comment on "various public speculation."

Bild reported that VW's internal investigation had turned up contradictory information on Hackenberg's possible involvement, while Hatz denied knowledge.

From 2002 to January 2007, Hackenberg was in charge of concept development, superstructure development and electronics at VW subsidiary Audi. In 2007 he was appointed a member of the VW brand's board for development, and has been a member of Audi's management board since July 2013. He had responsibility for technical development of all of the VW group's brands.

Hatz joined the VW group in 2001 and served as head of engines and transmissions development at Audi until 2009, while assuming the same function at VW in 2007. In February, 2011 he became a member of Porsche's board of management in charge of research and development and is also head of engines and transmissions development for the Volkswagen group.

VW and Porsche merged in 2012 after years of wrangling.

Neusser was in charge of drivetrain development of Porsche from 2001 to 2011 before joining VW to head powertrain development there, taking over the job for the whole Volkswagen group in 2012. The next year, he was named management board member for the Volkswagen brand in charge of development.

VW's top manager in the US, Michael Horn, is to testify before Congress on Thursday.

-

AP (via OC Register)

http://www.ocregister.com/articles/emissions-686146-test-california.html

Volkswagen pollution test site in Oxnard under scrutiny amid cheating scandal

Gillian Flaccus and Justin Pritchard 10/5/15

OXNARD – When Volkswagen opened its gleaming pollution testing center near the California coast, a top executive from the German automaker helped snip the blue ribbon and joined a tour of a lab so advanced that VW would brag the air inside was cleaner than in the surrounding strawberry fields.

Three years later, with VW admitting that it manipulated emissions results in 482,000 U.S. diesel vehicles to make them seem more environmentally friendly, questions are swirling around Volkswagen's only test center in North America. Was anyone at the facility complicit in the scheme? Or were VW's own testers unaware of the deception like so many others?

The center in Oxnard, about 60 miles northwest of Los Angeles, was built with the help of a $10 million, tax-exempt public bond and opened in 2012.

Volkswagen saw the facility as key to its multibillion-dollar U.S. growth strategy, partly because vehicles would have the selling point of meeting the nation's strictest emissions standards. At the facility, VW runs cars through a battery of tests to check whether they're polluting as little as advertised.

While no evidence has surfaced that Oxnard played a role in the fraud, the test center is sure to attract interest from government investigators and private attorneys lining up to sue VW.

"That would be one of the top facilities on my list to get inside of, whether through a subpoena or a search warrant," said William Carter, a former federal prosecutor in Los Angeles who specialized in environmental crimes. "You'd want to explore what's there."

Carter said that investigators would want to know whether anyone in Oxnard knew about the "defeat devices" that Volkswagen has acknowledged installing on models from 2009 through 2015. The "device" was code in engine software that cheated diesel car emissions tests in the U.S.; 11 million engines worldwide contained the software. The scandal forced out VW's CEO and could lead to $18 billion in U.S. fines, an avalanche of lawsuits and criminal prosecutions both here and abroad.

California has launched its own criminal probe, but the state Attorney General's office would not say if Oxnard was a focus. A U.S. Justice Department spokesman said prosecutors are working closely with U.S. Environmental Protection Agency investigators but declined to say more.

Two Southern California law firms have cited the center in lawsuits against VW.

"I'm dying to know if they were doing anything in that facility" related to the defeat device, said attorney Graham LippSmith, who is seeking damages for fraud and negligence in federal court in Los Angeles on behalf of VW diesel owners in California.

Volkswagen declined to answer questions about what it calls Test Center California, instead providing a fact sheet first distributed at the 2012 opening attended by local dignitaries and VW officials. It denied a tour request, and security escorted out an Associated Press reporter who visited.

California officials who began investigating discrepancies in VW's diesel emissions months ago are familiar with the test center. The California Air Resources Board, in charge of enforcing the state's tough emissions standards, has likely received test results from the center but spokesman John Swanton could not be sure and would not say whether they included the 2009 to 2015 diesel models in question.

In recent weeks, agency staff visited Oxnard for ideas about how to upgrade their own aging emissions test center in El Monte, about 80 miles away, according to Swanton. The visit came while state and federal regulators were pressing VW to explain emissions test discrepancies but was not part of the investigation, he said.

The agency has researched other automaker test labs in California for ideas and was interested in the VW facility's top-notch environmental design, which includes rooftop solar paneling that provides one-third of its electricity.

And the agency is currently collaborating with VW to test emissions from a diesel research vehicle outside the lab. Air Resources Board engineers have been driving a red VW Golf up and down the coast to Oxnard, taking pollution readings using equipment strapped onto the back. The idea is to test ideas that VW is considering for a possible future diesel model, Swanton said.

Paperwork submitted to the City Council in 2010 as part of the approval process for a $10 million California Economic Development Authority tax-exempt bond to build the $27 million center said it would include "sophisticated emission-testing equipment" as part of VW's research to develop ultra-low emission vehicles, including diesel. VW came to Oxnard to replace a smaller, older facility nearby.

Civic leaders in Oxnard received a tour in 2012 that focused on how the precision lab assesses engine performance and its impact on emissions, said Steven Kinney, former president of the Economic Development Corporation of Oxnard.

The floors were so clean you could eat off them, Kinney said. He peered into a climate-controlled chamber where engineers could simulate sub-zero temperatures or desert conditions and saw cars undergoing emissions testing on treadmills.

At the Oxnard facility, and those like it that other automakers have in Southern California, cars would typically be several years old — tested for how they are performing as they age. Testing to certify that a new model meets U.S. and California emissions standards is typically done at an

automaker's headquarters.

"They were proud of the fact that the air inside the facility was cleaner than the ambient air," he recalled.

Now, Kinney is left with questions: "How are they going to react to this? How much are they going to now open up the facility to broader public scrutiny?"

AP (via Register-Herald)

http://www.register-herald.com/news/state_region/west-virginia-files-complaint-over-volkswagen-emissions/article_8f3e0b84-616d-51e8-b7b0-437f285e93c7.html

West Virginia files complaint over Volkswagen emissions

10/5/15

CHARLESTON (AP) — The West Virginia Attorney General's Office has filed a civil complaint against Volkswagen of America, Inc. over the automaker's emissions-rigging scandal.

The Kanawha County Circuit Court complaint alleges that the company violated the West Virginia Consumer Credit and Protection Act. It seeks civil penalties of $5,000 per violation and costs related to the investigation, litigation and administration of the matter.

The complaint also seeks refunds for West Virginia consumers who bought Volkswagen's TDI clean diesel vehicles.

U.S.-based Volkswagen spokeswoman Jeannine Ginivan said Monday that the company doesn't

comment on pending or active litigation.

The German automaker has admitted it rigged diesel emissions technology to pass U.S. smog tests.

Attorney General Patrick Morrisey announced the complaint on Monday in a news release.

Bloomberg

http://www.bloomberg.com/news/articles/2015-10-05/evoking-think-small-urged-as-primary-vw-message-post-crisis

Evoking 'Think Small' Urged as Primary VW Message Post-Crisis

Kristen Schweizer and Elisabeth Behrmann 10/5/15

In the 1950s and '60s, when bigger meant better in American consumer culture, Volkswagen built its brand with ads that poked gentle fun at its diminutive vehicles. One early campaign featured a tiny

Following revelations the company rigged emissions tests for millions of its diesel engines, Volkswagen should use simple ads that hark back to those early days to rehabilitate its tarnished image, marketing and crisis-communications professionals say.

"Once they get the facts straight, they need to communicate in a very clear way how they will fix the problems and apologize, but just once,'' said Brian Elliott, chief executive officer at ad agency Amsterdam Worldwide, which has worked for VW and was a finalist last year in a contract with Skoda, its Czech brand.

Elliott points to General Motors Co. as an example. Faulty ignition switches in GM cars have been blamed for more than 100 deaths, and the company has agreed to pay $900 million to settle a criminal probe by the U.S. Justice Department over the issue. Elliott praised CEO Mary Barra

for openly addressing the situation.

“She was front and center, going in front of Congress, the press and the industry,” said Elliott. “She did not shy away from what the moment demanded of a leader. And that has surely helped salvage GM’s reputation.”

Volkswagen has hired U.S. law firm Kirkland & Ellis LLP, which led BP Plc’s defense in the criminal investigation of the 2010 Deepwater Horizon oil disaster, to help it deal with the widening scandal. But VW declined to say whether it has sought outside help to shape its messaging.

The company has removed some advertisements and delayed or changed others, according to spokesman Nicolai Laude. “We’ve taken a close look at our advertising and marketing

strategy due to the current events," he said. "We’ve adjusted certain aspects accordingly.

‘Just One Thing’

A campaign promoting the new Touran small sport utility vehicle has been scaled back due to the crisis, and full-page ads in German papers marking the 25th anniversary of German reunification this weekend addressed the scandal.

“We were planning to say here how happy we are Germany has become one country again," read the ads, just unadorned text on a white background. "But now we want to say just one thing: We’ll do everything to regain your trust.”

According to Brand Finance, a London marketing consultancy, the value of the Volkswagen brand has dropped by $10 billion, to $21 billion, and the company risks losing its ranking as the third most valuable automotive nameplate, behind Toyota and BMW.

“The brand will be repairable, but it’s certain the impact will be massive,’’ said Jim Prior, CEO of London branding consultant Lambie-Nairn. “They will have to live with the legacy of being a

brand that has cheated.''

Though VW was criticized for running ads touting its green credentials after news of the cheating broke, Prior cautions against halting advertising altogether. For starters, it's tough to do: Billboards and magazines are typically booked weeks or months in advance, and Websites, television stations, and daily newspapers would likely charge hefty cancellation fees if they can't resell the space.

More important, though, is that Volkswagen remain in the public eye to remind consumers of all of the positive feelings once evoked by the brand and bury the unsavory taste of scandal. The tone must be simple, serious and somber, yet remind the public Volkswagen makes great cars. "They should focus on that story," Prior said, "although don't claim fuel economy as part of the story."

Unpopular Figures

Stuart Leach, who heads the crisis department at Bell Pottinger, a London public relations firm that has worked with unpopular figures such as Belarus President Aleksandr Lukashenko and South African apartheid-era leader F.W. de Klerk, said Volkswagen must show real concern about the situation, accept full responsibility, and vow it will never happen again -- in a believable way. The company needs to separate the brand from the scandal, and it isn't yet moving quickly enough to achieve that, Leach said.

"Brand trust right now is out the window,'' Leach said. "Narratives get set very quickly and once they are set it's difficult to shift them. And Volkswagen doesn't have a compelling one now.''

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Bloomberg

http://www.bloomberg.com/news/articles/2015-10-05/schwarzman-says-heroic-volkswagen-scandal-will-be-temporary

Schwarzman Says 'Heroic' Volkswagen Scandal Will Be Temporary

Devin Banerjee Margaret Collins 10/5/15

Volkswagen AG's admission that 11 million of its diesel vehicles use software to cheat emissions tests won't threaten the carmaker's existence, said Blackstone Group LP's Steve Schwarzman.

Volkswagen shares will suffer from the scandal, but in the long run, the company has loyal customers, Schwarzman, chief executive officer of New York-based Blackstone, said in a television interview Monday on "Bloomberg <GO>" with David Westin and Stephanie Ruhle.

"This is obviously a heroic problem, but ongoing they make terrific products," Schwarzman said. "This will work its way through the legal system in some time. It just will be a very unfortunate time for their securities."

The Wolfsburg, Germany-based company's stock has plummeted almost 40 percent since Sept. 18, when the Environmental Protection Agency accused Volkswagen of using the software. The carmaker's designated chairman, Hans Dieter Poetsch, has warned managers that the diesel-emissions scandal could pose "an existence-threatening crisis for the company," as it pleaded for public trust with full-page ads in national newspapers.

"There will be a price to pay," said Steve Rattner, chairman of Willett Advisors, speaking on the same show. "This will be a bit like BP, where they will certainly have to pay. I don't think the company is going to go out of existence."

Willett handles the personal and philanthropic assets of former New York Mayor Michael R. Bloomberg, the majority owner of Bloomberg LP, the parent of Bloomberg News.

Bloomberg

http://www.bloomberg.com/news/articles/2015-10-05/fiat-chrysler-offers-1-700-cash-for-volkswagen-clunkers

Fiat Chrysler Offers $1,700 Cash to Lure Volkswagen Drivers

Tommaso Ebhardt 10/5/15

Fiat Chrysler Automobiles NV is seeking to lure customers away from Volkswagen AG with rebates of as much as 1,500 euros ($1,700) in Italy amid the German competitor's woes over cheating on emissions tests.

Fiat Chrysler is offering the discounts on top of other incentives on the trade-in of a car from any of Volkswagen's brands, according to an internal memo published in Il Giornale daily that was confirmed by dealers. A spokesman for the Italian-U.S. manufacturer in Turin declined to comment.

While brand-swap discounts aren't unusual, offers that specifically target one company are rare. Fiat's pitch comes as Volkswagen reels from the biggest crisis in its history, and continues an antagonistic relationship between the two carmakers. Fiat Chrysler Chief Executive Officer Sergio Marchionne accused VW in 2012 of creating a "bloodbath" in Europe with its pricing strategy as manufacturers struggled with a market slump. VW responded by threatening to leave the ACEA, the industry's main lobby in the region, which was headed by Marchionne at the time.

The ACEA, of which VW is still a member, is now part of the growing isolation of Europe's biggest carmaker, which admitted Sept. 18 to installing a "defeat device" in diesel-powered cars designed to fool emissions testers about performance. The association said Sept. 23 that there was "no evidence" other manufacturers are deliberately duping regulators. Volkswagen's stock has continued to decline since the revelation, while European competitors' shares have started to recover.

Incentives that Fiat Chrysler is offering during October to Italian VW customers range from 500 euros for a Fiat Panda subcompact to 1,500 euros for a Jeep Grand Cherokee.

Fiat sent another memo to distributors last week to reassure customers that it "fully complies" with all testing rules and its vehicles are "not equipped with defeat devices," according to a copy obtained by Bloomberg.

Automotive News Europe reported Monday that U.S. manufacturer Ford Motor Co. is providing a 750-euro trade-in bonus across its model range that's also targeted at Italian drivers of Volkswagen cars. Calls and e-mails to Ford's spokespeople in Europe weren't immediately answered after the close of business hours.

Volkswagen's stock has plunged 42 percent since Sept. 18. The shares are down 13 percent in the past week, in contrast to gains of 8 percent for Fiat Chrysler in Milan, 3 percent for Paris-based PSA Peugeot Citroen and 2.9 percent for German luxury-car producer BMW AG.

The VW brand ranks second in Italy to the Fiat nameplate. The German marque's Italian deliveries fell 1.4 percent in September, while Fiat's jumped 24 percent.

Daily Herald

http://www.dailyherald.com/article/20151005/news/151009415/

Pyke: Volkswagen cheating bomb hits VW owners hard

Marni Pyke

There's nothing like German engineering, except of course when that ingenuity extends to rigging Volkswagens to pass U.S. emissions tests.

That harsh reality is dumbfounding suburban VW owners who learned last month their beloved diesel-powered Beetles, Jettas and Golfs are Trojan horses defying the Clean Air Act by burping pollutants into the air.

"It very much felt like a punch in the gut," said Tom Janiszewski, who owns six Volkswagens and commutes from Woodstock to Round Lake in a 2013 Beetle Convertible TDI.

"I'm going through the five stages of grief. First denial, then 'OK, it is happening,' anger, and now I'm embarrassed because I've been a champion of the brand for years."

Sadly, there is no quick fix in sight for VW Nation as the U.S. Environmental Protection Agency and Justice Department investigate and Germany-based Volkswagen triages.

"For at least six years, VW has been installing illegal software in some of its diesel passenger cars," EPA spokeswoman Christie St. Clair said.

An announcement about recalls is expected in the future, but for now owners of affected diesel-powered VWs made between 2009 and 2015 should hang tight, the EPA says. About 11 million vehicles globally are affected. VW has suspended sales of all 2-liter, 4-cylinder, TDI-equipped vehicles.

Dealers nationwide were blindsided by the news, which did not involve all models. So far, my calls to dealerships in Bensenville and Libertyville haven't been returned.

Volkswagen has promised a remedy but admits it will take time because it's coordinating with the government.

The waiting is tough for 2012 Volkswagen Golf TDI owner David Corona of Gurnee.

"I really do love the car," he said. "I purchased it because it's one of the few manufacturers that sells diesel-powered cars in the U.S. You definitely feel the torque."

Diesel is a different animal than conventional gasoline, explained Argonne National Laboratory's Don Hillebrand, Center for Transportation Research director.

"Gas is a highly refined fuel. Diesel is a thicker substance," Hillebrand said. "The contents are long carbon chains that contain more unrefined products. Combustion comes at higher temperatures and pressures. That gives you efficiency, but it's also what causes poisonous substances to form."

When diesel burns it emits nitrogen oxides, which contribute to smog and can cause coughing or eye and throat irritation when people are exposed at low levels, experts say.

The illegal software tricked emissions tests into thinking diesel cars met the standards that protect clean air, St. Clair said. A so-called defeat device activated emissions controls that trap nitrogen oxide and turned them off under normal driving conditions.

The deception gives diesel Volkswagens the illusion of great mileage and power in a tree-hugging package.

Janiszewski bought his Bug, which gets 45 to 50 mpg, "because of the fuel economy" and because "it's a very fun machine to drive."

"I hope the fix is not going to compromise the performance or fuel economy," he said.

Corona has similar qualms. "I can't help but feel there will be some sort of performance degradation," he said.

Something's got to give, warns Wheaton's John Walton, vice chairman of Chicago Area Clean Cities, a clean fuel/vehicle educational group.

"If you repair the problem so it meets the emissions standards, I'm guessing you'll get a lower mpg," he said.

That's unfortunate for Hope Haberer of Glen Ellyn, who's enjoyed her peppy 2013 Jetta SportWagen -- until now.

"We bought it for the high mileage and because it was a VW. I don't know what we'll do now," she said. "I worry about the trade-in value."

Also lost is her pride in driving a green car.

"It means I don't have as good a feeling about VW," said Haberer, a Volkswagen loyalist who's ready to switch.

Corona's family is very environmentally conscious. That's why the Golf attracted him and why he hasn't told his idealistic 7-year-old daughter the bad news. "She probably won't like it," he said.

But Volkswagen will bounce back, Janiszewski predicts, partly because "they've taken action right away. They didn't deny it. The TDI community is a hardy bunch."

What would Herbie do?

Here's more information on the Volkswagen emissions test scandal:

• So far diesel cars made between 2009 and 2015 are affected.

• Specific vehicles affected include: 2009 to 2015 Jettas TDIs; 2009 to 2014 Jetta SportWagen TDIs; 2010 to 2015 Golf TDIs; 2015 Golf SportWagen TDIs; 2012 to 2015 Beetle TDIs and Beetle Convertible TDIs; and 2012 to 2015 Passat TDIs.

• The deception was uncovered by a team of West Virginia University researchers.

• The EPA estimates nitrogen oxides being emitted from diesel VWs as a result of the fraud are 10 to 40 times higher than permitted by law.

• TDI stands for turbocharged direct injection.

For more information, check out the EPA and Volkswagen websites at www3.epa.gov/otaq/cert/violations.htm and vwdieselinfo.com/.

Edmunds

http://www.edmunds.com/car-news/volkswagens-top-us-executive-to-face-lawmakers-this-week.html

Volkswagen's Top U.S. Executive To Face Lawmakers This Week

Anita Lienert 10/5/15

Volkswagen Group of America President and CEO Michael Horn and the Environmental Protection Agency are scheduled to testify before a Congressional oversight panel on October 8, as American consumers are still waiting for a formal recall of 482,000 Volkswagen vehicles included in the cheating scandal on diesel-emissions tests.

The hearing is entitled "Volkswagen's Emissions Cheating Allegations: Initial Questions."

Lawmakers said they want to know the "facts and circumstances surrounding Volkswagen's reported Clean Air Act violations and what they mean for consumers and the general public."

Volkswagen's reputation has taken a major hit with car shoppers, according to a new study released late last week.

Consulting firm AutoPacific said only one out of four vehicle owners have a positive opinion of Volkswagen following its cheating scandal, compared to three out of four prior to hearing the news.

The Congressional hearing and AutoPacific study follow the EPA's September 18 revelation that Volkswagen had added software code to its digital engine controllers to comply with emissions requirements during testing. But during real-world driving conditions, the vehicles produced as much as 40 times the allowed level of pollutants.

"The American people want to know why these devices were in place, how the decision was made to install them, and how they went undetected for so long," said Rep. Tim Murphy (R-Pa.), chairman of the Subcommittee on Oversight and Investigations, in a statement. "We will get them those answers."

The subcommittee is expected to post Horn's written testimony on its Web site prior to the hearing.

September sales numbers released on October 1 by Volkswagen of America showed a slight gain compared to the same month a year ago. But the overall auto industry recorded a double-digit gain for September.

The cheating scandal involves certain Volkswagen vehicles equipped with 2.0-liter four-cylinder TDI engines.

The vehicles include the 2012-'15 Volkswagen Passat TDI, 2009-'15 Volkswagen Jetta TDI and 2009-'14 Volkswagen Jetta SportWagen TDI.

The 2010-'15 Volkswagen Golf TDI, 2015 Volkswagen Golf Sportwagen TDI and 2012-'15 Volkswagen Beetle TDI and Volkswagen Beetle Convertible TDI are also included.

Volkswagen previously said it is "committed to finding a remedy as soon as possible."

The German automaker also restructured its North American operations last week. Starting on November 1, Skoda chief Winfried Vahland takes over as CEO of the new Volkswagen North America Region.

Fortune

http://fortune.com/2015/10/05/circling-the-volkswagens/

Circling the Volkswagens

The German automaker has a very big problem on its hands.

Alan Murray 10/5/15

It's still early days, but the Volkswagen story is shaping up as a case study in how not to handle a crisis.

Volkswagen recognizes it has a very big problem on its hands. Germany's Welt am Sonntag quotes Hans Dieter Potsch, the incoming chairman, calling it an "existence-threatening crisis for the company."

But the fact that Potsch, VW's chief financial officer since 2003, was given the chairman's job, and that another company insider, Matthias Müller, has been named CEO, suggests the board is circling its Volkswagens. The FT contrasts that defensive crouch with how Siemens handled its bribery scandal in 2006, bringing in an outside chairman and CEO, and ultimately taking legal action against former executives.

Emerging evidence makes it clear that the installation of software to defeat emissions controls was not the result of some rogue operation – it was driven by decisions made by the company's top engineers and approved at the highest levels. It is a bright neon sign pointing to a sick corporate culture. That won't be easy to change, and it won't be solved by papering the world with apologetic newspaper ads.

Potsch and Muller may want to learn from GM's Mary Barra, also an insider, who when faced with the ignition switch scandal was surrounded by fellow executives who also said: This is bad, but we can get over it. Barra's response: I don't want to get over it.

"I don't want to set it aside and explain it," she told Fortune's Geoff Colvin last year, "because I think it has uncovered some things in our company that it's critical we challenge ourselves to change and to fix."

Fortune

http://fortune.com/2015/10/05/volkswagen-engineers-scandal/

These 2 Volkswagen engineers are at the center of the emissions probe

Daniel Roberts 10/5/15

The men were 'top aides' to former CEO Martin Winterkorn.

As the probes and lawsuits pile up, Volkswagen's own internal probe into deceptive engine software is honing in on two individuals.

According to a Wall Street Journal report, the company is centering its efforts on former Audi engineer Ulrich Hackenberg and former Porsche engineer Wolfgang Hatz, who were both among a number of engineers suspended during the investigation.

The two men were "top aides" to former Volkswagen CEO Martin Winterkorn during his time at Audi, before he took over at VW. When he joined VW, he put the duo in charge of R&D. (He has since resigned in light of the scandal.)

Volkswagen has a lot more to worry about than its own internal findings. U.S. chief Michael Horn will appear in front of a Congressional committee this week, while France and Italy have each launched formal probes into who manipulated the company's diesel emissions data and who knew about it.

Some 11 million Volkswagen cars are included in the recall, with only half a million of them in the U.S. While VW may still evade formal charges in the States, lawsuits have come quickly.

Huffington Post UK

http://www.huffingtonpost.co.uk/harry-quilterpinner/volkswagen_b_8243156.html

Volkswagen's 'Diesel Dupe': A Scandal of Public Health and Government Policy

Harry Quilter-Pinner 10/5/15

The government should use the Volkswagen scandal to promote alternatives to both petrol and diesel cars - and save thousands of lives in the process.

The recent Volkswagen scandal - which saw the car company admit that emissions from its diesel cars were higher than previously thought - has hardly left the headlines over the last few weeks.

While public anger initially focused on the level of corporate greed and deception displayed by Volkswagen, attention is now beginning to turn to the implications for public health and government policy.

This saga is primarily a scandal of public health. Unlike petrol engines, diesel engines fail to burn away leftover nitrogen dioxide and tiny particles made up of acids, chemicals and dust. This means they contribute a lot more to air pollution which is a major cause of ill health.

It is estimated that around 500,000 deaths a year are linked to air pollution across Europe, a quarter of which are caused by diesel emissions. There is also evidence to suggest that extended exposure to NOx and particulates - as experienced by most Londoners - can exacerbate asthma and stunt growth in children.

Volkswagen's admission that it systematically cheated emissions tests therefore has big implications for our nation's health. But we should not let this deflect attention from the fact that government policy is also to blame for the growing reliance on diesel engines. In the past, governments have actively promoted the use of diesel engines. This is because they remove more carbon than petrol engines during combustion - helping the country to meet its carbon emissions targets in the process.

Successive European governments have promoted the use of diesel for almost 20 years, explicitly tolerating poorer air pollution in a trade-off to reduce carbon emissions. This growing use of diesel engines contributes towards 123,000 deaths per year (compared to less than 2000 as a result of the extra admissions from the VW scandal). Indeed, the UK is one of the worst

culprits as highlighted by this government's admission that it will be 20 years late in meeting NOx emission targets.

This promotion of diesel is partly explained by the reaction of European governments to the 1997 Kyoto agreement which saw most developed countries legally obliged to reduce CO2 emissions by an average of 8% over 15 years. Decreasing the use of petrol cars and replacing them with diesel was seen as a quick way to deliver on these promises.

As a result, European governments have taxed cars based on CO2 emissions but not NOx emissions or particulates, promoted the use of diesel for public transportation systems and put in place legislation to force car producers to reduce their contribution to CO2 emissions without promoting a genuinely clean alternative. The result was that diesel cars went from 10 per cent of the total fleet in the mid 90's to around 50 per cent today. The 'diesel dupe' is therefore as much government's as it is the private sector's. They chose to take the easy way to reduce carbon emissions and ignored public health concerns in the process.

There are a number of actions the government could take to address this problem.

First, governments should focus on removing, or even reversing, the state backing of diesel. This should include changing taxes on fuel and road usage to factor in both C02 emissions and other pollutants such as NO2 and particulates, and should also include increased congestion charges on diesel cars (as promoted by the Mayor of London) with a long term aim of an outright ban (as promoted by the Mayor of Paris).

Second, policy should ensure that we do not pivot back to petrol. To do so would simply be trading lives in the future (in the form of increased CO2 emissions) for lives now (in the form of reduced NOx emissions). Instead, European countries should do what some Asian countries did in the wake of the Kyoto agreement: invest in electric and hydrogen alternatives to both diesel and petrol. This should include more government financing for research and development into the green transport sector, in a bid to attract the private sector to follow suit.

Third, given that progress in the field is already reasonably advanced - Toyota recently launched its hydrogen fuelled Mirai whilst Nissan has invested in battery operated cars such as the Leaf - governments should also be the first customers in the queue, swapping diesel fuelled public transport (busses, Lorries, trains) for greener alternatives.

The transition won't happen overnight. However, if backed by sufficient funds and political capital, it could radically speed up the shift the renewables and save lives now and in the future.

International Business times

http://www.ibtimes.com/volkswagen-emissions-scandal-new-chief-warns-existence-threatening-crisis-company-2126459

Volkswagen Emissions Scandal: New Chief Warns Of 'Existence-Threatening Crisis For The Company'

Suman Varandani 10/5/15

Volkswagen AG's new chairman Hans Dieter Poetsch warned that the company could face an "existence-threatening crisis" over the massive emissions scandal, media reports said, citing Welt am Sonntag newspaper.

The German carmaker has time until Wednesday to fix some 2.8 million diesel vehicles equipped with software to cheat on emissions tests, in its home market. Poetsch's comments come after he told managers last week he was certain that Volkswagen will overcome the crisis, Bloomberg reported, citing Welt am Sonntag. The German automaker was found to have installed so-called "defeat devises" on its cars that would reduce emission levels during tests.

Two top Volkswagen engineers who found they couldn't deliver as promised a clean diesel engine that could meet pollution standards in the United States and other countries are at the center of the probe into the installation of the software, which was designed to fool regulators, the Wall Street Journal reported, citing people familiar with the matter.

The two men, Ulrich Hackenberg, Audi's chief engineer, and Wolfgang Hatz, developer of Porsche's Le Mans racing engines, were among the engineers suspended in the investigation,

according to the sources.

Last month, the Environmental Protection Agency (EPA) accused Volkswagen of using software that allowed its diesel vehicles to emit pollutants above legal limits except when they were subjected to emissions tests. Last week, Volkswagen revealed that as many as 11 million vehicles carry the emissions-rigging software. The revelations triggered inquiries into the carmaker's practices in several countries around the world.

German authorities, however, have not launched a formal inquiry against Volkswagen's former CEO Martin Winterkorn, who stepped down after the cheating came to light. No specific individuals have so far been targeted in the official investigation into the massive emissions scandal.

"Our company was dishonest with the EPA, and the California Air Resources Board, and with all of you," Michael Horn, head of Volkswagen America, told dealers last month in New York City. "We've totally screwed up."

The cheating scandal has brought down the company's market value by 42 percent since Sept. 18, and during Monday's trade, Volkswagen stock went down as much as 4 percent in Frankfurt.

Jalopnik.com

http://jalopnik.com/volkswagen-wiped-diesels-from-their-u-s-website-1734668021

Volkswagen Wiped Diesels From Their U.S. Website

David Tracy 10/05/15

Volkswagen is in some deep stuff right now. So deep, in fact, that they just deleted diesels from their website.

Volkswagen's turmoil is pretty serious right now. We writers came up with the silly "Dieselgate" name, and lets be honest, anytime the media slaps "gate" at the end of anything, you know there's trouble.

If you open up VW's website, you'll find nary a mention of diesels and you won't find most their questionable TDIs on their car configurator (the Touareg TDI is the only one left)—crazy considering how just a month ago VW was touting their diesels as the second coming.

On one hand, since you can't buy one, it makes sense that you can't configure one. But on the other hand, many automakers offer configurators for vehicles not yet on the market. Volkswagen's diesels will come back at some point, so why delete them from the website?

Either Volkswagen has no ballpark idea of when diesels will make a comeback, or it's just going to be a really long time from now.

Reuters via CNBC

http://www.cnbc.com/2015/10/05/volkswagen-admits-rigging-of-8m-cars-in-eu-report.html

Volkswagen admits rigging of 8M cars in EU: Report

Reuters 10/5/15

Volkswagen has admitted that 8 million vehicles were fitted with software capable of cheating diesel emissions tests in the European Union, a German newspaper said on Monday, citing a letter the carmaker sent to members of parliament.

The letter — dated Oct. 2 and cosigned by the former government spokesman and current VW chief lobbyist Thomas Steg — says that vehicles with 1.2, 1.6 and 2.0 liter engines are affected, daily Handelsblatt reported in an advance copy of its Tuesday edition.

The authors of the letter apologize "for the wrongdoing of a few individuals" and promise to fully clarify the matters, the paper said.

A spokesman for VW said late on Monday that he did not know about the letter and could therefore not comment.

Volkswagen is under huge pressure to get to grips with the biggest business crisis in its 78-year history, which has wiped more than a third off its share price, forced out its long-time CEO and rocked both the auto industry and German establishment.

Up until now the carmaker has said it will have to refit up to 11 million diesel vehicles worldwide, including 2.8 million in Germany.

New Chief Executive Matthias Mueller will address workers at a staff gathering in Wolfsburg on Tuesday and is expected to brief the supervisory board on Wednesday, a source told Reuters.

Reuters

http://www.reuters.com/article/2015/10/05/us-volkswagen-emissions-idUSKCN0RZ1ZI20151005

VW has no evidence against suspended top engineers: source

10/5/15

BERLIN - Volkswagen has not found any evidence against three top engineers suspended as part of its internal investigation into the rigging of U.S. emissions tests, a source close to the company's supervisory board told Reuters on Monday.

Two sources said the German carmaker's internal inquiry had found employees began to install software designed to cheat diesel emissions tests in 2008, after realizing a new engine developed at great cost would fail to meet both U.S. emissions standards and in-house cost targets.

The inquiry has led to the suspension of more than ten senior managers. Only the names of the three top engineers, all of whom held key positions at the time, have surfaced in media reports.

The three are Heinz-Jakob Neusser, head of technical development at the core VW brand; Ulrich Hackenberg, head of research and development at premium brand Audi; and Wolfgang Hatz, the VW group's engine chief and head of R&D at sports-car brand Porsche.

One source said the internal inquiry, expected to be the main subject of a special board meeting on Wednesday at VW's Wolfsburg headquarters, had not found evidence to accuse the suspended individuals of the manipulation. The investigation is ongoing and VW expects it will last at least several months.

VW, Audi and Porsche all declined to comment, while the individuals could not immediately be reached for comment.

Hackenberg has hired lawyers to contest his suspension, a source close to the matter has told Reuters.

Hatz has told internal investigators he is innocent, but has not taken legal action because he expects the inquiry to clear him of any wrongdoing, said one of the sources, who is close to the supervisory board.

Europe's largest carmaker has admitted to using software to rig diesel emissions tests in the United States. Germany's transport minister says it also manipulated tests in Europe, where VW sells about 40 percent of its vehicles.

It is under huge pressure to get to grips with the biggest business crisis in its 78-year history, which has wiped more than a third off its market value, forced out its long-time CEO and rocked both global car markets and the German establishment.

The head of VW's U.S. business, Michael Horn, is expected to be quizzed about those responsible for the scandal when he appears before a panel of U.S. lawmakers on Thursday.

The two sources said the U.S. hearing was adding pressure on VW to provide concrete information about what caused the scandal.

Germany's KBA watchdog has also set the carmaker an Oct. 7 deadline to say how it will bring its cars into line with emissions standards.

VW has said it will have to refit up to 11 million diesel vehicles worldwide, include 2.8 million in Germany, that contained software capable of cheating emissions tests.

New Chief Executive Matthias Mueller will address workers at a staff gathering in Wolfsburg on Tuesday and is expected to brief the supervisory board on Wednesday, one source said.

VW shares dipped to a 5-year low of 86.36 euros on Monday. They recovered to close up 1.3 percent at 93.52 euros, lagging a 3 percent rise in Europe's blue-chip stock index.

Wall Street Journal

http://www.wsj.com/articles/at-volkswagen-a-familiar-figure-returns-1444064101

At Volkswagen, a Familiar Figure Returns

Former Chairman Piëch regains influence after being sidelined earlier this year

William Boston 10/5/15

WOLFSBURG, Germany—One day after Volkswagen AG's board forced out Chief Executive Martin Winterkorn over a massive scandal engulfing Germany's largest company, former Chairman Ferdinand Piëch drove triumphantly through the main gates of Volkswagen's massive plant here in his bright red Bentley, chauffeured by his wife, Ursula.

The dramatic return of Mr. Piëch, 78-years-old and one of Volkswagen's largest shareholders, was a turnaround from his sudden resignation as chairman of the supervisory board in April. He was forced to step down when the Prime Minister of the state of Lower Saxony, which holds 20% of Volkswagen's voting stock, and powerful labor representatives on the board blocked Mr. Piëch's attempt to oust Mr. Winterkorn.

Some company insiders saw Mr. Piëch's stylish entrance through Tor Sandkamp, the main entrance to the sprawling headquarters campus and Volkswagen's mile-long factory, as a clear sign that the company patriarch had returned from his Austrian exile and was exerting new influence over company affairs behind the scenes.

Over the past two weeks, as Volkswagen sank deeper into a morass of criminal investigations, regulatory probes and lawsuits, a quiet but forceful shift of power in the upper echelons of one of the world's biggest corporations has taken place.

The wheel is set to turn full circle on Wednesday, when a district court in Braunschweig, just down the road from Volkswagen's headquarters, is expected to appoint Hans Dieter Pötsch chairman of the supervisory board to succeed Mr. Piëch at the request of the company.

The court confirmation follows the appointment on Sept. 25 of another confidant of Mr. Piëch, Porsche Chief Matthias Müller, as Volkswagen's CEO. Messrs. Pötsch and Müller are company veterans with close ties to Mr. Piëch and his cousin Wolfgang Porsche, whose family holding company controls a majority of Volkswagen's voting stock.

The high-level changes strengthen the position of the scions of Beetle designer Ferdinand Porsche and fulfills Mr. Piëch's dream of putting Volkswagen, which last year posted €202.5 billion in revenue and €12.7 billion in operating profit, firmly under family control.

"The Porsche-Piëch family will exert more influence over the company in the future," a person close to the Volkswagen supervisory board said.

As if to emphasize that point, the family holding company, Porsche Automobil Holding SE, increased its stake in Volkswagen on Sept 26, the day Mr. Piëch rode triumphantly through the gates in Wolfsburg to attend a meeting of the holding's supervisory board.

Porsche SE purchased 4.4 million shares of VW's voting stock, of 1.5% of VW's ordinary shares, from Suzuki Motor Corp., which sold the shares after a failed alliance with the German auto maker. The acquisition raised the family's holding to 52.2% of the voting capital, or ordinary shares, and 32.4% of the company's subscribed capital. The family said it considered the acquisition "a strong commitment to its core investment and emphasizes its role as an anchor shareholder in the Wolfsburg-based car maker."

In addition to his role as finance chief of Volkswagen, Mr. Pötsch also serves as the finance chief of Porsche SE. The holding is listed and its shares tend to track those of Volkswagen. A native Austrian, like Mr. Piëch, people who know the family say that he has a close relationship with Mr. Piëch and Mr. Porsche.

Porsche SE came to control a majority stake in Volkswagen through an attempt by Mr. Porsche and Mr. Piëch to use car maker Porsche AG to take over the much larger Volkswagen group. In the end, the family holding acquired a majority in Volkswagen, which took control of the Porsche sports car maker.

The deal saddled the family with debt leaving them close to insolvency. Mr. Pötsch arranged a €5 billion ($5.59 billion) capital increase that wiped out the family's debt and made a cash injection into Porsche SE, which the family is now using as an automotive-related venture capital fund.

Though not yet officially appointed as chairman, Mr. Pötsch joined Mr. Müller on Sept. 28 to address a crowded gathering of nearly 1,000 top Volkswagen managers in the auditorium of the company's management training center, the "Auto University."

According to a person present at that meeting, Mr. Pötsch said the emissions cheating scandal had plunged the company into a "crisis that threatens the existence of the company," adding that he was confident Volkswagen would survive the worst crisis in its 78 year history.

From: Gong, Kristiene
Sent: Tuesday, October 06, 2015 10:39 AM
To: Purchia, Liz; Allen, Laura; Abrams, Dan; Reynolds, Thomas; Conger, Nick; Senn, John; Millett, John; Birgfeld, Erin; Hull, George; Daguillard, Robert; Valentine, Julia; Grantham, Nancy
Subject: Volkswagen Clips 10/6/2015

AP (via Chattanooga Times Free Press): ***VW pollution scheme may have killed hundreds of people***

Associated Press

-

Reuters: ***VW under pressure for answers as emissions scandal deadlines loom***

Andreas Cremer

The Hill: ***House Dems press for Volkswagen emission hearing***

Keith Laing

USA Today: ***Volkswagen slashing costs that aren't 'absolutely vital' amid emissions scandal***

Nathan Bomey

Washington Post: *The EPA closed the lab that might have caught VW years ago*

Peter Whoriskey

-

-

AP (via Chattanooga Times Free Press):

http://www.timesfreepress.com/news/breakingnews/story/2015/oct/06/analysis-dozens-deaths-likely-vw-pollution-dodge/328964/

VW pollution scheme may have killed hundreds of people

Analysis shows that dozens of deaths may have happened in U.S.

WASHINGTON -- Volkswagen's pollution-control chicanery has not just been victimless tinkering, killing between five and 20 people in the United States annually in recent years, according to an Associated Press statistical and computer analysis.

The software that the company admitted using to get around government emissions limits allowed VWs to spew enough pollution to cause somewhere between 16 and 94 deaths over seven years, with the annual count increasing more recently as more of the diesels were on the road. The total cost has been well over $100 million.

That's just in the United States. It's likely far deadlier and costlier in Europe, where more VW

diesels were sold, engineers said. Scientists and experts said the death toll in Europe could be as high as hundreds each year, though they caution that it is hard to take American health and air quality computer models and translate them to a more densely populated Europe.

"Statistically, we can't point out who died because of this policy, but some people have died or likely died as a result of this," said Carnegie Mellon environmental engineer professor Peter Adams. He calculates the cost of air pollution with a sophisticated computer model that he and the AP used in its analysis.

Computer software allowed VW diesel cars to spew between 10 to 40 times more nitrogen oxides (NOx) than allowed by regulation, making this "clearly a concern for air quality and public health," said Janet McCabe, acting air quality chief for the U.S. Environmental Protection Agency.

Nitrogen oxides mostly form smog — that murky, dirty air that makes it hard to see and for some people to breathe — but also amplify a deadlier, larger problem: tiny particles of soot. Numerous medical studies show those tiny particles cause about 50,000 deaths a year in the United States, mostly from heart problems.

Nitrogen oxides can travel hundreds of miles, so pollution spewed in Pittsburgh can be felt on the East Coast, Adams said.

Experts calculate how much pollution costs society by looking at the value of lost lives. In this case, Adams and other said the lost lives — valued at $8.6 million apiece — overwhelm other costs such as lost work days or hospital costs. The overall annual cost of the extra pollutants from the VW diesels ranged from $40 million to $170 million, environmental engineering professors calculated.

"Even the small increase in NOx from VW diesel emissions is likely to have worsened pollution along the roadways where they have traveled, and affected the lives of hundreds of thousands of people," said Dan Greenbaum, president of the Health Effects Institute in Boston.

"To say millions of people of people are breathing poor air as the result of that is not off the mark," said Greenbaum, who runs the institute that is funded by both the EPA and the auto industry to serve as an independent arbiter of the science.

In a response Saturday night to an earlier request for comment, Volkswagen said the EPA has noted that the affected vehicles do not present a safety hazard and are legal to drive. "General allegations regarding links between NOX emissions from these affected vehicles and specific health effects are unverified. We have received no confirmed reports that the emissions from such vehicles caused any actual health problem," the company said in a statement.

The calculations should be put in context of air that is getting dramatically cleaner in the United States, experts said. Also, the deaths from extra pollution are dwarfed by the 35,000 people in the U.S. a year who die in auto accidents and are closer to the annual U.S. death toll of spider or snake bites.

The AP calculated how much pollution was spewed year by year, starting with that broad 10 times to 40 times emissions level estimate from the EPA, then factoring in mileage and car number totals from EPA, the car company and Kelley Blue Book.

The results show an upper and lower limit of extra nitrogen oxides pollution allowed by VW's subterfuge. The AP took those figures to scientists who previously created a sophisticated computer program that looks at air movement and numerous epidemiological studies on the health effects of pollutants. The result was a rough estimate on deaths and costs to society based on a certain amount of pollution triggering each death.

The EPA has its own open source computer model that calculates death and social costs of emissions, roughly finding it takes nearly 1,300 tons of nitrogen oxides to cause one death. Using that calculation and AP's emission totals, the total death figures over the past seven years range from 12 to 69, slightly lower than the AP calculations.

The AP ran its calculations and results by more than a dozen experts in emissions, risk and public health. They all confirmed the calculations and results seemed right. One scientist had even done a statistical analysis on his own and came independently to the same conclusion. The experts were mostly university professors or from research institutes. They were not

environmental advocates or representatives of auto companies.

But engineers caution that these figures come with many caveats and are ballpark estimates. They rely on many assumptions and a range of potential emissions per car. Air pollution impacts on people are usually calculated on a local level because that's where it is felt, and it changes from place to place. But these calculations were broadened to a national level, which adds more uncertainty.

The computer simulation that made the death calculations use conservative medical studies as their baseline. Other epidemiological studies would more than double the deaths and health costs, said Adams and model co-creator Jinhyok Heo of Cornell University.

Chris Frey, an engineering professor at North Carolina State University, has been testing the VW diesels in real world conditions, driving more than 100 miles with monitors in the car tailpipes. He found pollution 10 times higher than the federal standard, and noticed that the worst pollution came as he got on to highways and in stop-and-go traffic. Those less desirable areas are where poorer people live, Greenbaum and other experts said.

Since 2008, VW sold more than 10 million VW diesel cars in Europe, compared with less than half a million in the United States. In Europe, the population is more densely packed in urban areas, making them more vulnerable to added air pollution, several experts said.

"Assuming most of the cars are in Europe, it's pretty simple to estimate that it could go as high as hundreds," said Robert Rohde, a physicist and lead scientist at the Berkeley Earth team that has estimated death tolls of air pollution in the past.

Reuters:

http://uk.reuters.com/article/2015/10/06/uk-volkswagen-emissions-idUKKCN0S01KU20151006

VW under pressure for answers as emissions scandal deadlines loom

WOLFSBURG, GERMANY | BY ANDREAS CREMER

Hans Dieter Poetsch's first board meeting as chairman of Volkswagen on Wednesday could turn out to be his most important, coming just hours before a deadline set by German regulators and testimony by the company's top U.S. executive in Congress.

More than two weeks after the carmaker admitted to cheating U.S. emissions tests, Poetsch will be appointed to the helm of the 20-person supervisory board at a specially convened meeting at the German company's headquarters in Wolfsburg.

Sources close to the company say the meeting, due to start at 9 a.m local time (0700 GMT), is likely to last for hours, given the number and gravity of the issues to be discussed.

Europe's largest carmaker is under huge pressure to find those responsible, say how affected vehicles will be fixed and identify to what extent it may also have cheated in Europe.

The biggest business crisis in its 78-year history has wiped more than a third off Volkswagen's share price, forced out its long-time chief executive and sent shockwaves through both the global car industry and the German establishment.

On Tuesday, more than 20,000 workers gathered at the company's sprawling Wolfsburg plant to hear new CEO Matthias Mueller address them for the first time since he replaced Martin Winterkorn two weeks ago.

"We will overcome the crisis," Mueller told staff, many of them wearing specially printed t-shirts with the slogan "one team, one family" to show their support for the company.

Mueller warned all projects and investments would be put under review and there would be

"massive cuts".

But Volkswagen's ability to recover could also depend on what happens on two key dates this week: Germany's KBA watchdog has set a Wednesday deadline to submit a plan to make its cars compliant with emissions laws and the company's top U.S. executive is due to testify before a U.S. congressional oversight panel on Thursday.

CHEATING

Since Volkswagen's cheating was exposed on Sept. 18, the carmaker has come under fire for a slow response.

While it admitted on Sept. 22 that 11 million diesel vehicles worldwide were fitted with software capable of rigging emissions tests, it only provided customers with information about whether their vehicles were affected on Friday.

Owners have been told their cars and vans will have to be refitted, but do not know if this will affect their fuel economy or performance -- key issues that could determine the number of lawsuits and amount of damage to Volkswagen's reputation.

Analysts and investors are also anxious to know whether Volkswagen cheated emissions tests in Europe too. The German transport ministry has said it did, but has not given details.

Given 8 million of the 11 million affected vehicles are in the European Union, any cheating there could have a bigger impact than the United States in terms of fines and lawsuits.

"We need clarity on Europe," Bernstein analyst Max Wurburton wrote in a research note this week.

"If the issue is just limited to the U.S. ... then the financial consequences may be containable. But if VW also cheated in Europe, then the situation will become much graver."

WHO'S RESPONSIBLE?

Volkswagen's supervisory board will also be under pressure to come up with answers about who was responsible for installing the "cheat" software and concealing its usage.

The company has suspended more than 10 senior managers, including three top engineers. However, one source close to the supervisory board told Reuters on Monday the carmaker's internal inquiry had not found any evidence to accuse the top engineers of the manipulation.

Volkswagen has said its investigations, including an external one by U.S. law firm Jones Day, would take months.

But a panel of U.S. lawmakers will want answers when they question the company's U.S. boss Michael Horn on Thursday.

Two sources close to the board said Wednesday's meeting would look to provide Horn with detailed information and a timeline on the rigging of U.S. emissions tests.

CEO Mueller and an official from Jones Day will attend the supervisory board meeting, sources said.

RETURN OF PIECH

The rise of both Poetsch and Mueller signal a return to influence for Volkswagen's long-time

chairman Ferdinand Piech, who was ousted in April after he publicly criticised Winterkorn's performance.

Piech, a member of the Porsche-Piech clan that owns a controlling stake in the German carmaker, has supported both managers in their careers.

The 78-year-old, who considers Volkswagen his life's work, was likely to exert renewed influence under the new regime in areas such as brand management and model strategy, a source close to the matter said.

After keeping away from the company in the months after his ouster, Piech and his wife Ursula visited the Volkswagen stand at the Frankfurt auto show on Sept. 22, four days after the emissions scandal broke and the day before Winterkorn resigned.

Some analysts and investors have questioned Volkswagen's decision to appoint company insiders to top jobs in the wake of the scandal, saying hiring outsiders would underscore its commitment to change.

Shareholder advisory firm Hermes EOS said last week it had "real doubts" about whether Volkswagen's main stakeholders recognised the need for fundamental reform.

(Additional reporting by Reuters bureaus; Writing by Mark Potter; Editing by Sonya Hepinstall)

The Hill:

http://thehill.com/policy/transportation/255963-house-dems-press-for-volkswagen-emission-hearing

House Dems press for Volkswagen emission hearing

By Keith Laing

Democrats on the House Oversight and Government Reform Committee are pushing for a hearing to probe Volkswagen's circumvention of federal air pollution emission standards.

The Environmental Protection Agency (EPA) has accused the German automaker of selling about 482,000 vehicles since 2008 that violate the Clean Air Act due to software installed on the vehicles that activates required air pollution protections only during emissions tests.

Democrats on the House Oversight and Government Reform Committee's Transportation and Public Assets Subcommittee said Republicans on the GOP-led panel should convene a hearing to investigate Volkswagen's actions.

“Clearly, there appears to be a growing and pervasive disregard for consumer safety, public health, and environmental protections by some within the auto industry," the lawmakers wrote.

"By convening a hearing on the implications of deceptive practices within the auto industry, the committee can thoughtfully consider the negative consequences for U.S. taxpayers, auto workers, and federal regulatory agencies, and determine if adequate protections are in place to minimize or eliminate future occurrences,” the letter continued.

Volkswagen has been embroiled in scandal since the EPA revealed that the company programmed vehicles to trick emissions testers into believing that its diesel cars released a much lower volume of nitrogen oxide than they actually do.

A “defeat device” in the vehicles made it so they would pass emissions tests. But in regular driving, the vehicles emitted up to 40-times more pollution.

Volkswagen has admitted to the accusations.

The EPA has said Volkswagen could face up to an $18 billion fine for its pollution violations.

The lawmakers said in their letter about the Volkswagen allegations that "such malfeasance is completely unacceptable to the American consumer and is likely a violation of federal law."

The letter was signed by Reps. Mark DeSaulnier (D-Calif.), Bonnie Watson Coleman (D-N.J.) and Brendan Boyle (D-Calif.).

USA Today:

http://www.usatoday.com/story/money/cars/2015/10/06/volkswagen-slashing-costs-arent-absolutely-vital-amid-emissions-scandal/73435322/

Volkswagen slashing costs that aren't 'absolutely vital' amid emissions scandal

Nathan Bomey, USA TODAY 9:18 a.m. EDT October 6, 2015

New Volkswagen CEO Matthias Mueller told employees at Volkswagen's headquarters in Germany that the company is reviewing its spending plans to conserve cash.

The gravity of Volkswagen's emissions scandal is sinking in as the automaker's new boss warned that the company is planning comprehensive cuts to navigate the costly crisis.

"We will review all planned investments, and what isn't absolutely vital will be canceled or delayed," Volkswagen CEO Matthias Mueller told workers at Volkswagen's headquarters in Wolfsburg, Germany. "And that's why we will re-adjust our efficiency program. I will be

completely clear: this won't be painless."

Mueller's comment — which was made in German and confirmed by an English speaking spokesman for this story — reflects the depth of the financial crisis Volkswagen is facing after it admitted to rigging 11 million diesel cars worldwide with software that allowed cars to cheat emissions regulations.

The cost cuts come amid swirling speculation over the ultimate price tag of the scandal, which is expected to be much higher than the $7 billion Volkswagen has already set aside.

In the U.S., where only 482,000 cars were fitted with the "defeat device" software, fines and the cost of vehicle buybacks could exceed 15 billion euros, or nearly $17 billion, Sanford C. Bernstein analyst Max Warburton said Monday in a research note. The company — which passed Toyota as the world's largest automaker for the first six months of 2015 — made a global operating profit of 12.7 billion euros in 2014.

Warburton posited that the scandal may not be as grave in Europe, where, he said, cars may be fitted with the cheating software yet still compliant with local emissions regulations. European standards on nitrogen oxide emissions — which can exacerbate respiratory conditions such as asthma — are not as stringent as U.S. standards.

Still, the financial ripple effects of the crisis are "potentially terrifying" if the scandal mushrooms in Europe, Warburton said. Industry observers have theorized it could reach the $30 billion range, although speculation varies widely.

It was not immediately clear how cost-cuts would affect Volkswagen's only U.S. factory in Chattanooga, Tenn. A U.S.-based spokeswoman did not respond to a request for information.

According to a copy of Mueller's prepared remarks, the CEO reiterated that "it is still not possible to quantify" how much the scandal will cost. But he vowed to ensure the company's survival and regain the public's trust.

"We can and we will overcome this crisis, because Volkswagen is a group with a strong foundation," He said. "And above all because we have the best automobile team anyone could wish for."

Mueller admitted, however, that he does not know the full extent of the scandal, which dates back to 2009 models and led to the resignation of his predecessor, Martin Winterkorn.

"Believe me — like you, I am impatient," he said.

Volkswagen is expected to propose fixes to regulators this month. Mueller said software updates will be enough for many vehicles, but others will require hardware upgrades.

In his remarks, Mueller signaled that the company won't reduce its commitment to new product development.

"We cannot afford to economize on the future," he said. "That is something else we will also be addressing over the coming weeks and months."

The automaker is facing a litany of investigations and lawsuits over the scandal, including a U.S. Justice Department criminal probe and numerous class-action suits filed by consumers. It has also ordered a outside law firm to conduct an investigation of its handling of the matter.

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Washington Post:

http://www.washingtonpost.com/business/economy/the-epa-closed-the-lab-that-might-have-caught-vw-years-ago/2015/10/05/03487752-67b5-11e5-9223-70cb36460919_story.html

The EPA closed the lab that might have caught VW years ago

By Peter Whoriskey October 5 at 10:48 AM

More than 20 years ago, an engineer at the Environmental Protection Agency invented a device that allows technicians to measure the emissions of a car as it is traveling in the real world.

Had the device, then known as ROVER, been used by the EPA to screen cars, it would have detected Volkswagen's cheating long ago, former engineers for the EPA said.

But the Alexandria, Va., lab where the testing device was developed was closed by the EPA about 2001, and the contractors who worked there were laid off. The pilot program that used the new devices to test cars for emissions compliance on the road did not continue, officials said.

"When this all came out in the news about VW, my first thought was, 'Wow, we could have been all over this,' " said John Lux, testing manager at the lab.

"It's a coulda, shoulda, woulda situation," said another engineer from the lab who spoke on the condition of anonymity because he still does contract work with the government. The testing in Virginia "would have detected the Volkswagen issue immediately."

A missed opportunity?

The news that Volkswagen cheated on car emissions tests for eight years has led to criticism that the pollution checks performed by the EPA have been too passive.

Agency officials have defended their efforts and said that they will step up the scrutiny. They said the Virginia lab was closed because it was "outdated" and that its resources were better used at its larger testing facility in Ann Arbor, Mich.

But the closure of the Virginia Testing Laboratory suggests that they had the opportunity years ago to make emissions tests more comprehensive.

For years, the EPA has checked car emissions by running tests in a laboratory: the cars spinning their wheels on rollers, while scientists sample and analyze the exhaust.

But as Volkswagen engineers have illustrated, it's possible to cheat on such tests. In the Volkswagen case, the cars could detect when they were undergoing a lab test, and when they did, they reduced their emissions. Once out on the roads, those cars emitted as much as 10 times the legal limits of the pollutants known as nitrogen oxides.

It wasn't until an outside group, the International Council on Clean Transportation, decided to test the cars on the roads that the Volkswagen deception was uncovered.

Now many environmental groups and others are pushing for broad use of those road emissions tests invented in early 1995. The advocates of more road testing note that the Volkswagen deception began in 2008 and was detected almost accidentally — and not by the EPA.

Moreover, they argue, emissions violations are not new — Volkswagen is not alone. Other automakers and engine-makers have been caught in similar violations, though their transgressions involved far fewer cars. Volkwagen's involved about 11 million worldwide.

Among those pushing the government to conduct more road tests is the Center for Biological Diversity, an environmental group that filed a legal petition last week demanding that the EPA conduct real-world testing of all diesel cars going back to model year 2009.

"There's no good reason for EPA not to employ every method possible to detect fraud and protect public health and our climate," said Kristen Monsell, a lawyer for the group. "The Volkswagen debacle ought to be a wake-up call for the agency to make that happen."

Lab vs. real world

EPA officials disputed the idea that the real-world emissions tests, known as ROVER, would have detected the Volkswagen emissions trouble.

"The problem with such hypotheticals is that no one can know what would have happened in those cases," the EPA said in a statement.

For example, EPA officials said, the same Volkswagen engine software that defeated the lab tests might have been configured to defeat the road tests, too.

But experts said that would be improbable because a road test is unlikely to follow an easily detectable pattern. And without one, it may be close to impossible for a car to know it is being tested.

Indeed, several emissions experts, as well as the former chief of the EPA's emissions office, have said that the ROVER device would have detected the Volkswagen deception.

The idea for real-world testing arose out of an insight by Leo Breton, an engineer at the EPA during the '90s.

Breton's job was to oversee the lab testing of auto emissions carried out by a contractor at the Virginia Testing Laboratory. In the lab tests, cars are put on rollers, and test drivers accelerate and decelerate according to a set pattern, while the output is measured and analyzed.

"I kept wondering whether the emissions numbers being calculated during the lab tests had anything to do with reality," he said.

One of the reasons Breton was skeptical of the lab tests' accuracy is that he saw the test drivers

become experts on the test course. That expertise meant that they would step on the accelerator less often than drivers in the real world, and that, in turn, meant that the test cars would show lower emissions.

The test driver also "doesn't have to worry about traffic, or weather, or potholes," Breton said, so they drive very efficiently. "In the real world, a driver has to step on the gas a lot more."

The practical challenge he faced was this: How to measure emissions while a car is out on the road? Breton rigged a test apparatus, using a borrowed gas analyzer, to record emissions in the real world. It was improvised because he had no budget. During tests, they stashed the equipment in the back seat, connected a hose to the tailpipe, and set out to measure the pollutants.

It turned out that his suspicions were well founded. What the real-world tests showed is that there is a gap between lab tests and real-world tests of about 10 percent to 20 percent, generally.

Gaps of that magnitude were deemed normal. But the equipment also turned up cases where the gaps were much, much larger, and in some of those cases, the road tests were used to show that manufacturers were failing emissions standards.

The first time his device was put to official work, the EPA determined that Cadillacs were emitting three times the permitted amount of carbon monoxide whenever the car's air-conditioner was in use.

In 1997, it revealed problems with Ford Econoline vans, and in 1998, similar problems emerged at seven manufacturers of heavy-duty engines.

The engineers then started a pilot program to test more cars with ROVER, but about 2001, EPA officials closed the Virginia Testing Laboratory.

Chris Grundler, the head of the emissions office at the EPA, said the road tests were not regularly used to check diesel car compliance because, compared with trucks, they emit only a small fraction of the pollution.

That car testing "didn't continue because it didn't rise to the top of our priority scheme," he said.

'You have to do both'

Grundler said that he supports checking car emissions using both kinds of tests: those run in a lab, which are more accurate and predictable, as well as those done on the road, which offer the advantage of testing in real-world conditions.

"We're getting calls that the dynamometers [the lab tests] are obsolete — but that's just wrong," Grundler said. "The point is to do this work, you have to do both."

He noted that for years the EPA has been using the road tests to measure the emissions of heavy-duty engines.

Michael P. Walsh, a former EPA official who oversaw car pollution efforts during the 1970s and received a MacArthur Foundation "genius" grant in 2005, said he supports efforts to broaden the use of road tests to detect emissions discrepancies.

"We know we've been burned before, and there may have been other cases that we missed," Walsh said. "The way I would look at it is that the first priority is to check the largest sources of pollution — that would be trucks. But you would also do random testing of other engines just so that the industry knows that EPA is looking."

Alice Crites contributed to this report.

To: Bunker, Byron[bunker.byron@epa.gov]
From: Grundler, Christopher
Sent: Tue 10/6/2015 4:36:41 PM
Subject: Fwd: Have you heard from staff on VW call w/congressional staff?

See Q

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

Begin forwarded message:

From: Ex. 7
Date: October 6, 2015 at 12:30:09 PM EDT
To: Chris Grundler <grundler.christopher@epa.gov>
Subject: Have you heard from staff on VW call w/congressional staff?

I will call you later today.

Sent from my iPhone

To: Belser, Evan[Belser.Evan@epa.gov]
From: Brooks, Phillip
Sent: Tue 10/6/2015 4:57:55 PM
Subject: FW: Meeting availability

FYI

Ex. 7

From: Simon, Karl
Sent: Tuesday, October 06, 2015 12:47 PM
To: Brooks, Phillip
Subject: FW: Meeting availability

Thanks Phil – let me know what make sense. This meeting would be next Thursday morning – have not set the time yet.

From: Peter.BROERTJES@ec.europa.eu [mailto:Peter.BROERTJES@ec.europa.eu]
Sent: Tuesday, October 06, 2015 4:54 AM
To: Simon, Karl
Cc: Barbara.BONVISSUTO@ec.europa.eu; Fernando.PERREAU-DE-PINNINCK@ec.europa.eu; Carsten.Schittek@ec.europa.eu; Sibylle.ZITKO@eeas.europa.eu
Subject: RE: Meeting availability

Dear Karl,

Thanks for your message and agreeing to meet us. The morning of 10/15 is good for us.

Ex. 7

Ex. 7

Thanks a lot! Please contact us any time if you want to further discuss prior to our meeting.

Best regards,

Peter

From: Simon, Karl [mailto:Simon.Karl@epa.gov]
Sent: Monday, October 05, 2015 10:37 PM
To: BROERTJES Peter (GROW)
Subject: RE: Meeting availability

Thanks for the note Peter. It looks like the morning of the 15th works best for us so let me know how that is shaping up.

Karl

From: Peter.BROERTJES@ec.europa.eu [mailto:Peter.BROERTJES@ec.europa.eu]
Sent: Thursday, October 01, 2015 4:32 AM
To: Simon, Karl
Subject: Meeting availability

Dear Karl,

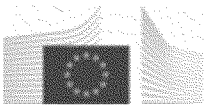
I hope all is well with you. I'm contacting you on behalf of Barbara to arrange a meeting with you when we're in DC for the next TTIP round.

What is your availability on 10/14 AM PM, 10/15 AM or 10/16 AM?

Thanks and best regards,

Peter

Peter Broertjes
Automotive Industry – Safety



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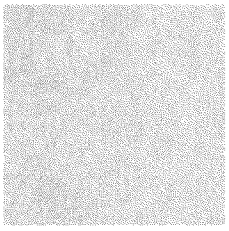
To: Grundler, Christopher[grundler.christopher@epa.gov]; Birgfeld, Erin[Birgfeld.Erin@epa.gov]
From: Ex. 6
Sent: Tue 10/6/2015 5:06:57 PM
Subject: WSJ Online on the VW used Diesel price depreciation
kelley-blue-book-volkswagen-diesel-.pdf



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U.S. Environmental Protection Agency

National Vehicle and Fuel Emissions Laboratory Library

2000 Traverwood Drive

Ann Arbor, MI 48105

Phone - (734) 214-4434

Fax - (734) 214-4525

Email - **Ex. 6**

http://www.epa.gov/otaq

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Please, tell us how we're doing - rate our customer service!

http://www.surveymonkey.com/s/epalibsurvey

To: Grundler, Christopher[grundler.christopher@epa.gov]
From: E&E Publishing
Sent: Tue 10/6/2015 5:17:59 PM
Subject: October 6 -- Greenwire is ready

Read today's Greenwire on the web

AN E&E PUBLISHING SERVICE

GREENWIRE — Tue., October 6, 2015

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1.RENEWABLE ENERGY:

After buying binge, SunEdison to cut 15% of workforce

SunEdison Inc., the world's largest renewable energy developer, plans to cut 15 percent of its personnel after a yearlong spending spree and a precipitous drop in its stock price.

TOP STORIES

2.AIR POLLUTION:
Regulators urge EPA to start crackdown on NOx emissions

3.FEDERAL AGENCIES:
Scientists at FWS, NOAA worried about political influence

4.ENDANGERED SPECIES:
Ferrets run wild again on Colo. refuge

CONGRESS

5.APPROPRIATIONS:
McConnell moves to advance energy, water spending bill

6.CHEMICALS:
Unlikely group urges Senate to act on 'window' for TSCA bill

7.FEDERAL AGENCIES:
Senate bill would fight fraud in programs

POLITICS

8.BRISTOL BAY:
EPA was 'fundamentally unfair' to Pebble -- report

NATURAL RESOURCES

9.NATIONAL PARKS:
NPS says it won't let hunters kill pythons in Everglades

10.PUBLIC LANDS:
BLM rejects Mojave water pipeline right-of-way request

11.ENDANGERED SPECIES:
FWS adds black pine snake to threatened list

12.WILDLIFE:
Frogs approach mass extinction -- study

13.WILDLIFE:
Animals thrive near Chernobyl -- study

14.WILDLIFE:
Hunter gags grizzly, survives

15.OBITUARY:
Activist Grace Lee Boggs dies at 100

CLIMATE CHANGE

16.NEGOTIATIONS:
U.N. unveils draft of Paris climate deal

ENERGY

17.NUCLEAR POWER:
Small fire extinguished at Three Mile Island

FEDERAL AGENCIES

18.FEDERAL WORKFORCE:
EPA hasn't topped 15,000 employees yet

19.EPA:
Closed lab could have detected VW deception, contractor says

20.PEOPLE:
Planetary protection officer tasked with keeping Mars clean

BUSINESS

21.BIOFUELS:
Company buys equipment from bankrupt facility

22.CHEMICALS:
Texas plant restarts 1 week after explosion

23.CHEMICALS:
DuPont chief steps down

TRANSPORTATION

24.RAIL:
Derailment interrupts service on Amtrak's D.C.-Vermont line

25.RAIL:
Cooking-oil train derails in N.J.

AIR AND WATER

26.CHESAPEAKE BAY:
Foundation provides $11.5M for cleanup projects

27.WATER POLLUTION:
Navajo ask EPA for rolling mine spill compensation

28.DRINKING WATER:
Contamination brings criminal charges but little accountability

CHEMICALS

29.PESTICIDES:
Pot users sue over fungicide use in 1st marijuana liability case

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To send a press release, fax 202-737-5299 or email editorial@eenews.net.

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From: Azoolin, Liel
Required Attendees: Meiburg, Stan; Fritz, Matthew; McCabe, Janet; Grundler, Christopher; Hengst, Benjamin; Niebling, William; Reynolds, Thomas; Vaught, Laura; Liz Purchia (Purchia.Liz@epa.gov); Starfield, Lawrence; Kelley, Rosemarie; Belser, Evan; Avi Garbow; Giles-AA, Cynthia; Carter, Donnell; MCClain, Mike; Rodgers, Ryan; Sampson, Jamaal; Slotkin, Ron; Vitalien, Christal; Ingram, Amir
Location: Alm Conference Room
Importance: Normal
Subject: VW Update Meeting
Categories: Red Category
Start Date/Time: Fri 10/9/2015 6:45:00 PM
End Date/Time: Fri 10/9/2015 7:15:00 PM

******Please DO NOT forward this calendar invitation. You may "Accept" or "Decline" the invitation but DO NOT respond with questions or concerns. If you do have any questions or concerns about this invitation please contact the Scheduling Office at scheduling@epa.gov . ******
SCt: Liel Azoolin

Staff:
Deputy Meiburg, Matt Fritz (OA)
Janet McCabe, Chris Grundler, Ben Hengst, William Niebling (OAR/OTAQ)
Liz Purchia (OPA)
Cynthia Giles, Larry Starfield, Rosemarie Kelley, Evan Belser (OECA)
Avi Garbow (OGC)
Laura Vaught (OCIR)

Conference Line: 866-299-3188 / Access Code: **Non-Responsive**

Video Conference Line:
C-174 DOD AA

To: Allen, Gregory (EEO)[Gregory.Allen@vw.com]
Cc: Snyder, Jim[Snyder.Jim@epa.gov]
From: Mazaitis, Vincent
Sent: Tue 10/6/2015 5:32:18 PM
Subject: RE: Audi A3 eTron Prep Wednesday

Hello Greg,

The Passat is prepping today and testing tomorrow. It is scheduled for 7:00 a.m.

The schedule for the A3e-tron is still pending. Jim is working on it.

Thanks,

Vince Mazaitis

From: Allen, Gregory (EEO) [mailto:Gregory.Allen@vw.com]
Sent: Tuesday, October 06, 2015 10:44 AM
To: Mazaitis, Vincent
Subject: Audi A3 eTron Prep Wednesday

Hello Vince,

As you are probably aware – tomorrow is a busy day for VW at EPA (we have the Passat TDI running it's emissions tests, and also the prep run for the Audi A3 e-Tron).

Do we know when these tests will take place?

We are assuming for the TDI to be there at 7 a.m (unless we hear different), but our resident engineer for the A3 eTron was asking if we know what time the prep was going to run tomorrow. Any idea?

I know Arlene is gone, so I'm thinking we will just plan for 7 a.m in both cases.

Thanks Vince.

Regards,

Greg Allen

VWGoA EEO

(248)754-4209

To: Grundler, Christopher[grundler.christopher@epa.gov]; Brooks, Phillip[Brooks.Phillip@epa.gov]
Cc: Haman, Patricia[Haman.Patricia@epa.gov]
From: Levine, Carolyn
Sent: Tue 10/6/2015 5:53:57 PM
Subject: Completion of "Truth in Testimony" form
Gina McCarthy Invitation 2015-10-08.pdf
Attachment 1--Form of Testimony.pdf
Attachment 2--Electronic Format Guidlines.pdf
Attachment 3--Rules of the Energy and Commerce Committee.pdf
Attachment 4--Disclosure Form and Instructions.docx

Hi Chris and Phil,

Attached are the hearing invite as well as general guideline documents. Note the title of the hearing is "Volkswagen's Emissions Cheating Allegations: Initial Questions."

The only form I need you to focus on asap is **Attachment 4, disclosure form**. Please fill out, sign, and email me a pdf copy today so that I can submit to the Committee.

Thank you,

Carolyn

Carolyn Levine

Office of Congressional and Intergovernmental Relations

U.S. EPA

(202) 564-1859

levine.carolyn@epa.gov

FRED UPTON, MICHIGAN
CHAIRMAN

FRANK PALLONE, JR., NEW JERSEY
RANKING MEMBER

ONE HUNDRED FOURTEENTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON ENERGY AND COMMERCE

2125 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–6115
Majority (202) 225–2927
Minority (202) 225–3641

October 2, 2015

The Honorable Gina McCarthy
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, DC 20460

Dear Administrator McCarthy:

Thank you for agreeing to have your designees testify on Thursday, October 8, 2015, at 10:00 a.m. in 2123 Rayburn House Office Building, at the Subcommittee on Oversight and Investigations hearing entitled "Volkswagen Emissions Cheating Allegations: Initial Questions."

The attached documents provide important details concerning the preparation and presentation of your testimony.

- The first attachment describes the form your testimony must take.
- The second attachment provides you with Electronic Format Guidelines that detail how to file testimony electronically.
- The third attachment provides you the Rules for the Committee on Energy and Commerce.
- The fourth attachment provides you with a Truth-in-Testimony Disclosure form and a Truth-in-Testimony instruction sheet.

Please be aware that, in accordance with the Committee's usual practice:

(1) Witnesses will be required to provide sworn testimony;

(2) Witnesses have a right to be represented by counsel, who may advise the witnesses on their Constitutional rights, but cannot testify. If appearing as a witness, the counsel will be sworn in; and,

(3) Hearings are open to audio, video, and photographic coverage by accredited press representatives only.

If you have any questions concerning any aspect of your testimony, please contact Peter Spencer or John Ohly of the Energy and Commerce Committee staff at (202) 225-2927.

Sincerely,

Tim Murphy
Chairman
Subcommittee on Oversight and Investigations

Enclosures: (1) Form of Testimony
(2) Electronic Format Guidelines
(3) Rules for the Committee on Energy and Commerce
(4) Truth-in-Testimony Disclosure form

THE FORM OF TESTIMONY
BEFORE THE COMMITTEE ON ENERGY AND COMMERCE

Written Statement: You are requested to submit a written statement, which may be of any reasonable length and may contain supplemental materials . H owever, please be aware that the Comm ittee cannot guarantee that supplemental material will be included in the printed hearing record. Your written statement should be typed, double spaced, and should include a one-page summary of the major points you wish to make.

Pursuant to Rule 3(c) o f the Rules of the Committee, please provide your written statement no later than two business days in advance of your appearance. This will allow Members and staff the opportunity to review your testimony.

Oral Presentation: You will have an opportunity to present an oral summary of your testimony to the Committee . T o ensure sufficient time for Members to ask questions, your oral presentation should be limited to 5 minutes.

Printed Hearing Transcript : Rule XI, clause 2(e)(1)(A) of the Rules of the House requires the Committee to keep a written record of committee hearings which is a substantially verbatim account of remarks made during the proceedings, subject only to technical, grammatical, and typographical corrections. Your testimony, th e transcript of the hearing, and any other material that the Committee agrees to include in the hearing record (subject to space limitations) will be printed as a record of the hearing.

GUIDELINES FOR THE ELECTRONIC SUBMISSION OF CONGRESSIONAL TESTIMONY

The Rules and procedures of the Energy and Commerce Committee require each witness to submit their testimony in an electronic format prescribed by the Chairman. Testimony submitted in electronic form will be used to produce the printed hearing record, and will be converted to HTML or Adobe Portable Document Format (PDF) and posted to the Committee on Energy and Commerce website at http://energycommerce.house.gov/. Your compliance with this requirement will facilitate the distribution of your testimony and help the Committee to minimize the costs of printing the hearing record.

Materials submitted to the Committee must be formatted in Microsoft Word.

Please e-mail your testimony to the Legislative Clerk at Greg.Watson@mail.house.gov. In addition, please include the following in the body of your e-mail: (1) Witness Name, (2) Witness Organization, (3) Name and Date of Hearing, and (4) Subcommittee of Jurisdiction.

The Committee cannot accept testimony submitted on a disk or flash drive.

RULES OF THE COMMITTEE ON ENERGY AND COMMERCE
114TH CONGRESS

(Adopted January 14, 2015)

RULE 1. GENERAL PROVISIONS

(a) Rules of the Committee. The Rules of the House are the rules of the Committee on Energy and Commerce (the "Committee") and its subcommittees so far as is applicable.

(b) Rules of the Subcommittees. Each subcommittee of the Committee is part of the Committee and is subject to the authority and direction of the Committee and to its rules so far as is applicable. Written rules adopted by the Committee, not inconsistent with the Rules of the House, shall be binding on each subcommittee of the Committee.

RULE 2. MEETINGS

(a) Regular Meeting Days. The Committee shall meet on the fourth Tuesday of each month at 10 a.m., for the consideration of bills, resolutions, and other business, if the House is in session on that day. If the House is not in session on that day and the Committee has not met during such month, the Committee shall meet at the earliest practicable opportunity when the House is again in session. The chairman of the Committee may, at his discretion, cancel, delay, or defer any meeting required under this section, after consultation with the ranking minority member.

(b) Additional Meetings. The chairman may call and convene, as he considers necessary, additional meetings of the Committee for the consideration of any bill or resolution pending before the Committee or for the conduct of other Committee business. The Committee shall meet for such purposes pursuant to that call of the chairman.

(c) Notice. The date, time, place, and subject matter of any meeting of the Committee scheduled on a Tuesday, Wednesday, or Thursday when the House will be in session shall be announced at least 36 hours (exclusive of Saturdays, Sundays, and legal holidays except when the House is in session on such days) in advance of the commencement of such meeting. The date, time, place, and subject matter of other meetings when the House is in session shall be announced to allow

Members to have at least three days notice (exclusive of Saturdays, Sundays, and legal holidays except when the House is in session on such days) of such meeting. The date, time, place, and subject matter of all other meetings shall be announced at least 72 hours in advance of the commencement of such meeting.

(d) Agenda. The agenda for each Committee meeting, setting out all items of business to be considered, shall be provided to each member of the Committee at least 36 hours in advance of such meeting.

(e) Availability of Texts. No bill, recommendation, or other matter shall be considered by the Committee unless the text of the matter, together with an explanation, has been available to members of the Committee for three days (or 24 hours in the case of a substitute for introduced legislation). Such explanation shall include a summary of the major provisions of the legislation, an explanation of the relationship of the matter to present law, and a summary of the need for the legislation.

(f) Waiver. The requirements of subsections (c), (d), and (e) may be waived by a majority of those present and voting (a majority being present) of the Committee or by the chairman with the concurrence of the ranking member, as the case may be.

RULE 3. HEARINGS

(a) Notice. The date, time, place, and subject matter of any hearing of the Committee shall be announced at least one week in advance of the commencement of such hearing, unless a determination is made in accordance with clause 2(g)(3) of Rule XI of the Rules of the House that there is good cause to begin the hearing sooner.

(b) Memorandum. Each member of the Committee shall be provided, except in the case of unusual circumstances, with a memorandum at least 48 hours before each hearing explaining (1) the purpose of the hearing and (2) the names of any witnesses.

(c) Witnesses. (1) Each witness who is to appear before the Committee shall file with the clerk of the Committee, at least two working days in advance of his or her appearance, sufficient copies, as determined by the chairman of the Committee of a written statement of his or her proposed testimony to provide to members and staff of the Committee, the news media, and the general public. Each witness shall, to the greatest extent practicable, also provide a copy of such written testimony in an

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electronic format prescribed by the chairman. Each witness shall limit his or her oral presentation to a brief summary of the argument. The chairman of the Committee or the presiding member may waive the requirements of this paragraph or any part thereof.

(2) To the greatest extent practicable, the written testimony of each witness appearing in a nongovernmental capacity shall include a curriculum vitae and a disclosure of any federal grant or contract or foreign government contracts and payments related to the subject matter of the hearing received during the current calendar year or either of the two preceding calendar years by the witness or by an entity represented by the witness. The disclosure shall include (i) the amount and source of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) related to the subject matter of the hearing; and (ii) the amount and country of origin of any payment or contract related to the subject matter of the hearing originating with a foreign government.

(d) Questioning. (1) The right to interrogate the witnesses before the Committee shall alternate between majority and minority members. Each member shall be limited to 5 minutes in the interrogation of witnesses until such time as each member who so desires has had an opportunity to question witnesses. No member shall be recognized for a second period of 5 minutes to interrogate a witness until each member of the Committee present has been recognized once for that purpose. The chairman shall recognize in order of appearance members who were not present when the meeting was called to order after all members who were present when the meeting was called to order have been recognized in the order of seniority on the Committee.

(2) The chairman, with the concurrence of the ranking minority member, or the Committee by motion, may permit an equal number of majority and minority members to question a witness for a specified, total period that is equal for each side and not longer than thirty minutes for each side. The chairman with the concurrence of the ranking minority member, or the Committee by motion, may also permit committee staff of the majority and minority to question a witness for a specified, total period that is equal for each side and not longer than thirty minutes for each side.

(3) Each member may submit to the chairman of the Committee additional questions for the record, to be answered by the witnesses who have appeared. Each member shall provide a copy of the questions in an electronic format to the clerk of the Committee no later than ten business days following a hearing. The chairman

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shall transmit all questions received from members of the Committee to the appropriate witness and include the transmittal letter and the responses from the witnesses in the hearing record. After consultation with the ranking minority member, the chairman is authorized to close the hearing record no earlier than 120 days from the date the questions were transmitted to the appropriate witness.

RULE 4. VICE CHAIRMEN; PRESIDING MEMBER

The chairman shall designate a member of the majority party to serve as vice chairman of the Committee, and shall designate a majority member of each subcommittee to serve as vice chairman of each subcommittee. The vice chairman of the Committee or subcommittee, as the case may be, shall preside at any meeting or hearing during the temporary absence of the chairman. If the chairman and vice chairman of the Committee or subcommittee are not present at any meeting or hearing, the ranking member of the majority party who is present shall preside at the meeting or hearing.

RULE 5. OPEN PROCEEDINGS

Except as provided by the Rules of the House, each meeting and hearing of the Committee for the transaction of business, including the markup of legislation, and each hearing, shall be open to the public, including to radio, television, and still photography coverage, consistent with the provisions of Rule XI of the Rules of the House.

RULE 6. QUORUM

Testimony may be taken and evidence received at any hearing at which there are present not fewer than two members of the Committee in question. A majority of the members of the Committee shall constitute a quorum for those actions for which the House Rules require a majority quorum. For the purposes of taking any other action, one-third of the members of the Committee shall constitute a quorum.

RULE 7. OFFICIAL COMMITTEE RECORDS

(a)(1) Journal. The proceedings of the Committee shall be recorded in a journal which shall, among other things, show those present at each meeting, and include a record of the vote on any question on which a record vote is demanded and a description of the amendment, motion, order, or other proposition voted. A copy of the journal shall be furnished to the ranking minority member.

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(2) Record Votes. A record vote may be demanded by one-fifth of the members present or, in the apparent absence of a quorum, by any one member. No demand for a record vote shall be made or obtained except for the purpose of procuring a record vote or in the apparent absence of a quorum. The result of each record vote in any meeting of the Committee shall be made publicly available in electronic form on the Committee's website and in the Committee office for inspection by the public, as provided in Rule XI, clause 2(e) of the Rules of the House, within 24 hours. Such result shall include a description of the amendment, motion, order, or other proposition, the name of each member voting for and each member voting against such amendment, motion, order, or proposition, and the names of those members of the committee present but not voting. The chairman, with the concurrence of the ranking minority member, may from time to time postpone record votes ordered on amendments to be held at a time certain during the consideration of legislation.

(b) Archived Records. The records of the Committee at the National Archives and Records Administration shall be made available for public use in accordance with Rule VII of the Rules of the House. The chairman shall notify the ranking minority member of any decision, pursuant to clause 3 (b)(3) or clause 4 (b) of the Rule, to withhold a record otherwise available, and the matter shall be presented to the Committee for a determination on the written request of any member of the Committee. The chairman shall consult with the ranking minority member on any communication from the Archivist of the United States or the Clerk of the House concerning the disposition of noncurrent records pursuant to clause 3(b) of the Rule.

RULE 8. SUBCOMMITTEES

(a) Establishment. There shall be such standing subcommittees with such jurisdiction and size as determined by the majority party caucus of the Committee. The jurisdiction, number, and size of the subcommittees shall be determined by the majority party caucus prior to the start of the process for establishing subcommittee chairmanships and assignments.

(b) Powers and Duties. Each subcommittee is authorized to meet, hold hearings, receive testimony, mark up legislation, and report to the Committee on all matters referred to it. Subcommittee chairmen shall set hearing and meeting dates only with the approval of the chairman of the Committee with a view toward assuring the availability of meeting rooms and avoiding simultaneous scheduling of

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Committee and subcommittee meetings or hearings whenever possible.

(c) Ratio of Subcommittees. The majority caucus of the Committee shall determine an appropriate ratio of majority to minority party members for each subcommittee and the chairman shall negotiate that ratio with the minority party, provided that the ratio of party members on each subcommittee shall be no less favorable to the majority than that of the full Committee, nor shall such ratio provide for a majority of less than two majority members.

(d) Selection of Subcommittee Members. Prior to any organizational meeting held by the Committee, the majority and minority caucuses shall select their respective members of the standing subcommittees.

(e) Ex Officio Members. The chairman and ranking minority member of the Committee shall be ex officio members with voting privileges of each subcommittee of which they are not assigned as members and may be counted for purposes of establishing a quorum in such subcommittees.

RULE 9. OPENING STATEMENTS

(a) Written Statements. All written opening statements at hearings and business meetings conducted by the committee shall be made part of the permanent record.

(b) Length. (1) At full committee hearings, the chairman and ranking minority member shall be limited to 5 minutes each for an opening statement, and may designate another member to give an opening statement of not more than 5 minutes. At subcommittee hearings, the subcommittee chairman and ranking minority member of the subcommittee shall be limited to 5 minutes each for an opening statement. In addition, the full committee chairman and ranking minority member shall each be allocated 5 minutes for an opening statement for themselves or their designees.

(2) At any business meeting of the Committee, statements shall be limited to 5 minutes each for the chairman and ranking minority member (or their respective designee) of the Committee or subcommittee, as applicable, and 3 minutes each for all other members. The chairman may further limit opening statements for Members (including, at the discretion of the Chairman, the chairman and ranking minority member) to one minute.

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RULE 10. REFERENCE OF LEGISLATION AND OTHER MATTERS

All legislation and other matters referred to the Committee shall be referred to the subcommittee of appropriate jurisdiction within two weeks of the date of receipt by the Committee unless action is taken by the full Committee within those two weeks, or by majority vote of the members of the Committee, consideration is to be by the full Committee. In the case of legislation or other matter within the jurisdiction of more than one subcommittee, the chairman of the Committee may, in his discretion, refer the matter simultaneously to two or more subcommittees for concurrent consideration, or may designate a subcommittee of primary jurisdiction and also refer the matter to one or more additional subcommittees for consideration in sequence (subject to appropriate time limitations), either on its initial referral or after the matter has been reported by the subcommittee of primary jurisdiction. Such authority shall include the authority to refer such legislation or matter to an ad hoc subcommittee appointed by the chairman, with the approval of the Committee, from the members of the subcommittees having legislative or oversight jurisdiction.

RULE 11. MANAGING LEGISLATION ON THE HOUSE FLOOR

The chairman, in his discretion, shall designate which member shall manage legislation reported by the Committee to the House.

RULE 12. COMMITTEE PROFESSIONAL AND CLERICAL STAFF APPOINTMENTS

(a) Delegation of Staff. Whenever the chairman of the Committee determines that any professional staff member appointed pursuant to the provisions of clause 9 of Rule X of the House of Representatives, who is assigned to such chairman and not to the ranking minority member, by reason of such professional staff member's expertise or qualifications will be of assistance to one or more subcommittees in carrying out their assigned responsibilities, he may delegate such member to such subcommittees for such purpose. A delegation of a member of the professional staff pursuant to this subsection shall be made after consultation with subcommittee chairmen and with the approval of the subcommittee chairman or chairmen involved.

(b) Minority Professional Staff. Professional staff members appointed pursuant to clause 9 of Rule X of the House of Representatives, who are assigned to the ranking minority member of the Committee and not to the chairman of the

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Committee, shall be assigned to such Committee business as the minority party members of the Committee consider advisable.

(c) Additional Staff Appointments. In addition to the professional staff appointed pursuant to clause 9 of Rule X of the House of Representatives, the chairman of the Committee shall be entitled to make such appointments to the professional and clerical staff of the Committee as may be provided within the budget approved for such purposes by the Committee. Such appointee shall be assigned to such business of the full Committee as the chairman of the Committee considers advisable.

(d) Sufficient Staff. The chairman shall ensure that sufficient staff is made available to each subcommittee to carry out its responsibilities under the rules of the Committee.

(e) Fair Treatment of Minority Members in Appointment of Committee Staff. The chairman shall ensure that the minority members of the Committee are treated fairly in appointment of Committee staff.

(f) Contracts for Temporary or Intermittent Services. Any contract for the temporary services or intermittent service of individual consultants or organizations to make studies or advise the Committee or its subcommittees with respect to any matter within their jurisdiction shall be deemed to have been approved by a majority of the members of the Committee if approved by the chairman and ranking minority member of the Committee. Such approval shall not be deemed to have been given if at least one-third of the members of the Committee request in writing that the Committee formally act on such a contract, if the request is made within 10 days after the latest date on which such chairman or chairmen, and such ranking minority member or members, approve such contract.

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RULE 13. SUPERVISION, DUTIES OF STAFF

(a) Supervision of Majority Staff. The professional and clerical staff of the Committee not assigned to the minority shall be under the supervision and direction of the chairman who, in consultation with the chairmen of the subcommittees, shall establish and assign the duties and responsibilities of such staff members and delegate such authority as he determines appropriate.

(b) Supervision of Minority Staff. The professional and clerical staff assigned to the minority shall be under the supervision and direction of the minority members of the Committee, who may delegate such authority as they determine appropriate.

RULE 14. COMMITTEE BUDGET

(a) Administration of Committee Budget. The chairman of the Committee, in consultation with the ranking minority member, shall for the 114th Congress attempt to ensure that the Committee receives necessary amounts for professional and clerical staff, travel, investigations, equipment and miscellaneous expenses of the Committee and the subcommittees, which shall be adequate to fully discharge the Committee's responsibilities for legislation and oversight.

(b) Monthly Expenditures Report. Committee members shall be furnished a copy of each monthly report, prepared by the chairman for the Committee on House Administration, which shows expenditures made during the reporting period and cumulative for the year by the Committee and subcommittees, anticipated expenditures for the projected Committee program, and detailed information on travel.

RULE 15. BROADCASTING OF COMMITTEE HEARINGS

Any meeting or hearing that is open to the public may be covered in whole or in part by radio or television or still photography, subject to the requirements of clause 4 of Rule XI of the Rules of the House. The coverage of any hearing or other proceeding of the Committee or any subcommittee thereof by television, radio, or still photography shall be under the direct supervision of the chairman of the Committee, the subcommittee chairman, or other member of the Committee presiding at such hearing or other proceeding and may be terminated by such member in accordance with the Rules of the House.

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RULE 16. SUBPOENA POWER

The power to authorize and issue subpoenas is delegated to the Chair of the full Committee, as provided for under clause 2(m)(3)(A)(i) of Rule XI of the Rules of the House of Representatives. The Chair shall notify the ranking minority member prior to issuing any subpoena under such authority. To the extent practicable, the Chair shall consult with the ranking minority member at least 72 hours in advance of a subpoena being issued under such authority. The chairman shall report to the members of the Committee on the issuance of a subpoena as soon as practicable but in no event later than one week after issuance of such subpoena.

RULE 17. TRAVEL OF MEMBERS AND STAFF

(a) Approval of Travel. Consistent with the primary expense resolution and such additional expense resolutions as may have been approved, travel to be reimbursed from funds set aside for the Committee for any member or any staff member shall be paid only upon the prior authorization of the chairman. Travel may be authorized by the chairman for any member and any staff member in connection with the attendance of hearings conducted by the Committee or any subcommittee thereof and meetings, conferences, and investigations which involve activities or subject matter under the general jurisdiction of the Committee. Before such authorization is given there shall be submitted to the chairman in writing the following: (1) the purpose of the travel; (2) the dates during which the travel is to be made and the date or dates of the event for which the travel is being made; (3) the location of the event for which the travel is to be made; and (4) the names of members and staff seeking authorization.

(b) Approval of Travel by Minority Members and Staff. In the case of travel by minority party members and minority party professional staff for the purpose set out in (a), the prior approval, not only of the chairman but also of the ranking minority member, shall be required. Such prior authorization shall be given by the chairman only upon the representation by the ranking minority member in writing setting forth those items enumerated in (1), (2), (3), and (4) of paragraph (a).

RULE 18. WEBSITE

The chairman shall maintain an official Committee website for the purposes of furthering the Committee's legislative and oversight responsibilities, including communicating information about the Committee's activities to Committee members and other members of the House. The ranking minority member may

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maintain an official website for the purpose of carrying out official responsibilities, including communicating information about the activities of the minority members of the Committee to Committee members and other members of the House.

RULE 19. CONFERENCES

The chairman of the Committee is directed to offer a motion under clause 1 of Rule XXII of the Rules of the House whenever the chairman considers it appropriate.

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Committee on Energy and Commerce
U.S. House of Representatives

Witness Disclosure Requirement - "Truth in Testimony"
Required by House Rule XI, Clause 2(g)(5)

1. Your Name:		
2. Your Title:		
3. The Entity(ies) You are Representing:		
4. Are you testifying on behalf of the Federal, or a State or local government entity?	**Yes**	**No**
5. Please list any Federal grants or contracts, or contracts or payments originating with a foreign government, that you or the entity(ies) you represent have received on or after January 1, 2013. Only grants, contracts, or payments related to the subject matter of the hearing must be listed.		
6. Please attach your curriculum vitae to your completed disclosure form.		

Signature:_____ **Date:**_____

INSTRUCTIONS FOR COMPLETING THE TRUTH-IN-TESTIMONY DISCLOSURE FORM

In General. The attached form is intended to assist witnesses appearing before the Committee on Energy and Commerce in complying with Rule XI, clause 2(g)(5) of the Rules of the House of Representatives, which provides:

> (B) In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of any Federal grants or contracts, or contracts or payments originating with a foreign government, received during the current calendar year or either of the two previous calendar years by the witness or by an entity represented by the witness and related to the subject matter of the hearing. (C) The disclosure referred to in subdivision (B) shall include (i) the amount and source of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) related to the subject matter of the hearing; and (ii) the amount and country of origin of any payment or contract related to the subject matter of the hearing originating with a foreign government. (D) Such statements, with appropriate redactions to protect the privacy or security of the witness, shall be made publicly available in electronic form not later than one day after the witness appears.

Please complete the form in accordance with these directions.

1. ***Name, Title, Entity(ies) (Items 1-3 on the form).*** Please provide the name and title of the witness and the entity(ies) on whose behalf the witness is testifying.

2. ***Governmental Entity (Item 4).*** Please check the box indicating whether or not the witness is testifying on behalf of a government entity, such as a Federal department or agency, or a State or local department, agency, or jurisdiction. Trade or professional associations of public officials are not considered to be governmental organizations.

Grants and Contracts (Item 5). Please list any Federal grants or contracts, or contracts or payments originating with a foreign government, that you or the entity(ies) you represent have received on or after January 1, 2013. For each Federal grant (or subgrant thereof) or contract (or subcontract thereof) related to the subject matter of the hearing, please include the amount and source of each. For each payment or contract originating with a foreign government related to the subject matter of the hearing, please include the amount and country of origin of each. Only grants, contracts, or payments related to the subject matter of the hearing must be listed.

3. ***Curriculum Vitae (Item 6).*** Please attach your CV to your completed disclosure form.

4. ***Submission.*** Please sign and date the form in the appropriate place. Please submit this form with your written testimony. Please note that under the Committee's rules, copies of a written statement of your proposed testimony must be submitted before the commencement of the hearing. To the greatest extent practicable, please also provide a

copy in electronic format according to the Electronic Format Guidelines that accompany these instructions.

To: Ex. 7
From: Grundler, Christopher
Sent: Tue 10/6/2015 6:07:56 PM
Subject: Re: Have you heard from staff on VW call w/congressional staff?

If you mean your staff, no. Our teams were scheduled to meet at 1:00 pm EST

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

> On Oct 6, 2015, at 12:30 PM, Ex. 7
>
> I will call you later today.
>
> Sent from my iPhone

To: Stewart, Gwen[Stewart.Gwen@epa.gov]
From: Grundler, Christopher
Sent: Tue 10/6/2015 6:17:31 PM
Subject: Fwd: Completion of "Truth in Testimony" form
Gina McCarthy Invitation 2015-10-08.pdf
ATT00001.htm
Attachment 1--Form of Testimony.pdf
ATT00002.htm
Attachment 2--Electronic Format Guidlines.pdf
ATT00003.htm
Attachment 3--Rules of the Energy and Commerce Committee.pdf
ATT00004.htm
Attachment 4--Disclosure Form and Instructions.docx
ATT00005.htm

Pls print for me to sign then pdf to Caroline

Christopher Grundler, Director
Office of Transportation and Air Quality
U.S. EPA
202-564-1682 (DC)
734-214-4207 (Ann Arbor)

Begin forwarded message:

From: "Levine, Carolyn" <Levine.Carolyn@epa.gov>
Date: October 6, 2015 at 1:53:57 PM EDT
To: "Grundler, Christopher" <grundler.christopher@epa.gov>, "Brooks, Phillip" <Brooks.Phillip@epa.gov>
Cc: "Haman, Patricia" <Haman.Patricia@epa.gov>
Subject: Completion of "Truth in Testimony" form

Hi Chris and Phil,

Attached are the hearing invite as well as general guideline documents. Note the title of the hearing is "Volkswagen's Emissions Cheating Allegations: Initial Questions."

The only form I need you to focus on asap is **Attachment 4, disclosure form**. Please fill out, sign, and email me a pdf copy today so that I can submit to the Committee.

Thank you,

Carolyn

Carolyn Levine

Office of Congressional and Intergovernmental Relations

U.S. EPA

(202) 564-1859

levine.carolyn@epa.gov

FRED UPTON, MICHIGAN
CHAIRMAN

FRANK PALLONE, JR., NEW JERSEY
RANKING MEMBER

ONE HUNDRED FOURTEENTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON ENERGY AND COMMERCE
2125 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–6115
Majority (202) 225–2927
Minority (202) 225–3641

October 2, 2015

The Honorable Gina McCarthy
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, DC 20460

Dear Administrator McCarthy:

Thank you for agreeing to have your designees testify on Thursday, October 8, 2015, at 10:00 a.m. in 2123 Rayburn House Office Building, at the Subcommittee on Oversight and Investigations hearing entitled "Volkswagen Emissions Cheating Allegations: Initial Questions."

The attached documents provide important details concerning the preparation and presentation of your testimony.

- The first attachment describes the form your testimony must take.
- The second attachment provides you with Electronic Format Guidelines that detail how to file testimony electronically.
- The third attachment provides you the Rules for the Committee on Energy and Commerce.
- The fourth attachment provides you with a Truth-in-Testimony Disclosure form and a Truth-in-Testimony instruction sheet.

Please be aware that, in accordance with the Committee's usual practice:

(1) Witnesses will be required to provide sworn testimony;

(2) Witnesses have a right to be represented by counsel, who may advise the witnesses on their Constitutional rights, but cannot testify. If appearing as a witness, the counsel will be sworn in; and,

(3) Hearings are open to audio, video, and photographic coverage by accredited press representatives only.

If you have any questions concerning any aspect of your testimony, please contact Peter Spencer or John Ohly of the Energy and Commerce Committee staff at (202) 225-2927.

Sincerely,

Tim Murphy
Chairman
Subcommittee on Oversight and Investigations

Enclosures: (1) Form of Testimony
(2) Electronic Format Guidelines
(3) Rules for the Committee on Energy and Commerce
(4) Truth-in-Testimony Disclosure form

THE FORM OF TESTIMONY
BEFORE THE COMMITTEE ON ENERGY AND COMMERCE

Written Statement: You are requested to submit a written statement, which may be of any reasonable length and may contain supplemental materials . H owever, please be aware that the Comm ittee cannot guarantee that supplemental material will be included in the printed hearing record. Your written statement should be typed, double spaced, and should include a one-page summary of the major points you wish to make.

Pursuant to Rule 3(c) o f the Rules of the Committee, please provide your written statement no later than two business days in advance of your appearance. This will allow Members and staff the opportunity to review your testimony.

Oral Presentation: You will have an opportunity to present an oral summary of your testimony to the Committee . T o ensure sufficient time for Members to ask questions, your oral presentation should be limited to 5 minutes.

Printed Hearing Transcript : Rule XI, clause 2(e)(1)(A) of the Rules of the House requires the Committee to keep a written record of committee hearings which is a substantially verbatim account of remarks made during the proceedings, subject only to technical, grammatical, and typographical corrections. Your testimony, th e transcript of the hearing, and any other material that the Committee agrees to include in the hearing record (subject to space limitations) will be printed as a record of the hearing.

GUIDELINES FOR THE ELECTRONIC SUBMISSION OF CONGRESSIONAL TESTIMONY

The Rules and procedures of the Energy and Commerce Committee require each witness to submit their testimony in an electronic format prescribed by the Chairman. Testimony submitted in electronic form will be used to produce the printed hearing record, and will be converted to HTML or Adobe Portable Document Format (PDF) and posted to the Committee on Energy and Commerce website at http://energycommerce.house.gov/. Your compliance with this requirement will facilitate the distribution of your testimony and help the Committee to minimize the costs of printing the hearing record.

Materials submitted to the Committee must be formatted in Microsoft Word.

Please e-mail your testimony to the Legislative Clerk at Greg.Watson@mail.house.gov. In addition, please include the following in the body of your e-mail: (1) Witness Name, (2) Witness Organization, (3) Name and Date of Hearing, and (4) Subcommittee of Jurisdiction.

The Committee cannot accept testimony submitted on a disk or flash drive.

RULES OF THE COMMITTEE ON ENERGY AND COMMERCE
114TH CONGRESS

(Adopted January 14, 2015)

RULE 1. GENERAL PROVISIONS

(a) Rules of the Committee. The Rules of the House are the rules of the Committee on Energy and Commerce (the "Committee") and its subcommittees so far as is applicable.

(b) Rules of the Subcommittees. Each subcommittee of the Committee is part of the Committee and is subject to the authority and direction of the Committee and to its rules so far as is applicable. Written rules adopted by the Committee, not inconsistent with the Rules of the House, shall be binding on each subcommittee of the Committee.

RULE 2. MEETINGS

(a) Regular Meeting Days. The Committee shall meet on the fourth Tuesday of each month at 10 a.m., for the consideration of bills, resolutions, and other business, if the House is in session on that day. If the House is not in session on that day and the Committee has not met during such month, the Committee shall meet at the earliest practicable opportunity when the House is again in session. The chairman of the Committee may, at his discretion, cancel, delay, or defer any meeting required under this section, after consultation with the ranking minority member.

(b) Additional Meetings. The chairman may call and convene, as he considers necessary, additional meetings of the Committee for the consideration of any bill or resolution pending before the Committee or for the conduct of other Committee business. The Committee shall meet for such purposes pursuant to that call of the chairman.

(c) Notice. The date, time, place, and subject matter of any meeting of the Committee scheduled on a Tuesday, Wednesday, or Thursday when the House will be in session shall be announced at least 36 hours (exclusive of Saturdays, Sundays, and legal holidays except when the House is in session on such days) in advance of the commencement of such meeting. The date, time, place, and subject matter of other meetings when the House is in session shall be announced to allow

Members to have at least three days notice (exclusive of Saturdays, Sundays, and legal holidays except when the House is in session on such days) of such meeting. The date, time, place, and subject matter of all other meetings shall be announced at least 72 hours in advance of the commencement of such meeting.

(d) Agenda. The agenda for each Committee meeting, setting out all items of business to be considered, shall be provided to each member of the Committee at least 36 hours in advance of such meeting.

(e) Availability of Texts. No bill, recommendation, or other matter shall be considered by the Committee unless the text of the matter, together with an explanation, has been available to members of the Committee for three days (or 24 hours in the case of a substitute for introduced legislation). Such explanation shall include a summary of the major provisions of the legislation, an explanation of the relationship of the matter to present law, and a summary of the need for the legislation.

(f) Waiver. The requirements of subsections (c), (d), and (e) may be waived by a majority of those present and voting (a majority being present) of the Committee or by the chairman with the concurrence of the ranking member, as the case may be.

RULE 3. HEARINGS

(a) Notice. The date, time, place, and subject matter of any hearing of the Committee shall be announced at least one week in advance of the commencement of such hearing, unless a determination is made in accordance with clause 2(g)(3) of Rule XI of the Rules of the House that there is good cause to begin the hearing sooner.

(b) Memorandum. Each member of the Committee shall be provided, except in the case of unusual circumstances, with a memorandum at least 48 hours before each hearing explaining (1) the purpose of the hearing and (2) the names of any witnesses.

(c) Witnesses. (1) Each witness who is to appear before the Committee shall file with the clerk of the Committee, at least two working days in advance of his or her appearance, sufficient copies, as determined by the chairman of the Committee of a written statement of his or her proposed testimony to provide to members and staff of the Committee, the news media, and the general public. Each witness shall, to the greatest extent practicable, also provide a copy of such written testimony in an

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electronic format prescribed by the chairman. Each witness shall limit his or her oral presentation to a brief summary of the argument. The chairman of the Committee or the presiding member may waive the requirements of this paragraph or any part thereof.

(2) To the greatest extent practicable, the written testimony of each witness appearing in a nongovernmental capacity shall include a curriculum vitae and a disclosure of any federal grant or contract or foreign government contracts and payments related to the subject matter of the hearing received during the current calendar year or either of the two preceding calendar years by the witness or by an entity represented by the witness. The disclosure shall include (i) the amount and source of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) related to the subject matter of the hearing; and (ii) the amount and country of origin of any payment or contract related to the subject matter of the hearing originating with a foreign government.

(d) Questioning. (1) The right to interrogate the witnesses before the Committee shall alternate between majority and minority members. Each member shall be limited to 5 minutes in the interrogation of witnesses until such time as each member who so desires has had an opportunity to question witnesses. No member shall be recognized for a second period of 5 minutes to interrogate a witness until each member of the Committee present has been recognized once for that purpose. The chairman shall recognize in order of appearance members who were not present when the meeting was called to order after all members who were present when the meeting was called to order have been recognized in the order of seniority on the Committee.

(2) The chairman, with the concurrence of the ranking minority member, or the Committee by motion, may permit an equal number of majority and minority members to question a witness for a specified, total period that is equal for each side and not longer than thirty minutes for each side. The chairman with the concurrence of the ranking minority member, or the Committee by motion, may also permit committee staff of the majority and minority to question a witness for a specified, total period that is equal for each side and not longer than thirty minutes for each side.

(3) Each member may submit to the chairman of the Committee additional questions for the record, to be answered by the witnesses who have appeared. Each member shall provide a copy of the questions in an electronic format to the clerk of the Committee no later than ten business days following a hearing. The chairman

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